



**NORTH OGDEN CITY**

— SETTLED 1851 —

# Financial Statements

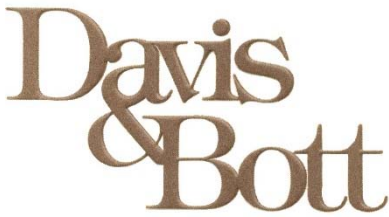
WITH AUDITOR'S REPORT

JUNE 30, 2017

NORTH OGDEN CITY

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and City Council  
North Ogden City  
North Ogden, Utah

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Ogden City (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the city'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 city'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.

**INDEPENDENT AUDITOR'S REPORT**  
*Continued*

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 as of June 30, 2017, and the respective changes in financial position 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 on pages 4-16 and 44-51 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 an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**INDEPENDENT AUDITOR’S REPORT**  
*Continued*

The combining and individual nonmajor fund financial statements, budgetary comparison schedules and capital asset schedules 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, budgetary comparison schedules and capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2017, on our consideration of North Ogden City, Utah’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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’s internal control over financial reporting and compliance.

*Davis & Bott*

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Davis & Bott  
Certified Public Accountants, L.C.

Brigham City, Utah  
December 29, 2017

## Management's Discussion and Analysis

This section of North Ogden City's annual financial report presents our discussion and analysis of the City's financial performance and activities for the fiscal year ended June 30, 2017. The management's discussion and analysis is not specifically audited. The information is provided to help readers understand the impact of financial activities during the fiscal year, how the City performed compared to prior years, and to provide information on important issues concerning the City's future.

### Financial Highlights

- North Ogden City's total net position increased during the fiscal year by \$6,359,808. Net position of governmental activities increased by \$4,818,661 or 14.9%. Net position of business-type activities increased by \$1,541,147 or 4.4%.
- The assets and deferred outflows of North Ogden City exceeded its liabilities and deferred inflows by \$73,867,719. Of this amount, \$5,871,986 represents unrestricted net assets and may be used to meet the government's ongoing obligations.
- North Ogden City's governmental funds reported combined ending fund balances of \$4,994,338 at June 30, 2017, an increase of \$1,320,506 in comparison to the previous year. Of the ending fund balances, \$2,517,934 was unassigned and available for spending at the City's discretion.
- As of June 30, 2017, the enterprise funds of North Ogden City had a net position of \$36,672,667. Of this amount \$31,646,432 is the net amount invested in capital assets. Combined cash from Business-Type Activities in the Enterprise Funds decreased \$750,275.
- The principal balance of the Sales Tax Revenue Refunding Bonds, Series 2014 began at \$2,302,000. \$252,000 was paid off during the 2017 Fiscal Year leaving a principal balance of \$2,050,000 as of June 30, 2017.
- North Ogden has 3 operating leases. The total amount of principal remaining on the 3 leases is \$56,957. The amount paid on principal for the leases in Fiscal Year 2017 was \$59,639. The final payments are scheduled in Fiscal Year 2018.
- The City has 2 separate reimbursement agreements with a developer for construction of water reservoirs, distribution lines, and a pump station. The reimbursements are paid back through culinary water impact fees collected from homes that benefit from the infrastructure. The total amount owed for both agreements is \$1,852,807. The amount of principal paid for Fiscal Year 2017 was \$76,182.

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. North Ogden City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements, that will help the reader to gain a more in-depth understanding of the City.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide a broad overview of North Ogden's financial position, similar to consolidated financial statements in a private-sector business.

The statement of net position presents information on all of North Ogden's assets, deferred outflows, liabilities and deferred inflows, with the difference between assets and deferred outflows less liabilities and deferred inflows reported as net position. Over time, increases and decreases in net position may serve as an indicator of changes in the financial position of the City.

The statement of activities presents information showing how the City's net position changed during the fiscal year. 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of North Ogden City include general government, police, community and economic development, streets and public improvements and parks and recreation. The business-type activities of North Ogden City include services for water, sewer, storm water, solid waste and motor pool.

## **Fund Financial Statements**

The fund financial statements provide detailed information about individual funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of its assets, liabilities, fund equity and revenues and expenses. In this report all of the funds can be divided into two classes; governmental funds and proprietary funds.

## **Governmental Funds**

Most of the City's basic services are reported in governmental funds, which use an accounting method called modified accrual accounting. Modified accrual accounting measures cash and all other financial assets that can readily be converted to cash and focus on near-term inflows and outflows of spendable resources. The City maintains a general fund, capital projects fund, redevelopment agency fund as governmental 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 the 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 near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## **Proprietary Funds**

North Ogden City uses two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. North Ogden City has four enterprise funds-water, sewer, storm water and solid waste. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains two internal service funds to account for its fleet activities. Because these services predominantly benefit government rather than business-type activities, they are included with *governmental activities* in the government-wide statements.

### *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.



## **Notes to the Financial Statements**

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the statements for major funds.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds. Combining and individual fund statements and schedules can be found after the notes in the financial section.

## **Government-wide Financial Analysis**

Change in net position offers a measuring tool of the overall financial condition of the City. The change in Fiscal Year 2017 indicates that the City's overall financial condition has improved compared to the prior year. The City's net position increased during the fiscal year by \$6,359,808, or 9.4%. Net position of governmental activities increased by \$4,818,661 or 14.9%. Net position of business-type activities increased by \$1,541,147 or 4.4%

The largest component of the City's net assets is capital assets (land, buildings, machinery and equipment, and improvements and other infrastructure) less the outstanding related debt obligated by the City and used to purchase or build those assets. The City uses these assets to provide services to its citizens. Consequently, these resources are not available for future spending, nor can they all be readily liquidated to pay off related liabilities. Resources needed to repay debt must be provided by other sources.

Restricted net assets are subject to external restrictions on how they may be used. The City has \$2,156,518 in restricted assets for future capital projects and \$1,079,346 in restricted assets for impact fee uses. Unrestricted net assets however may be used at the City's discretion to meet its ongoing obligations to citizens and creditors. Unrestricted net assets equal \$5,871,986, which is 7.9% of total net position. Overall liabilities decreased by \$428,342.

**Statement of Net Position  
June 30, 2017**

	<b>Governmental</b>		<b>Business Type Activities</b>		<b>Total</b>	
	<b>Activities</b>					
Assets	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current & Other Assets	8,374,480	7,050,182	5,400,807	5,873,617	13,775,287	12,923,799
Capital Assets (net)	35,182,409	31,677,696	33,566,968	32,056,685	68,749,377	63,734,381
Total Assets	<u>43,556,889</u>	<u>38,727,878</u>	<u>38,967,775</u>	<u>37,930,302</u>	<u>82,524,664</u>	<u>76,658,180</u>
 Deferred Outflows	 927,605	 724,830	 216,487	 146,604	 1,144,092	 871,434
 Liabilities	 3,421,716	 3,125,036	 578,332	 937,646	 4,000,048	 4,062,682
Long Term Debt						
Outstanding	1,791,000	2,068,973	1,882,551	1,970,286	3,673,551	4,039,259
Total Liabilities	<u>5,212,716</u>	<u>5,194,009</u>	<u>2,460,883</u>	<u>2,907,932</u>	<u>7,673,599</u>	<u>8,101,941</u>
 Deferred inflow of resources	 2,076,726	 1,882,308	 50,712	 37,453	 2,127,438	 1,919,761
 Net Position:						
Invested in capital assets, net of related debt	33,113,437	29,746,972	31,646,432	30,050,113	64,759,869	59,797,085
Restricted	2,464,260	1,232,149	771,604	-	3,235,864	1,232,149
Unrestricted	1,617,355	1,397,270	4,254,631	5,081,408	5,871,986	6,478,678
Total Net Position	<u>37,195,052</u>	<u>32,376,391</u>	<u>36,672,667</u>	<u>35,131,521</u>	<u>73,867,719</u>	<u>67,507,912</u>

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Changes in Net Position								
			Governmental Activities		Business-type Activities		Total	
			2017	2016	2017	2016	2017	2016
<b>Revenues</b>								
General Revenues								
Property Tax			1,915,563	1,898,993			1,915,563	1,898,993
Sales Tax			2,737,361	2,403,347			2,737,361	2,403,347
Other Taxes			1,080,961	1,086,148			1,080,961	1,086,148
Interest & Investment			45,767	23,344	51,899	36,278	97,666	59,622
Grants & Contributions			3,789,595	3,107,991	1,269,822	2,162,366	5,059,417	5,270,357
Charges for Services			2,765,030	1,973,026	4,936,805	4,633,902	7,701,835	6,606,928
Sale of Assets			225,507	18,900	348,759	38,412	574,266	57,312
Other			82,321	30,992	81,491		163,812	30,992
Total Revenues			12,642,105	10,542,741	6,688,776	6,870,958	19,330,881	17,413,699
<b>Expenses</b>								
General Government								
Public Safety			1,474,733	1,500,613			1,474,733	1,500,613
Economic Development			2,858,191	2,456,424			2,858,191	2,456,424
Streets & public improvements			276,059	63,294			276,059	63,294
Parks & Recreation			1,488,999	1,308,910			1,488,999	1,308,910
Interest on Long Term Debt			1,685,548	1,651,006			1,685,548	1,651,006
Water			49,514	55,306			49,514	55,306
Sewer					1,787,866	1,652,309	1,787,866	1,652,309
Storm Water					1,736,407	1,884,973	1,736,407	1,884,973
Solid Waste					743,318	670,014	743,318	670,014
Total Expenses			7,833,044	7,035,553	5,138,029	5,099,483	12,971,073	12,135,036
Transfers – Internal Activities			9,600	331,000	-9,600	-331,000	-	-
Increase (decrease) in net position			4,818,661	3,838,188	1,541,147	1,440,475	6,359,808	5,278,663
Net Position–Beginning of Fiscal Year			32,376,391	28,321,801	35,131,520	33,691,046	67,507,911	62,012,847
Prior Period Adjustment -pension			-	216,402	-	-	-	216,402
Net Position – Beginning of Fiscal Year restated			-	28,538,203	-	33,691,046	-	62,229,249
Net Position-Ending of Fiscal Year			37,195,052	32,376,391	36,672,667	35,131,521	73,867,719	67,507,912

Total revenues for governmental activities increased by \$2,099,364 or 19.9%. Grants & Contributions increased by \$681,604 or 21.9% over last year. Sales tax revenues increased \$334,014 or 13.9%. Taxes are a major source of revenue, and account for \$5,733,885 or 45% of revenues overall. Expenses for Governmental Activities increased for the year by \$797,491 or 11.3%.

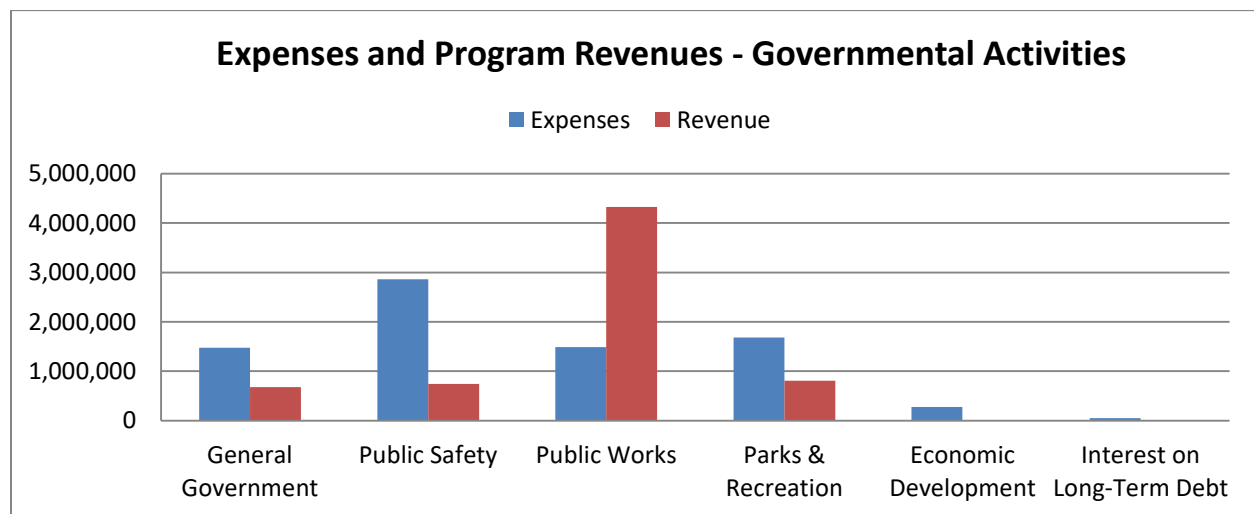
Total revenues for business-type activities decreased \$182,182 or 2.7% which resulted from a reduction in grant and contributions revenue. This year, charges for services made up 73.8% of the total revenues for business-type activities. Program revenues include utility fees, connection fees and special fees to builders while other fees include impact fees, gains from the sale of assets and miscellaneous revenue.

## Governmental Activities

Governmental activities are reflected in the government-wide activities statement. The activities in the governmental funds resulted in an increase in net position of \$4,818,661 or 14.9%. The following table and chart show the relative net uses (expenses less any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.

Program generated revenues, (charges for services, operating grants and contributions, and capital grants and contributions), covered \$6,554,625 or 84% of the costs of the City's governmental activities.

<i>Activities</i>	<i>Total Program Expenses</i>	<i>Less Program Revenues</i>	<i>Net Program Profits/(Costs)</i>	<i>Program Revenues as a Percentage of Total Expenses</i>
General Government	1,474,733	681,733	-793,000	46%
Public Safety	2,858,191	742,047	-2,116,144	26%
Public Works	1,488,999	4,323,148	2,834,149	290%
Parks & Recreation	1,685,548	807,697	-877,851	48%
Economic Development	276,059	0	-276,059	0%
Interest on long-term debt	49,514	0	-49,514	0%
<i>Totals</i>	<i>7,833,044</i>	<i>6,554,625</i>	<i>-1,278,419</i>	<i>83.68%</i>



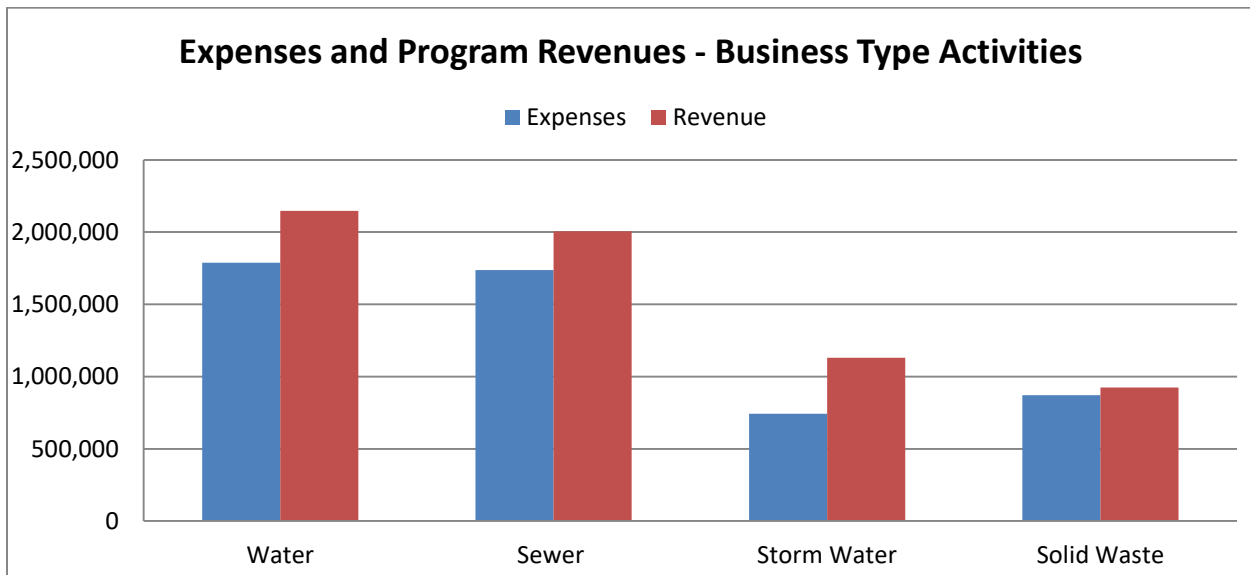
## Business-Type Activities

Business-Type activities are also shown in the government-wide activities statement. Activities in the enterprise funds increased the City's net position by \$1,541,147.

Revenues exceeded expenditures in each of the four enterprise funds. The fees received for these activities make up 79.5% of program revenues. 20.5% of program revenues came from Capital Grants and Contributions.

The following chart shows the relative net uses (expenses minus any revenue directly attributed to that particular enterprise fund) for the business type activities shown on the Statement of Activities.

<u>Activities</u>	<u>Total Program Expenses</u>	<u>Less Program Revenues</u>	<u>Net Program Profits/(Costs)</u>	<u>Program Revenues as a Percentage of Total Expenses</u>
Water Fund	1,787,866	2,147,388	359,522	120%
Sewer Fund	1,736,407	2,004,738	268,331	115%
Storm Water Fund	743,318	1,129,942	386,624	152%
Solid Waste Fund	870,438	924,559	54,121	106%
<i>Totals</i>	5,138,029	6,206,627	1,068,598	121%



## Long Term Debt

In February 2014 the City issued advanced refunding (refinancing) bonds in the amount of \$2,550,000 at an interest rate of 2.32%. In November 2014 the original 2004 Sales Tax Bonds were paid off with the refunding bond proceeds. \$252,000 was paid off during the 2017 Fiscal Year leaving a principal balance of \$2,050,000 as of June 30, 2017.

In fiscal year 2008-2009 the City entered into a 10 year, \$310,000 lease purchase agreement to purchase two new dump trucks costing \$155,000 each. These multi-purpose dump trucks are used extensively in the winter to remove snow on the City's steep hillside areas. The City's payment in fiscal year 2017 reduced the debt to \$37,944. The final payment is due June 30, 2018. The lease for one of the dump trucks is serviced by the Storm Water Fund and the other is serviced by the Motor Pool Fund.

In the 2010 fiscal year, the City entered into an 8 year \$130,100 lease purchase agreement to purchase a Vacuum Leaf Collector. The City's payment in fiscal year 2017 reduced the debt to \$19,013. The final payment is due July 1, 2018. This debt is serviced by the Storm Water Utility Fund.

The City's water fund has entered into two agreements with developers to construct various improvements to the water system as part of development of various areas within the City. These agreements have no required repayment terms by date and no interest but rather require the developer to be reimbursed for the cost of these improvements from impact fees charged in the area covered by the agreement. The total amount owed for both agreements is \$1,852,807. The amount paid on principal for the agreements for Fiscal Year 2016 was \$76,182.

The following tables show the activity of the City's long-term debt for fiscal year 2017

### Long Term Debt Activity June 30, 2017

<u>Long Term Debt</u>	Governmental Activities			Business Type Activities		
	<u>Beginning Balance</u>	<u>Issued/ (Retired)</u>	<u>Ending Balance</u>	<u>Beginning Balance</u>	<u>Issued/ (Retired)</u>	<u>Ending Balance</u>
Bonds Payable	2,302,000	-252,000	2,050,000	-	-	-
Dump Truck Lease (GA)	37,084	-18,112	18,972	-	-	-
Dump Truck Lease (BA)	-	-	-	37,084	-18,112	18,972
Leaf Collector Lease	-	-	-	37,187	-18,174	19,013
System Reimbursements (Harrisville)	-	-	-	-	29,744	29,744
System Reimbursements (Marriott)	-	-	-	1,928,989	-76,182	1,852,807
<b>Total</b>	<b>2,339,084</b>	<b>-270,112</b>	<b>2,068,972</b>	<b>2,003,260</b>	<b>-82,724</b>	<b>1,920,536</b>

## **Analysis of Financial Funds**

### **Governmental Funds**

The City's Governmental Funds are accounted for using the modified accrual basis of accounting. The governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. Such information is useful in assessing the City's financing requirements.

At the end of the fiscal year, the City's governmental funds reported combined fund balance of \$4,994,338, an increase of \$1,320,506. \$2,517,934 of the total amount constitutes unassigned funds, which are available for spending at the government's discretion. The remaining fund balance can be categorized in one of four components; nonspendable, restricted, assigned and committed. The city had an assigned fund balance of \$2,156,518 which has been assigned to the Capital Projects Fund for future capital projects. Nonspendable fund balance at year end was \$12,144 which was for prepaid expenses. Restricted fund balance at year-end was \$307,742, which was restricted for impact fee use. No part of the net position was committed.

### **General Fund**

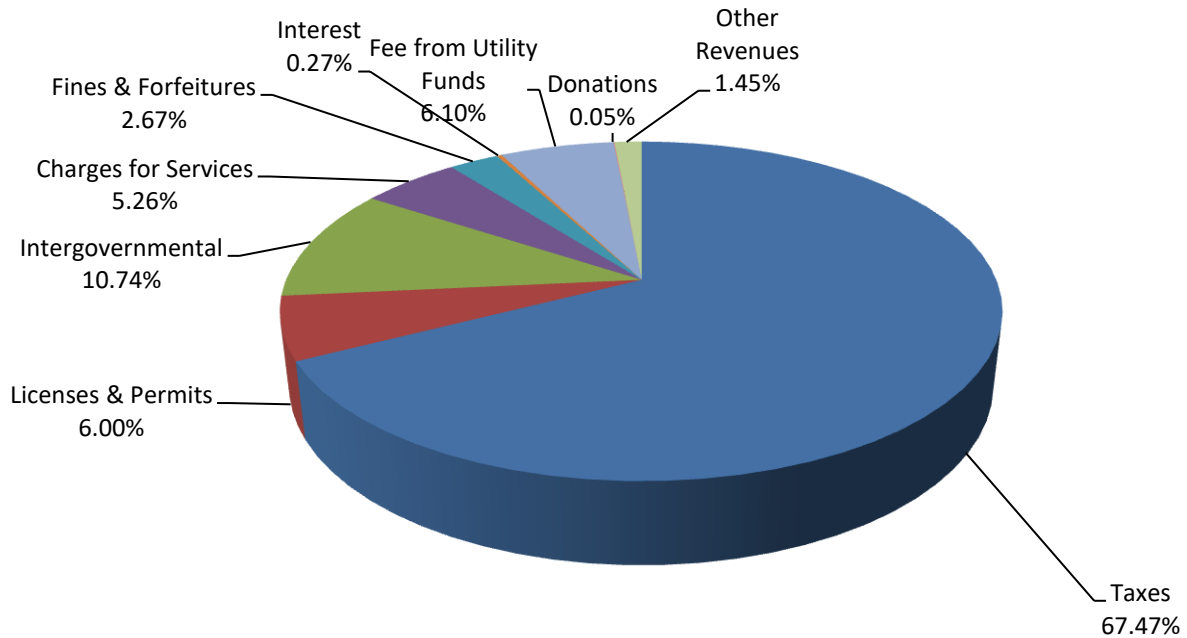
The General Fund is the chief operating fund of North Ogden City and accounts for all of the general services provided. At June 30, 2017 the unassigned fund balance of the General Fund was \$1,612,147.

The following tables and charts compare general fund revenues and expenditures by function between fiscal years 2016 and 2017.

## General Fund Revenues (prior year comparison)

Revenues	<u>2016</u>	<u>2017</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2017 Percent of Total</u>
Taxes	\$4,817,455	\$4,961,320	\$143,865	2.99%	67.47%
Licenses & Permits	\$360,855	\$441,538	\$80,683	22.36%	6.00%
Intergovernmental	\$689,860	\$789,431	\$99,571	14.43%	10.74%
Charges for Services	\$325,126	\$386,577	\$61,451	18.90%	5.26%
Fines & Forfeitures	\$204,316	\$196,145	-\$8,171	-4.00%	2.67%
Interest	\$11,981	\$19,546	\$7,565	63.14%	0.27%
Fee from Utility Funds	\$0	\$448,375	\$448,375	0.00%	6.10%
Donations	\$11,557	\$3,952	-\$7,605	-65.80%	0.05%
Other Revenues	\$506,232	\$106,863	-\$399,369	-78.89%	1.45%
Total Revenue	<u>\$6,927,382</u>	<u>\$7,353,747</u>	<u>\$426,365</u>	<u>6.15%</u>	<u>100.00%</u>

### Governmental Funds Revenue Sources

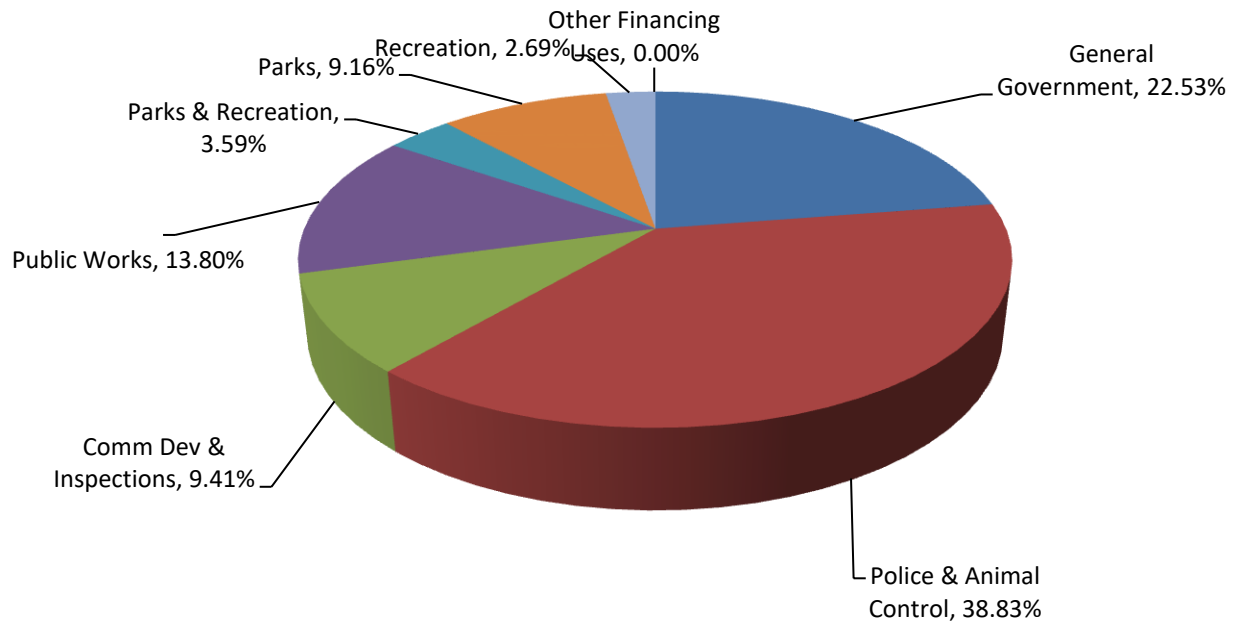




## General Fund Expenditures (prior year comparison)

Expenditures	<u>2016</u>	<u>2017</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2017 Percent of Total</u>
General Government	\$1,352,739	\$1,326,722	-\$26,017	-1.92%	22.53%
Police & Animal Control	\$2,055,112	\$2,286,604	\$231,492	11.26%	38.83%
Comm Dev & Inspections	\$493,695	\$553,837	\$60,142	12.18%	9.41%
Public Works	\$832,933	\$812,385	-\$20,548	-2.47%	13.80%
Parks & Recreation	\$202,709	\$211,497	\$8,788	4.34%	3.59%
Parks	\$548,068	\$539,095	-\$8,973	-1.64%	9.16%
Recreation	\$182,741	\$158,114	-\$24,627	-13.48%	2.69%
Other Financing Uses	\$1,342,592		-\$1,342,592	-100.00%	0.00%
Total Expenditures	<u>\$7,010,589</u>	<u>\$5,888,254</u>	<u>-\$1,122,335</u>	<u>-16.01%</u>	<u>100.00%</u>

### Governmental Funds Expenditures



### **Other Governmental Funds**

The fund balance in the Redevelopment Agency fund increased by \$32,278 during the year. This brought the fund balance from \$841,561 in 2016 to \$873,839 in 2017.

The Capital Projects fund balance increased by \$1,219,477 bringing the fund balance to \$2,464,260 at the end of the Fiscal Year.

### **Enterprise Funds**

The Enterprise Funds consist of the Water, Sewer, Storm Drain and Solid Waste funds. The Statement of Revenue, Expenses, and Changes in Fund Net Assets include the Internal Service Fund as an Enterprise Fund even though it is a Government Activity in the government-wide financial statements.

This year the Water Fund had an operating loss of \$180,975, the Sewer Fund had an operating income of \$25,638, the Storm Water Fund had an operating loss of \$32,282, and the Solid Waste Fund had an operating profit of \$67,886.

The Internal Service Fund which is responsible for the repair, maintenance and purchase of the City's vehicles and equipment, had an operating loss of \$15,464. Funding for the internal service fund comes from the departments, both in the general and enterprise funds that are serviced by the fund.

During the fiscal year, new funds were created to track Sewer and Storm Water Impact Fees. For reporting purposes, these funds were combined with their respective utility funds.

### **General Fund Budgetary Highlights**

During the fiscal year, the general fund's original budget for expenditures and transfers was amended from \$6,264,759 to a final budget total of \$6,239,825, a decrease of \$24,934. Actual expenditures were \$5,888,254 and were \$351,571 less than the final budget.

### **Economic Factors**

Fiscal Year 2017 showed a strong economy as indicated by two of the leading economic based revenues. Sales tax revenues were up 13.9% and revenues relating to new housing construction permits were up 35.3%. Sales tax and construction-related revenues are expected to continue to increase during the coming year.

### **Request for Information**

This financial report is designed to provide a general overview of North Ogden City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: North Ogden City, Finance Director, 505 East 2600 North, North Ogden, UT 84414.

NORTH OGDEN CITY

Statement of Net Position

June 30, 2017

	Primary Government		Total
	Governmental Activities	Business- type Activities	
<b>Assets:</b>			
Cash and cash equivalents	\$ 5,304,512	4,660,999	9,965,511
Accounts receivable	3,053,186	485,977	3,539,163
Accrued interest receivable	-	4,854	4,854
Prepaid items	14,852	-	14,852
Pension asset	1,930	224	2,154
Noncurrent assets:			
Amount due within one year	-	59,509	59,509
Due in more than one year	-	189,244	189,244
Capital assets:			
Land and related non-depreciable assets	7,380,602	234,758	7,615,360
Construction in process	144,170	351,643	495,813
Water stock and rights	-	6,250	6,250
Buildings	13,751,217	345,949	14,097,166
Depreciable infrastructure and improvements	17,359,026	46,787,324	64,146,350
Park improvements	3,405,079	-	3,405,079
Machinery and equipment	4,798,026	4,061,661	8,859,687
Less accumulated depreciation	<u>(11,655,711)</u>	<u>(18,220,617)</u>	<u>(29,876,328)</u>
Total capital assets	<u>35,182,409</u>	<u>33,566,968</u>	<u>68,749,377</u>
Total assets	<u>43,556,889</u>	<u>38,967,775</u>	<u>82,524,664</u>
Deferred outflows of resources			
Pension related	927,605	186,743	1,114,348
Harrisville City - impact fees	-	29,744	29,744
	<u>927,605</u>	<u>216,487</u>	<u>1,144,092</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	1,106,186	17,703	1,123,889
Compensated absences payable	235,918	47,348	283,266
Accrued interest payable on bonds	7,884	-	7,884
Due to other governments	-	156,311	156,311
Performance bonds and deposits	120,197	600	120,797
Net pension liability	1,671,197	312,385	1,983,582
Unearned rental income	2,362	6,000	8,362
Noncurrent liabilities:			
Amount due within one year	277,972	37,985	315,957
Due in more than one year	<u>1,791,000</u>	<u>1,882,551</u>	<u>3,673,551</u>
Total liabilities	<u>5,212,716</u>	<u>2,460,883</u>	<u>7,673,599</u>
Deferred inflows of resources:			
Unearned property tax revenue	1,799,943	-	1,799,943
Pension related	<u>276,783</u>	<u>50,712</u>	<u>327,495</u>
Total deferred inflows of resources	<u>2,076,726</u>	<u>50,712</u>	<u>2,127,438</u>
<b>Net position:</b>			
Net investment in capital assets	33,113,437	31,646,432	64,759,869
Restricted for:			
Impact fees	307,742	771,604	1,079,346
Capital projects	2,156,518	-	2,156,518
Unrestricted	<u>1,617,355</u>	<u>4,254,631</u>	<u>5,871,986</u>
Total net position	<u>\$ 37,195,052</u>	<u>36,672,667</u>	<u>73,867,719</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY  
Statement of Activities  
Year Ended June 30, 2017

<u>Activities</u>	<u>Expenses</u>	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General government	\$ 1,474,733	681,733	-	-
Public safety	2,858,191	685,496	56,551	-
Streets and roads	1,488,999	613,623	727,380	2,982,145
Parks and recreation	1,685,548	784,178	23,519	-
Economic development	276,059	-	-	-
Interest on long-term debt	49,514	-	-	-
Total governmental activities	<u>7,833,044</u>	<u>2,765,030</u>	<u>807,450</u>	<u>2,982,145</u>
Business-type:				
Water	1,787,866	1,540,007	-	607,381
Sewer	1,736,407	1,761,897	-	242,841
Storm water	743,318	710,342	-	419,600
Solid waste	870,438	924,559	-	-
Total business-type activities	<u>5,138,029</u>	<u>4,936,805</u>	<u>-</u>	<u>1,269,822</u>
Total primary government	<u>\$12,971,073</u>	<u>7,701,835</u>	<u>807,450</u>	<u>4,251,967</u>
General revenue:				
Property tax				
Sales tax				
Franchise and energy tax				
Total taxes				
Interest earned				
Other general revenue:				
Miscellaneous				
Disposition of assets and easements				
Transfers - internal activities				
Total other general revenue				
Total general revenue				
Change in net position				
Net position - beginning of year				
Net position - end of year				

See independent auditor's report and notes to financial statements.

Net (Expense) Revenue and Changes in Net Position  
 Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
(793,000)	-	(793,000)
(2,116,144)	-	(2,116,144)
2,834,149	-	2,834,149
(877,851)	-	(877,851)
(276,059)	-	(276,059)
<u>(49,514)</u>	<u>-</u>	<u>(49,514)</u>
<u>(1,278,419)</u>	<u>-</u>	<u>(1,278,419)</u>
-	359,522	359,522
-	268,331	268,331
-	386,624	386,624
-	54,121	54,121
<u>-</u>	<u>1,068,598</u>	<u>1,068,598</u>
<u>(1,278,419)</u>	<u>1,068,598</u>	<u>(209,821)</u>
1,915,563	-	1,915,563
2,737,361	-	2,737,361
<u>1,080,961</u>	<u>-</u>	<u>1,080,961</u>
<u>5,733,885</u>	<u>-</u>	<u>5,733,885</u>
45,767	51,899	97,666
82,321	81,491	163,812
225,507	348,759	574,266
9,600	(9,600)	-
<u>317,428</u>	<u>(420,650)</u>	<u>738,078</u>
<u>6,097,080</u>	<u>472,549</u>	<u>6,569,629</u>
4,818,661	1,541,147	6,359,808
<u>32,376,391</u>	<u>35,131,520</u>	<u>67,507,911</u>
<u>\$37,195,052</u>	<u>36,672,667</u>	<u>73,867,719</u>

NORTH OGDEN CITY

Balance Sheet  
Governmental Funds

June 30, 2017

	General Fund	RDA / CDA Fund	Aquatic Center	Capital and Transportation Projects	Total Governmental Fund
<b>Assets:</b>					
Equity in pooled cash and investments	\$ 2,107,527	928,639	45,454	1,919,027	5,000,647
Accounts Receivable	1,977,960	520,200	-	555,026	3,053,186
Prepaid items	12,144	-	-	-	12,144
Total assets	<u>4,097,631</u>	<u>1,448,839</u>	<u>45,454</u>	<u>2,474,053</u>	<u>8,065,977</u>
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 4,097,631</u>	<u>1,448,839</u>	<u>45,454</u>	<u>2,474,053</u>	<u>8,065,977</u>
<b>Liabilities:</b>					
Accounts Payable	\$ 1,089,521	-	13,506	-	1,103,027
Compensated absences payable	46,110	-	-	-	46,110
Performance bonds and deposits	112,766	-	-	7,431	120,197
Unearned revenue	-	-	-	2,362	2,362
Total liabilities	<u>1,248,397</u>	<u>-</u>	<u>13,506</u>	<u>9,793</u>	<u>1,271,696</u>
Deferred inflows of resources:					
Unearned property tax revenue	<u>1,224,943</u>	<u>575,000</u>	<u>-</u>	<u>-</u>	<u>1,799,943</u>
<b>Fund Balances:</b>					
Nonspendable:					
Prepays	12,144	-	-	-	12,144
Restricted - impact fees	-	-	-	307,742	307,742
Assigned	-	-	-	2,156,518	2,156,518
Unassigned	<u>1,612,147</u>	<u>873,839</u>	<u>31,948</u>	<u>-</u>	<u>2,517,934</u>
Total Fund balance	<u>1,624,291</u>	<u>879,839</u>	<u>31,948</u>	<u>2,464,260</u>	<u>4,994,338</u>
Total liabilities, deferred inflows of resources, and fund balances.	<u>\$ 4,097,631</u>	<u>1,448,839</u>	<u>45,454</u>	<u>2,474,053</u>	<u>8,065,977</u>

See independent auditor's report and notes to financial statements

NORTH OGDEN CITY

Reconciliation of the Balance Sheet-

Governmental Funds to the Statement of Net Position

June 30, 2017

Total fund balance - governmental funds		\$ 4,994,338
Amount reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported as assets in governmental funds.		
These assets consist of:		
Land and related non-depreciable assets	\$ 7,380,602	
Construction in process	144,170	
Buildings	13,413,652	
Depreciable infrastructure and improvements	17,359,026	
Depreciable park improvement	3,405,079	
Vehicles and equipment	1,223,426	
Accumulated depreciation	<u>(9,490,765)</u>	
Total capital assets		33,435,190
The pension asset is not an available resource and, therefore, is not reported in government funds.		
		1,867
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net position.		
		1,974,853
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Those liabilities consist of:		
Bonds payable	(2,050,000)	
Interest payable	( 7,884)	
Compensated absences and benefits	(177,612)	
Net pension liability	<u>(1,593,423)</u>	
Total long-term debt		(3,828,919)
Deferred inflows for pension(credits), (264,114) and deferred outflows for pension (charges) 881,837 are not reflected in the funds statements but are reported as part of the entity-wide statement of activities.		
		<u>617,723</u>
Total net position - governmental activities		<u>\$ 37,195,052</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenue, Expenses, and Changes in Fund Balances  
Governmental Funds

Year Ended June 30, 2017

	General <u>Fund</u>	RDA / CDA <u>Fund</u>	Aquatic <u>Center</u>	Capital and Transportation <u>Projects</u>	Total Governmental <u>Funds</u>
Revenue:					
Taxes	\$ 4,961,320	593,217	-	179,348	5,733,885
Licenses and permits	441,538	-	-	-	441,538
Intergovernmental	789,431	-	-	2,482,197	3,271,628
Charges for services	386,577	-	374,178	215,977	976,732
Fines and forfeitures	196,145	-	-	-	196,145
Interest	19,546	11,386	-	12,069	43,001
Rents	3,715	-	2,985	30,145	36,845
Donations from private sources	3,952	-	-	15,000	18,952
Traffic school	40,385	-	-	-	40,385
Disposition of assets and easements	-	-	-	293,000	293,000
Impact fees	-	-	-	609,775	609,775
Administrative fee from utility funds	448,375	-	-	-	448,375
Other revenue	62,763	11,014	1,813	3,016	78,606
Total revenue	<u>7,353,747</u>	<u>615,617</u>	<u>378,976</u>	<u>3,840,527</u>	<u>12,188,867</u>
Expenditures:					
General government	1,326,722	-	-	358,729	1,685,451
Public safety	2,840,441	-	-	-	2,840,441
Streets and highways	812,385	-	-	3,413,456	4,225,841
Parks and recreation	908,706	-	-	-	908,706
Aquatic center	-	-	425,745	-	425,745
Economic development	-	276,059	-	-	276,059
Parks and improvements	-	-	-	213,235	213,235
Bond retirement	-	-	252,000	-	252,000
Interest on bonds	-	-	50,483	-	50,483
Total expenditures	<u>5,888,254</u>	<u>276,059</u>	<u>728,228</u>	<u>3,985,420</u>	<u>10,877,961</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,465,493</u>	<u>339,558</u>	<u>(349,252)</u>	<u>(144,893)</u>	<u>1,310,906</u>
Other financing sources (uses):					
Proceeds from bond issue (net)	-	-	-	-	-
Deposit to bond refunding escrow	-	-	-	-	-
Bond issue costs	-	-	-	-	-
Transfers from (to) other funds	(1,428,553)	(307,280)	381,063	1,364,370	9,600
Total other financing sources (Uses)	<u>(1,428,553)</u>	<u>(307,280)</u>	<u>381,063</u>	<u>1,364,370</u>	<u>9,600</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	36,940	32,278	31,811	1,219,477	1,320,506
Fund balance - beginning of year	<u>1,587,351</u>	<u>841,561</u>	<u>137</u>	<u>1,244,783</u>	<u>3,673,832</u>
Fund balance - end of year	<u>\$ 1,624,291</u>	<u>873,839</u>	<u>31,948</u>	<u>2,464,260</u>	<u>4,994,338</u>

See independent auditor's report and notes to financial statements.



NORTH OGDEN CITY

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances -  
Governmental Funds to the Statement of Activities

Year Ended June 30, 2017

Net change in fund balance - total governmental funds	\$ 1,320,506
Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures \$3,894,789. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense \$1,025,779. Capital outlays exceeded depreciation for the period.	2,869,010
The payment of long-term debt uses current financial resources to governmental funds. These payments are treated as payments of liabilities in the statement of activities.	252,000
Contributions of infrastructure to governmental funds do not provide current financial resources but are reported in the statement of activities.	517,965
Adjustments and asset retirement of general government capital assets are not reported in fund statements but are	(54,172)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities.	(26,019)
Changes in compensated absences payable are treated as expenditures in governmental funds statements, but are reductions or increases in liabilities in the statement of activities.	16,892
Changes in accrued interest expense used in government activities are not payable from current resources and are therefore not reported in governmental funds.	969
Some reductions of expense reported in the statement of activities do not use current financial resources and therefore are not in governmental funds.	<u>(78,490)</u>
Changes in net position of governmental activities	<u>\$ 4,818,661</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Activities - Internal Service Funds
<b>Current assets:</b>						
Cash and cash equivalents	\$ 1,133,242	1,246,850	1,962,529	318,378	4,660,999	303,865
Accounts receivable	107,902	208,374	72,503	97,198	485,977	-
Current amount of note receivable	59,509	-	-	-	59,509	-
Accrued interest receivable	4,854	-	-	-	4,854	-
Prepaid items	-	-	-	-	-	2,708
Total current assets	<u>1,305,507</u>	<u>1,455,224</u>	<u>2,035,032</u>	<u>415,576</u>	<u>5,211,339</u>	<u>306,573</u>
<b>Capital assets:</b>						
Land	135,775	-	98,983	-	234,758	-
Buildings and structures	345,949	-	-	-	345,949	337,565
Construction in process	299,526	-	52,117	-	351,643	-
Systems	26,469,315	9,668,498	10,655,761	-	46,793,574	-
Vehicles and Equipment	1,478,030	514,381	917,454	1,151,796	4,061,661	3,574,600
Total Capital Assets	28,728,595	10,182,879	11,724,315	1,151,796	51,787,585	3,912,165
Accumulated depreciation	(10,001,467)	(3,148,298)	(4,056,453)	(1,014,399)	(18,220,617)	(2,164,945)
Net capital assets	<u>18,727,128</u>	<u>7,034,581</u>	<u>7,667,862</u>	<u>137,397</u>	<u>33,566,968</u>	<u>1,747,220</u>
Note receivable less current portion	189,244	-	-	-	189,244	-
Pension asset	82	57	64	21	224	63
Total Noncurrent items	<u>18,916,454</u>	<u>7,034,638</u>	<u>7,667,926</u>	<u>137,418</u>	<u>33,756,436</u>	<u>1,747,283</u>
Total assets	<u>20,221,961</u>	<u>8,489,862</u>	<u>9,702,958</u>	<u>552,994</u>	<u>33,566,968</u>	<u>2,053,856</u>
<b>Deferred outflows of resources</b>						
Harrisville City impact fees	-	-	29,744	-	29,744	-
Pension related	92,701	35,513	34,992	23,537	186,743	45,768
Total deferred outflows	<u>92,701</u>	<u>35,513</u>	<u>64,736</u>	<u>23,537</u>	<u>216,487</u>	<u>45,768</u>
<b>Current liabilities:</b>						
Current portion of lease obligation payable	-	-	37,985	-	37,985	18,972
Wages and benefits payable	9,139	2,536	4,251	1,777	17,703	3,159
Compensated absences payable	16,435	11,247	12,693	6,973	47,348	12,196
Impact fees payable	-	156,311	-	-	156,311	-
Unearned rents	6,000	-	-	-	6,000	-
Deposits	600	-	-	-	600	-
Total current liabilities	<u>32,174</u>	<u>170,094</u>	<u>54,929</u>	<u>8,750</u>	<u>265,947</u>	<u>34,327</u>
<b>Non-current liabilities:</b>						
Net Pension Liability	153,916	62,845	58,980	36,644	312,385	77,774
System reimbursement agreements payable	1,852,807	-	29,744	-	1,882,551	-
Lease obligation payable	-	-	37,985	-	37,985	18,972
Current portion of lease obligation payable	-	-	(37,985)	-	(37,985)	(18,972)
Total non-current liabilities	<u>2,006,723</u>	<u>62,845</u>	<u>88,724</u>	<u>36,644</u>	<u>2,194,936</u>	<u>77,774</u>
Total liabilities	<u>2,038,897</u>	<u>232,939</u>	<u>143,653</u>	<u>45,394</u>	<u>2,460,883</u>	<u>112,101</u>
<b>Deferred inflows of resources</b>						
Pension related	25,490	10,608	9,077	5,537	50,712	12,670
	<u>25,490</u>	<u>10,608</u>	<u>9,077</u>	<u>5,537</u>	<u>50,712</u>	<u>12,670</u>
<b>Net position:</b>						
Net investment in capital assets	16,874,321	7,034,581	7,600,133	137,397	31,646,432	1,728,248
Restricted - impact fees	-	113,218	658,386	-	771,604	-
Unrestricted	1,375,954	1,134,029	1,356,445	388,203	4,254,631	246,605
Total net position	<u>\$18,250,275</u>	<u>8,281,828</u>	<u>9,614,964</u>	<u>525,600</u>	<u>36,672,667</u>	<u>1,974,853</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY

Statement of Revenue, Expenses, and Changes in Fund Net Position  
Proprietary Funds

Year Ended June 30, 2017

	Business-Type activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund		
Operating revenue:						
Charges for services	\$ 1,482,229	1,756,427	710,342	899,879	4,848,878	658,578
Connection fees	57,778	5,470	-	-	63,248	-
Special fees to builders	-	-	-	24,680	24,680	-
Sale of materials and supplies	-	-	-	-	-	15,467
Miscellaneous	66,884	148	694	13,765	81,491	-
Total operating revenue	<u>1,606,891</u>	<u>1,762,045</u>	<u>711,036</u>	<u>938,324</u>	<u>5,018,296</u>	<u>674,045</u>
Operating expenses:						
Salaries and benefits	484,015	209,116	226,959	77,868	997,958	209,681
Sewer fees	-	1,082,127	3,817	-	1,085,944	-
Transfer station fees - Weber County	-	-	-	224,342	224,342	-
Contract service - Waste Management	-	-	-	402,884	402,884	-
Materials, supplies and services	386,779	59,432	66,958	33,444	546,613	261,476
Motor pool rents	90,646	53,475	57,346	7,531	208,998	-
Depreciation	698,431	217,735	273,716	33,033	1,222,915	218,352
Administrative services fee	127,995	114,522	114,522	91,336	448,375	-
Total operating expenses	<u>1,787,866</u>	<u>1,736,407</u>	<u>743,318</u>	<u>870,438</u>	<u>5,138,029</u>	<u>689,509</u>
Operating income (loss)	<u>(180,975)</u>	<u>25,638</u>	<u>(32,282)</u>	<u>67,886</u>	<u>(119,733)</u>	<u>(15,464)</u>
Non-operating revenue (expenses):						
Impact fees	413,489	75,253	182,826	-	671,568	-
Gain(loss) from sale of assets	344,683	(632)	4,786	(68)	348,759	(13,321)
Transfer to capital projects fund	(2,400)	(2,400)	(2,400)	(2,400)	(9,600)	-
Interest received	18,747	11,710	18,380	3,062	51,899	2,766
Total non-operating revenue (expenses)	<u>774,519</u>	<u>83,921</u>	<u>203,592</u>	<u>594</u>	<u>1,062,626</u>	<u>(10,555)</u>
Capital contribution - builders and developers	<u>193,892</u>	<u>167,588</u>	<u>236,774</u>	<u>-</u>	<u>598,254</u>	<u>-</u>
Change in net position	787,436	277,147	408,084	68,480	1,541,147	(26,019)
Net position - beginning of year	<u>17,462,839</u>	<u>8,004,681</u>	<u>9,206,880</u>	<u>457,120</u>	<u>35,131,520</u>	<u>2,000,872</u>
Net position - end of year	<u>\$18,250,275</u>	<u>8,281,828</u>	<u>9,614,964</u>	<u>525,600</u>	<u>36,672,667</u>	<u>1,974,853</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Cash flows from operating activities:						
Cash received from customers	\$ 1,465,634	1,749,971	710,586	898,428	4,824,619	674,045
Cash received from other activities	130,662	5,618	694	38,445	175,419	-
Cash payments for payroll and benefits	(466,738)	(206,542)	(221,009)	(75,372)	(969,661)	(204,202)
Cash payments for goods and services	(610,420)	(1,305,975)	(242,643)	(759,537)	(2,918,575)	(257,538)
Net payments of service deposits	(29,800)	-	-	-	(29,800)	-
Net payments of impact fees collected for another government	-	(107,318)	-	-	(107,318)	-
Net cash provided (used) by operating activities	<u>489,338</u>	<u>135,754</u>	<u>247,628</u>	<u>101,964</u>	<u>974,684</u>	<u>212,305</u>
Cash flows from capital and related financing activities:						
Cash payments for property and equipment	(1,371,885)	(559,373)	(453,193)	(42,488)	(2,426,939)	(407,583)
Proceeds from capital assets sales	-	-	7,500	-	7,500	4,000
Collection on contract sale of easement	101,247	-	-	-	101,247	-
Impact fee for collections for capital projects	413,489	75,253	182,826	-	671,568	-
Principal payments on lease financing	-	-	(36,286)	-	(36,286)	(18,112)
Payments on system reimbursement agreements	(79,494)	-	-	-	(79,494)	-
Net cash provided (used) by capital and related financing activities	<u>(936,643)</u>	<u>(484,120)</u>	<u>(299,153)</u>	<u>(42,488)</u>	<u>(1,762,404)</u>	<u>(421,695)</u>
Cash flows from non-capital financing activities:						
Transfer from (to) other funds	(2,400)	(2,400)	(2,400)	(2,400)	(9,600)	-
Pension related items	-	-	-	-	-	-
Net cash used by non-capital financing activities	<u>(2,400)</u>	<u>(2,400)</u>	<u>(2,400)</u>	<u>(2,400)</u>	<u>(9,600)</u>	<u>-</u>
Cash flows from investing activities:						
Interest received	<u>13,893</u>	<u>11,710</u>	<u>18,380</u>	<u>3,062</u>	<u>47,045</u>	<u>2,766</u>
Net cash provided by investing activities	<u>13,893</u>	<u>11,710</u>	<u>18,380</u>	<u>3,062</u>	<u>47,045</u>	<u>2,766</u>
Net increase (decrease) in cash and cash equivalents	(435,812)	(339,056)	(35,545)	60,138	(750,275)	(206,624)
Cash and cash equivalents - beginning of year	<u>1,569,054</u>	<u>1,585,906</u>	<u>1,998,074</u>	<u>258,240</u>	<u>5,411,274</u>	<u>510,489</u>
Cash and cash equivalents - end of year	<u>\$ 1,133,242</u>	<u>1,246,850</u>	<u>1,962,529</u>	<u>318,378</u>	<u>4,660,999</u>	<u>303,865</u>

See independent auditor's report and notes to financial statements.

NORTH OGDEN CITY

Statement of Cash Flows - Continued  
Proprietary Funds

Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (180,975)	25,638	(32,282)	67,886	(119,733)	(15,464)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	698,431	217,735	273,716	33,033	1,222,915	218,352
Decrease (increase) in receivables	(16,595)	(6,456)	244	(1,451)	(24,258)	-
Decrease(increase) in prepaid items	-	-	-	-	-	3,938
Pension related items	9,075	3,581	2,150	1,521	16,327	3,997
Decrease (increase) in impact fees for other governments	-	(107,318)	-	-	(107,318)	-
(Decrease) increase in compensated absences or accounts payable	3,202	2,574	3,800	975	10,551	1,482
Increase(decrease) in unearned rent	6,000	-	-	-	6,000	-
Decrease in deposits for services	(29,800)	-	-	-	(29,800)	-
Total adjustments	<u>670,313</u>	<u>110,116</u>	<u>279,910</u>	<u>34,078</u>	<u>1,094,417</u>	<u>227,796</u>
Net cash provided (used) by operating activities	<u>\$ 489,338</u>	<u>135,754</u>	<u>247,628</u>	<u>101,964</u>	<u>974,684</u>	<u>212,305</u>
Noncash investing, capital and financing activities:						
Contract sale of easement	350,000	-	-	-	350,000	-
Capital contributions by developers	<u>193,892</u>	<u>167,588</u>	<u>236,774</u>	<u>-</u>	<u>589,257</u>	<u>-</u>
Total noncash investing, capital and financing activities	<u>\$ 543,892</u>	<u>167,588</u>	<u>236,774</u>	<u>-</u>	<u>948,254</u>	<u>-</u>

See independent auditor's report and notes to financial statements

# NORTH OGDEN CITY

## Notes to Financial Statements - Continued

June 30, 2017

### (1) Summary of Significant Accounting Policies - Continued

#### **Governmental Fund Types:**

The City reports the following major governmental funds:

*General fund* - The general fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in other funds. It also includes the financial activities related to most federal and state funds.

*Special revenue funds* - These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

*Capital projects funds* - These funds are used to account for financial resources to be used for the acquisition or construction of general major capital facilities.

#### **Proprietary Fund Types:**

*Enterprise funds* - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City operates its water, sewer, storm drainage, and solid waste fund as enterprise funds. Each is considered a major proprietary fund.

*Internal service funds* - The internal service funds are used to provide financing of goods and services provided by one department or agency to other departments or agencies of the government, or other governments on a cost-reimbursements basis. The City maintained internal service funds for motor vehicle fleet operations. Internal service funds are reported as a single column on the enterprise fund statements and are combined with governmental activities on the government-wide 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are reported using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

All governmental funds are accounted for using the modified accrual basis of accounting. That is, revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter (within sixty days) to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued in the individual funds because the current portion of these items cannot be reasonably estimated and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases and decreases in net total assets.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

## NORTH OGDEN CITY

### Notes to Financial Statements - Continued

June 30, 2017

#### (1) Summary of Significant Accounting Policies - Continued

Sales and use taxes, franchise taxes, and earned but un-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 (assessed) and are recognized as revenues when they become available. All other revenues are considered to be measurable and available only when cash is received by the government.

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenue include all taxes and fees in lieu.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance**

##### **Cash, Deposits, and Investments**

Cash includes cash on hand, demand deposits with banks, and deposits in cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (the Fund) and other investments allowed by the State of Utah's Money Management Act.

The Utah Public Treasurer's Investment Fund operates in accordance with state laws and regulations, The reported value of the Fund is the same as the fair value of the Fund shares.

##### **Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interactivity receivable or interactivity payable". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "interactivity balances".

Advances between funds, as reported in fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

Accounts receivable for services related to government activities and trade accounts receivable for business-type activities are shown net of allowance for doubtful accounts. The allowance is calculated using a percentage of total accounts receivable in conjunction with an evaluation of items over 180 days.

##### **Inventories and Prepaid Items**

All inventories are valued at cost and accounted for on the first-in, first-out method (FIFO). Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. No material inventories were on hand at June 30, 2017.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

##### **Restricted Assets**

Certain assets are classified as restricted because their use is restricted by laws and regulations.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(1) Summary of Significant Accounting Policies - Continued

**Capital Assets**

Capital assets, which include 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 \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	50 years
Water distribution system	50 years
Sewer collection system	50 years
Equipment and machinery	3-10 years
Infrastructure and other improvements	10-30 years
Wells and related structures	5-10 years
Trucks	4-10 years

**Water Rights and Stock**

The City does not place a limitation on the life of the water rights, an intangible capital asset, and does not expect to cease utilizing the water rights in the foreseeable future. The water rights are recorded at historical cost and are considered to have an indefinite useful life. The total book value for water rights for the Water Utility Fund is \$6,250 at June 30, 2017.

**Compensated Absences**

It is the City's policy to allow employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. Compensated absences are reported in governmental funds only if an employee has resigned or retired and the accrued leave has not been paid out. The accumulated vacation and compensatory time that is not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. Accumulated vacation and compensatory time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Year-end liabilities for compensated absences are accrued at the employees' current hourly rate for the maximum possible separation benefit.

Sick leave amounts are charged to expenditures when incurred. Employees may accumulate sick leave to a total of nine hundred sixty hours. Regular employees accumulated sick leave benefits at the rate of twelve days per year. The City has implemented an unused sick leave incentive to increase productivity and encourage longevity within the City. The incentive allows for converting a portion of unused sick leave to either annual leave or cash. The incentive is elected annually in December and requires employees to meet strict criteria to be eligible. Employees who retire or separate under favorable conditions are paid a portion of unused sick leave based on years of service and accumulated sick leave hours.

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, 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 discounts and premiums are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.



(1) Summary of Significant Accounting Policies - Continued

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a separate consumption of net position, fund balance, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City is reporting deferred outflows of resources relating to pension in the government-wide financial statement and a deferred outflow relating to impact fee payments.

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position, fund balance, that applies to a future period and so will not be recognized as an inflow (revenue) until that time. The City reports unearned property taxes as deferred inflows of resources since they are recognized as receivables before the period for which they are levied. These amounts are reported in the government-wide and funds financial statements. The City also reports deferred inflows of resources relating to its employee pensions in the government-wide financial statements.

**Net Position/Fund Balances**

The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is *net position* on the government-wide statements and *fund balance* on the governmental fund statements. Net position is divided into invested in capital assets, restricted and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned. Nonspendable and Restricted fund balances represent the restricted classifications and Committed, Assigned, and Unassigned represent the unrestricted classifications.

Nonspendable fund balance includes amounts that can not be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact. Restricted fund balance is externally (outside the City) enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation. Committed fund balance is self-imposed limitations imposed at the highest level of decision making authority, namely, the Council. The Council approval is required to commit resources or to rescind the commitment. Assigned fund balance represents limitations imposed by management. Assigned fund balance requests are submitted to the Finance Director for approval/non-approval. Unassigned fund balance represents the residual net resources in excess of the other classifications.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

**F. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to 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 at fair value.

**G. Budgets**

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities" by North Ogden City Municipal Council on or before June 22<sup>nd</sup> for the following fiscal year which begins on July 1. Budgets may be increased by resolution of the City Council at any time during the year, following a public hearing. Budgets are prepared in line-item detail; however, budget amendments by resolution are generally required only if the fund desires to exceed its total budget appropriation. The City follows Uniform Fiscal Procedures for Cities as adopted by the State Legislature for policies concerning its budgetary accounting. Annual budgets are adopted for all governmental fund types. All annual appropriations lapse at fiscal year end.

During the year, four supplemental amendments were made to the City's General Fund budget increasing total revenue \$45,540 and total expenditures \$90,237, including transfers to other funds. The Capital Project - Transportation funds were amended increasing revenue and transfers by \$363,000 and expenditures by \$1,051,572. The RDA-CDA funds were amended decreasing expenditures \$125,000. The Aquatic Center revenues and transfers in and expenditures each increased by \$40,000.

NORTH OGDEN CITY  
Notes to Financial Statements - Continued  
June 30, 2017

(1) Summary of Significant Accounting Policies - Continued

**H. Non-spendable Fund Balance/Retained Earnings**

Non-spendable fund balance at June 30, 2017 is comprised of prepaids of \$ 12,144 in the general fund.

**I. Restricted of Fund Balance**

The City has \$1,079,346 of fund balance designated as restricted. This represents impact fees that are restricted as to their use.

**J. Assignment of Fund Balance**

Assignment of fund balance is comprised of \$2,156,578 in the capital projects fund for planned projects including streets and roads.

**K. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**L. 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.

(2) Deposits and Investments

Deposits and investments for North Ogden City are governed by the Utah Money Management Act and by rules of the Utah Money Management Council. Following are discussions of the City's exposure to various risks related to its cash management activities.

**A. Custodial Credit Risk**

*Deposits.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council. The City's deposits in banks in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's deposits at the banks and credit unions at June 30, 2017 were \$1,176,485, of which \$426,990 was uninsured and uncollateralized.

**B. Credit Risk**

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the 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 & Poors; bankers acceptances; 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; and shares in a money market fund as defined in the Act.

The City is also authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. Following are the City's investments at June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 8,702,448	55 days*	not rated

\*Weighted-average maturity

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(2) Deposits and Investments - Continued

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing solely in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in the previous table.

**D. Concentration of Credit Risk**

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 policy to limit this risk is to adhere to the rules of the Money Management Council and to invest most of its available funds in the PTIF. The Council rules do not limit the amount of investments a government may make in any one issuer except for Rule 2 regarding certain endowments and funds with a long-term perspective, and Rule 17 which limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the government's portfolio at the time of purchase.

Components of cash including interest bearing deposits at June 30, 2017 are as follows:

Cash on hand and deposit:	
Cash on hand	\$ 6,200
Cash on deposit	757,552
Money market deposits	499,311
PTIF deposit	<u>8,702,448</u>
	<u>\$ 9,965,511</u>

(3) Accounts Receivable

Receivables as of year end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Special Revenue Fund	Capital Projects & Transportation	Water Utility Enterprise Fund	Sewer Utility Enterprise Fund	Storm Water Utility Enterprise Fund	Solid Waste Utility Enterprise Fund	Total
Taxes	\$ 1,254,437	520,200	-	-	-	-	-	1,774,637
Utilities	-	-	28,231	107,902	208,374	72,503	97,198	514,208
Intergovernmental	638,427	-	510,680	-	-	-	-	1,149,107
Other	<u>85,096</u>	-	<u>16,115</u>	-	-	-	-	<u>101,211</u>
	<u>\$ 1,977,960</u>	<u>520,200</u>	<u>555,026</u>	<u>107,902</u>	<u>208,374</u>	<u>72,503</u>	<u>97,198</u>	<u>3,539,163</u>

The City considers its utility fund accounts receivable to be substantially collectable and has therefore not recorded an allowance for doubtful accounts.

Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* reported in the governmental funds for property taxes were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes levied not yet due	\$ 1,652,921	1,652,921
Property taxes received not yet due	-	147,022
	<u>\$ 1,652,921</u>	<u>1,799,943</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(4) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in process	-	144,170	-	144,170
Land and land improvements	<u>4,900,010</u>	<u>2,480,592</u>	<u>-</u>	<u>7,380,602</u>
Total	<u>4,900,010</u>	<u>2,624,762</u>	<u>-</u>	<u>7,524,772</u>
Capital assets being depreciated:				
Buildings and improvements	13,704,214	99,124	52,121	13,751,217
Infrastructure	15,943,738	1,415,288	-	17,359,026
Park improvements	3,405,079	-	-	3,405,079
Machinery and equipment	<u>4,791,235</u>	<u>681,163</u>	<u>674,372</u>	<u>4,798,026</u>
Total	<u>37,844,266</u>	<u>2,195,575</u>	<u>726,493</u>	<u>39,313,348</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,108,246)	(349,116)	(46,387)	(4,410,975)
Infrastructure	(3,281,726)	(539,436)	-	(3,821,162)
Park improvements	(632,836)	(91,043)	-	(723,879)
Machinery and equipment	<u>(3,043,772)</u>	<u>(264,536)</u>	<u>(608,613)</u>	<u>(2,699,695)</u>
Total	<u>(11,066,580)</u>	<u>(1,244,131)</u>	<u>(655,000)</u>	<u>(11,655,711)</u>
Capital assets being depreciated, net	<u>26,777,686</u>	<u>951,444</u>	<u>71,493</u>	<u>27,657,637</u>
Governmental activity capital assets, net	<u>\$ 31,677,696</u>	<u>3,576,206</u>	<u>71,493</u>	<u>35,182,409</u>

Capital assets in the statement of net position also includes the equipment and other depreciable assets, net of accumulated depreciation, for the internal service fund of \$1,747,220.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in process	968,810	349,031	966,198	351,643
Water rights and stock	\$ 6,250	-	-	6,250
Land and land improvements	<u>159,493</u>	<u>75,265</u>	<u>-</u>	<u>234,758</u>
Total	<u>1,134,553</u>	<u>424,296</u>	<u>966,198</u>	<u>592,651</u>
Capital assets being depreciated:				
Buildings and improvements	345,949	-	-	345,949
Infrastructure	43,855,412	2,954,048	22,136	46,787,324
Machinery and equipment	<u>3,887,004</u>	<u>329,793</u>	<u>155,136</u>	<u>4,061,661</u>
Total	<u>48,088,365</u>	<u>3,283,841</u>	<u>177,272</u>	<u>51,194,934</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (268,066)	(10,780)	-	(278,846)
Infrastructure	(14,577,796)	(1,033,181)	(20,517)	(15,590,460)
Machinery and equipment	<u>(2,320,371)</u>	<u>(178,954)</u>	<u>(148,014)</u>	<u>(2,351,311)</u>
Total	<u>(17,166,233)</u>	<u>(1,222,915)</u>	<u>(168,531)</u>	<u>(18,220,617)</u>
Capital assets being depreciated, net	<u>30,922,132</u>	<u>2,060,926</u>	<u>8,741</u>	<u>32,974,317</u>
Business-type activities capital assets, net	<u>\$32,056,685</u>	<u>2,485,222</u>	<u>974,939</u>	<u>33,566,968</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued  
June 30, 2017

(4) Capital Assets - Continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities:	
General government	\$ 61,082
Public safety	141,792
Public works, including depreciation of general infrastructure	708,075
Parks and recreation	<u>333,182</u>
	<u>1,244,131</u>
Business activities:	
Water	698,431
Sewer	217,735
Storm water	273,716
Solid waste	<u>33,033</u>
	<u>1,222,915</u>
	<u>\$ 2,467,046</u>

(5) Changes in Capital Leases and Long-Term Liabilities

Activity with long-term liabilities including capital leases for the year ending June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<i>Governmental activities:</i>					
Sales Tax Revenue Refunding Bond	2,302,000	-	252,000	2,050,000	259,000
Dump truck lease	<u>37,084</u>	-	<u>18,112</u>	<u>18,972</u>	<u>18,972</u>
Total	<u>\$ 2,339,084</u>	<u>-</u>	<u>270,112</u>	<u>2,068,972</u>	<u>277,972</u>
<i>Business-type activities:</i>					
System reimbursement agreements	\$ 1,928,989	29,744	76,182	1,882,551	-
Dump truck lease	37,084	-	18,112	18,972	18,972
Leaf collection truck	<u>37,187</u>	-	<u>18,174</u>	<u>19,013</u>	<u>19,013</u>
Total	<u>\$ 2,003,260</u>	<u>29,744</u>	<u>112,468</u>	<u>1,920,536</u>	<u>37,985</u>

For the current year ended June 30, 2017, interest of \$52,244 was charged to expenses by Governmental Activities and \$3,480 by business-type activities. No interest was capitalized during the year by either type of activity.

(6) Long-Term Debt

On November 9, 2004 the City issued \$4,040,000 in sales tax revenue bonds. The proceeds of the bonds were used to construct the City's new aquatic center. The bonds carry interest rates ranging from 2.00% to 5.00% and fully mature in the year 2025. These bonds were paid in November of 2014 with the proceeds of \$2,550,000 Sales Tax Revenue Bond.

The Refunding Sales Tax Bonds were issued in 2014 have an interest rate of 2.32% and will fully mature in fiscal year 2025.

The debt maturities are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2018	\$ 259,000	44,556	303,556
2019	265,000	38,477	303,477
2020	251,000	32,492	283,492
2021	256,000	26,610	282,610
2022	265,000	20,567	285,567
2023-2025	<u>754,000</u>	<u>24,453</u>	<u>778,453</u>
	<u>\$ 2,050,000</u>	<u>187,155</u>	<u>2,237,155</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(6) Long-Term Debt continued

The City's water fund has entered into two agreements with developers to construct various improvements to the water system as part of development of various areas within the City. These agreements have no required repayment terms by date or no interest but rather require the developer to be reimbursed for the cost of these improvements from impact fees charged in the area covered by the agreement.

The debt on these agreements is as follows:

Agreement 1	\$ 1,506,007
Agreement 2	<u>346,800</u>
	<u>\$ 1,852,807</u>

The City's Storm Water Fund has entered into an agreement with Harrisville City to develop a Storm Water Detention basin known as the Rice Creek Regional detention basin. Under the agreement, North Ogden City will reimburse Harrisville City for a portion from storm water impact fees collected within the drainage area contributing to the basin

The debt on this agreement is as follows:

Harrisville City	\$ <u>29,744</u>
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(7) Capital Leases

The City has three outstanding lease purchase contracts. These contracts are treated as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments. All amortization expense for these leases has been included in depreciation expense.

On June 13, 2008 the City entered into two lease purchase agreements. The proceeds of these two lease purchases are to acquire two new dump trucks with snow plow equipment and one mower. The lease purchase contracts carry interest rates of 4.75% and are fully paid in 2018.

The obligation for one dump truck is an obligation of the motor pool fund and will be paid from rent payments from the City's general fund. The obligation for one dump truck is an obligation of the City's storm water utility and will be paid from service fees.

On June 2, 2010 the City signed a lease purchase contract to purchase a leaf collection truck. The contract has an interest rate of 4.62% and will be fully paid in July of 2018. This obligation is that of the City's storm water utility and will be paid from service fees. Although the lease contract was signed and funded in June of 2010, the purchase of the leaf collection truck was completed in the year ended June 30, 2011.

Future minimum lease payments together with the present value of the net minimum lease payments under these capital lease obligations at June 30, 2017 are as follows:

Year Ended June 30,	Governmental Activities		Business Type Activities		
	Motor Pool		Storm Water Utility		
	Dump Truck	Total	Dump Truck	Leaf Collector	Total
2018	<u>19,873</u>	<u>19,873</u>	<u>19,873</u>	<u>19,891</u>	<u>39,764</u>
Total lease payments	19,873	19,873	19,873	19,891	39,764
Less amounts representing interest	<u>901</u>	<u>901</u>	<u>901</u>	<u>878</u>	<u>1,779</u>
Present value of minimum lease payments	18,972	18,972	18,972	19,013	37,985
Less current portion	<u>18,972</u>	<u>18,972</u>	<u>18,972</u>	<u>19,013</u>	<u>37,985</u>
Portion of obligations under capital lease due after one year	\$ <u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(6) Long-Term Debt continued

The City's water fund has entered into two agreements with developers to construct various improvements to the water system as part of development of various areas within the City. These agreements have no required repayment terms by date or no interest but rather require the developer to be reimbursed for the cost of these improvements from impact fees charged in the area covered by the agreement.

The debt on these agreements is as follows:

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------------------	------------------

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Total lease payments	19,873	19,873	19,873	19,891	39,764
Less amounts representing interest	<u>901</u>	<u>901</u>	<u>901</u>	<u>878</u>	<u>1,779</u>
Present value of minimum lease payments	18,972	18,972	18,972	19,013	37,985
Less current portion	<u>18,972</u>	<u>18,972</u>	<u>18,972</u>	<u>19,013</u>	<u>37,985</u>
Portion of obligations under capital lease due after one year	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## NORTH OGDEN CITY

### Notes to Financial Statements - Continued

June 30, 2017

#### (8) Interfund Receivables and Payables

Activity between funds that represents lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” All other outstanding balances between funds are also reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

At June 30, 2017, there was an interfund receivable and payable of \$200,000 between the RDA and CDA funds. During the year the CDA borrowed \$200,000 from the RDA for economic development.

#### (9) Retirement Plans

##### *General Information about the Pension Plan*

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 at fair value.

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

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 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of the 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 Utah State Retirement 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 of the 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](http://www.urs.org).



NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(9) Retirement Plans continued

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

Summary of Benefits by System

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefit</u>	<u>Benefit Percent Per Year Service</u>	<u>COLA**</u>
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 on the employer
Tier 2 Public Employees Systems	Highest 5 years	35 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%
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.

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

<b>Utah Retirement Systems</b>	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employee Contribution Rates</u>	<u>Employer rate for 401(k) Plan</u>
Contributory System				
11 - Local Governmental Division Tier 1	6.0	N/A	14.46	N/A
111 - Local Government Division Tier 2	N/A	N/A	14.91	1.78
Noncontributory System				
15 - Local Government Division - Tier 1	N/A	N/A	18.47	N/A
Public Safety System				
Contributory				
122 Tier 2 DB Hybrid Public Safety	N/A	N/A	23.66	1.33
Noncontributory				
75 Other Division A with 4% COLA	N/A	N/A	35.71	N/A
Tier 2 DC Only				
211- Local Governments	N/A	N/A	6.69	10.00
222 - Public Safety	N/A	N/A	12.99	12.00

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

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(9) Retirement Plans continued

For fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were are follows:

	Employer Contributions	Employee Contributions
Noncontributory System	\$ 235,424	\$ N/A
Public Safety System	226,756	-
Tier 2 Public Employees System	88,842	-
Tier 2 Public Safety and Firefighter System	54,393	N/A
Tier 2 DC Only System	8,482	N/A
Total Net Pension Asset/Liability	\$ <u>613,897</u>	\$ <u>N/A</u>

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

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

At June 30, 2017, we reported a net pension asset of \$2,154 and a net pension liability of \$1,983,582.

(Measurement Date): December 31, 2016

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31 2015</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	1,028,977	0.1602462%	0.1631476%	(0.0029014)%
Public Safety System	-	947,550	0.4669401%	0.4473629%	0.0195772%
Tier 2 Public Employee System	-	7,055	0.0632419%	0.0485772%	0.0146647%
Tier 2 Public Safety and Firefighter System	2,154	-	0.2481679%	0.3053124 %	0.0571445%
	<u>\$ 2,154</u>	<u>1,983,582</u>			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 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, 2017, we recognized pension expense of \$712,564.

At June 30, 2017, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,943	110,756
Changes in assumptions	309,804	67,428
Net difference between projected and actual earnings on pension plan investments	431,860	127,236
Changes in proportion and differences between contributions and proportionate share of contributions	44,854	22,075
Contributions subsequent to the measurement date	303,887	-
Total	<u>\$ 1,114,348</u>	<u>327,495</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(9) Retirement Plans - Continued

\$303,887 was 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, 2016. 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:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2017	\$ 140,575
2018	163,819
2019	187,131
2020	(15,911)
2021	572
Thereafter	6,778

Actuarial assumptions: The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 Percent
Salary increases	3.35 - 10.35 percent, average, including inflation
Investment rate of return	7.20 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, 2016 valuation were based on the results of an actuarial experience study for the five year period of January 1, 2009 - December 31, 2013.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Portfolio Real Rate of</u>
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	<u>100%</u>		<u>5.23%</u>
			<u>2.60%</u>
			<u>7.83%</u>

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(9) Retirement Plans - Continued

\$303,887 was 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, 2016. 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:

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Portfolio Real Rate of</u>
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	<u>100%</u>		<u>5.23%</u>
Inflation			<u>2.60%</u>
Expected arithmetic nominal return			<u>7.83%</u>

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(9) Retirement Plans - Continued

Discount rate: The discount rate used to measure the total pension liability was 7.20%. 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 was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

<u>System</u>	1% Decrease <u>(6.20%)</u>	Discount Rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
Noncontributory System	\$ 2,131,360	1,028,977	109,099
Public Safety System	1,970,690	947,550	115,877
Tier 2 Public Employees System	48,018	7,055	(24,108)
Tier 2 Public Safety and Firefighters System	<u>15,072</u>	<u>(2,154)</u>	<u>(15,392)</u>
Total	<u>\$ 4,165,140</u>	<u>1,981,428</u>	<u>185,476</u>

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

**Defined Contribution Plan**

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 issues URS financial report.

North Ogden City participates in the following Defined Benefits Contributions Savings Plans with Utah Retirement Systems:

\*401(k)

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

<u>System</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer Contributions	\$ 26,343	21,645	16,145
Employee Contributions	4,568	4,434	3,993

(10) Deferred Outflows of Resources and Deferred Inflows of Resources

The City has Deferred Outflows of Resources relating to its pension activities of governmental activities of \$927,605 and business-type activities of \$186,743.

The City has also deferred outflow of impact fees to be paid as collected to another City of \$29,744.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(10) Deferred Outflows of Resources and Deferred Inflows of Resources continued

The City has Deferred Inflows of Resources relating to its pension activities of governmental activities of \$276,783 and business-type activities of \$50,712. The City also has Unearned revenue from property taxes received in the fiscal year which will be used to finance 2017 - 2018 fiscal year expenditures of \$1,799,943.

Deferred inflows relating to property tax is comprised of the following:

2017 property taxes received in the fiscal year which will be used to finance the 2017-2018 fiscal year expenditures	
General fund	\$ 1,224,943
RDA fund	<u>575,000</u>
	<u>\$ 1,799,943</u>
Unearned rents of:	
Capital Projects fund	\$ 2,362
Water utilities	<u>6,000</u>
	<u>\$ 8,362</u>

(11) North Ogden Redevelopment Agency and Community Development Area

The combined redevelopment agency (RDA) and Community Development Area (CDA) collected tax increments of \$593,217 and interest of \$11,386 for the year ended June 30, 2017, and paid \$-0- to other taxing agencies. The RDA has issued \$2,550,000 to finance costs associated with its project areas. The proceeds were used to advance refund the 2004 Sales Tax Revenue Bonds used for the City's Aquatic Center. The RDA paid \$-0- to the City's general fund and \$-0- to utility funds on debt. Total debt to utility funds was \$-0- at June 30, 2017. The RDA has borrowed \$-0- from the general fund. The RDA received \$77,203 from the general funds as a transfer for the City's property tax increment and transferred \$302,483 to the Aquatic Center and \$82,000 to the Capital Project Fund.

During the year the RDA incurred the following expenditures:

Other professional fees and service	\$ 1,200
Engineering services	4,032
Off site improvements	44,552
Other economic development	226,000
Transfer to Aquatic Center for interest on debt service	302,483
Transfer to Capital projects	<u>82,000</u>
Total expenditures	<u>\$ 660,542</u>

(12) Interfund Transfers

Transfers during the year end June 30, 2017 were as follows:

Transfer from general fund	\$ 1,428,553
Transfer from RDA	307,280
Transfer to Aquatic Center	(381,063)
Transfer to Capital projects fund	(1,364,370)
Transfer from water utility	2,400
Transfer from sewer utility	2,400
Transfer from storm water utility	2,400
Transfer from solid water utility	<u>2,400</u>
	<u>\$ -</u>

(13) Deficit Fund Balances and Budgetary Compliance

The City's CDA fund has a deficit balance of \$200,000.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2017

(14) Property Taxes

Property taxes are recognized when they are measurable and available. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are due on November 30, City property tax revenues are not recognized when levied because they are not expected to be collected within 60 days after the end of the current year. This policy meets the criteria of the Governmental Accounting Standards Board Codification, Section P70.

No revenue is recognized for delinquent taxes as corresponding entries are made to taxes receivable and deferred revenue. Due to the collection process, which is a County function, delinquent property taxes are reported as revenue when received. The County handles the accounting for property tax collections and the collection of delinquencies can take up to five years, at which time property is sold at tax auctions to collect on property tax liens.

(15) Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

(16) Risk Management

North Ogden City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the government carries commercial insurance. Deductibles on claims are paid for out of the department experiencing the damage or loss.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2017, there were no outstanding claims or judgements against the City. Settlements did not exceed insurance coverage for each of the past three years.

(17) Policy Change

During the year the City changed its level for capitalization of assets. As a result of the change the City applied this policy retroactively resulting in the write-off of previously capitalized assets resulting in reductions to income for 2017 as follows:

General Government	\$	54,172
Water utility		5,317
Sewer utility		642
Storm water utility		67
Solid waste utility		68
Motor Pool		17,321
Police motor pool		-
Total expenditures	\$	<u>77,587</u>

(18) Subsequent Events

Management has evaluated subsequent events through December 29, 2017, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**



## NORTH OGDEN CITY

### Notes to Required Supplementary Information

June 30, 2017

#### **Budgeting and Budgetary Control**

As more fully explained in Note 1 of the Notes to Financial Statements, 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, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

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

#### **Pension Plan**

As explained in Note 9 of the Financial Statements, the City implemented GASB statement 68 during the year which requires the City to provide a 10-year history for certain pension related amounts. The schedule of Proportionate Share of the Net Pension Liability shows the City's share of various assets and liabilities related to the net pension liability. The Schedule of Contributions shows the City's contractually required contributions, actual amounts contributed and contributions as a percentage of covered payroll. Both schedules show information only for the current year since this is the first year of this required information.

#### **Change in Assumptions**

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and the wage inflation assumptions were decreased by 0.155 from the prior years assumption.

## NORTH OGDEN CITY

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund

Year Ended June 30, 2017

<u>Revenue</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
General property taxes	\$ 1,172,194	1,172,194	1,182,613	10,419
Delinquent property taxes	35,000	35,000	27,855	(7,145)
Motor vehicle tax	125,000	125,000	111,878	(13,122)
General sales and use tax	2,651,383	2,651,383	2,558,013	(93,370)
Utility franchise tax	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,080,961</u>	<u>30,961</u>
Total taxes	<u>5,033,577</u>	<u>5,033,577</u>	<u>4,961,320</u>	<u>(72,257)</u>
Licenses and permits:				
Business licenses	47,500	47,500	49,010	1,510
Building permits	300,000	303,256	379,067	75,811
Animal licenses	<u>15,000</u>	<u>15,000</u>	<u>13,461</u>	<u>(1,539)</u>
Total licenses and permits	<u>362,500</u>	<u>365,756</u>	<u>441,538</u>	<u>75,782</u>
Intergovernmental:				
Class C road allotment	658,000	658,000	727,380	69,380
State liquor allotment	13,000	13,000	16,277	3,277
Weber County	17,500	17,500	17,813	313
Grants	<u>-</u>	<u>5,000</u>	<u>27,961</u>	<u>22,961</u>
Total intergovernmental	<u>688,500</u>	<u>693,500</u>	<u>789,431</u>	<u>95,931</u>
Charges for services:				
Aquatic center and recreation fees	96,000	100,656	71,922	(28,734)
Building plan/development fees	145,000	146,628	241,128	94,500
Zoning and subdivision fees	11,000	11,000	11,456	456
Cherry Days	35,000	35,000	28,823	(6,177)
Credit card fees	-	-	40	40
Youth council projects	2,000	2,000	330	(1,670)
Other charges and fees	<u>8,500</u>	<u>8,500</u>	<u>32,878</u>	<u>24,378</u>
Total charges for services	<u>297,500</u>	<u>303,784</u>	<u>386,577</u>	<u>82,793</u>
Fines and forfeitures	<u>225,000</u>	<u>225,000</u>	<u>196,145</u>	<u>(28,855)</u>
Other revenue:				
Interest	7,500	7,500	19,546	12,046
Rents	24,000	24,000	3,715	(20,285)
Traffic school	37,500	37,500	40,385	2,885
Donations	-	15,000	3,952	(11,048)
Administrative service fee to utility funds	448,375	448,375	448,375	-
Sale of assets	101,830	101,830	-	(101,830)
Miscellaneous	<u>17,900</u>	<u>33,900</u>	<u>62,763</u>	<u>28,863</u>
Total other revenue	<u>637,105</u>	<u>668,105</u>	<u>578,736</u>	<u>(89,369)</u>
Total revenue	<u>7,244,182</u>	<u>7,289,722</u>	<u>7,353,747</u>	<u>64,025</u>

## NORTH OGDEN CITY

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued  
 General Fund  
 Year Ended June 30, 2017

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>From Final Budget</u>
<u>General Government</u>				
Legislative:				
Salaries and benefits	\$ 111,446	111,446	110,212	1,234
Materials, supplies and services	49,850	49,850	54,398	(4,548)
Capital	7,900	7,900	5,620	2,280
	<u>169,196</u>	<u>169,196</u>	<u>170,230</u>	<u>(1,034)</u>
Judicial:				
Salaries and benefits	126,188	126,188	129,918	(3,730)
Materials, supplies and services	31,910	31,910	29,870	2,040
Capital	-	-	-	-
	<u>158,098</u>	<u>158,098</u>	<u>159,788</u>	<u>(1,690)</u>
Finance:				
Salaries and benefits	259,198	259,198	245,410	13,788
Materials, supplies and services	62,058	62,058	64,200	(2,142)
Capital	-	-	-	-
	<u>321,256</u>	<u>321,256</u>	<u>309,610</u>	<u>11,646</u>
Administrative:				
Salaries and benefits	180,581	180,581	156,868	23,713
Materials, supplies and services	59,505	59,505	50,311	9,194
Capital	1,200	1,200	-	1,200
	<u>241,286</u>	<u>241,286</u>	<u>207,179</u>	<u>34,107</u>
Non-Departmental:				
Salaries and benefits	6,500	6,500	-	6,500
Materials, supplies and services	388,430	369,728	345,138	24,590
	<u>394,930</u>	<u>376,228</u>	<u>345,138</u>	<u>31,090</u>
Elections:				
Materials, supplies and services	3,000	3,000	-	3,000
	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
General government buildings:				
Salaries and benefits	24,000	24,000	24,380	(380)
Materials, supplies and services	129,945	129,945	110,397	19,548
Capital	-	-	-	-
	<u>153,945</u>	<u>153,945</u>	<u>134,777</u>	<u>19,168</u>
Total general government	<u>1,441,711</u>	<u>1,423,009</u>	<u>1,326,722</u>	<u>96,287</u>
<u>Public Safety</u>				
Police service:				
Salaries and benefits	1,892,510	1,892,509	1,842,680	49,829
Materials, supplies and services	377,407	377,407	367,545	9,862
Capital	-	-	-	-
	<u>2,269,917</u>	<u>2,269,916</u>	<u>2,210,225</u>	<u>59,691</u>
Planning:				
Salaries and benefits	123,810	123,810	131,641	(7,831)
Materials, supplies and services	91,940	80,169	61,845	18,324
Capital	-	-	-	-
	<u>215,750</u>	<u>203,979</u>	<u>193,486</u>	<u>10,493</u>
Inspection:				
Salaries and benefits	296,410	301,294	329,683	(28,389)
Materials, supplies and services	42,523	42,523	30,668	11,855
Capital	-	-	-	-
	<u>338,933</u>	<u>343,817</u>	<u>360,351</u>	<u>(16,534)</u>
Animal control:				
Salaries and benefits	42,441	42,441	41,595	846
Operating	38,736	38,736	34,784	3,952
Capital	350	350	-	350
	<u>81,527</u>	<u>81,527</u>	<u>76,379</u>	<u>5,148</u>
Total public safety	<u>2,906,127</u>	<u>2,899,239</u>	<u>2,840,441</u>	<u>58,798</u>

## NORTH OGDEN CITY

Schedule of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - Continued  
General Fund

Year Ended June 30, 2017

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Streets and Highways</u>				
Salaries and benefits	\$ 360,944	360,944	324,258	36,686
Materials, supplies and services	526,442	487,442	488,127	(685)
Capital	1,800	1,800	-	1,800
	<u>889,186</u>	<u>850,186</u>	<u>812,385</u>	<u>37,801</u>
Total streets and highways	<u>889,186</u>	<u>850,186</u>	<u>812,385</u>	<u>37,801</u>
<u>Parks and Recreation</u>				
Administration:				
Salaries and benefits	118,221	118,221	109,299	8,922
Materials, supplies and services	108,267	143,267	102,198	41,069
Capital	1,200	1,200	-	1,200
	<u>227,688</u>	<u>262,688</u>	<u>211,497</u>	<u>51,191</u>
Parks department:				
Salaries and benefits	400,605	400,605	372,550	28,055
Materials, supplies and services	193,647	193,647	166,545	27,102
Capital	8,000	8,000	-	8,000
	<u>602,252</u>	<u>602,252</u>	<u>539,095</u>	<u>63,157</u>
Recreation department:				
Salaries and benefits	124,281	128,437	105,361	23,076
Materials, supplies and services	73,514	74,014	52,753	21,261
Capital	-	-	-	-
	<u>197,795</u>	<u>202,451</u>	<u>158,114</u>	<u>44,337</u>
Total community services	<u>1,027,735</u>	<u>1,067,391</u>	<u>908,706</u>	<u>158,685</u>
Total expenditures	<u>6,264,759</u>	<u>6,239,825</u>	<u>5,888,254</u>	<u>351,571</u>
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses)	<u>979,423</u>	<u>1,049,897</u>	<u>1,465,493</u>	<u>(415,596)</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(869,149)</u>	<u>(984,320)</u>	<u>(1,428,553)</u>	<u>444,233</u>
Total other financing sources (uses)	<u>(869,149)</u>	<u>(984,320)</u>	<u>(1,428,553)</u>	<u>444,233</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	110,274	65,577	36,940	28,637
Fund balance - beginning of year	<u>1,587,351</u>	<u>1,587,351</u>	<u>1,587,351</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,697,625</u>	<u>1,652,928</u>	<u>1,624,291</u>	<u>28,637</u>

NORTH OGDEN CITY

Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual  
Redevelopment Agency and Community Development Area

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Property taxes	\$ 575,000	575,600	593,217	18,217
Interest income	2,000	2,000	11,386	9,386
Other income	-	-	11,014	11,014
Total revenue	<u>577,000</u>	<u>577,000</u>	<u>615,617</u>	<u>38,617</u>
Expenditures:				
Professional services - pay agent	30,000	30,000	1,200	28,800
Engineering services	10,000	10,000	4,032	5,968
Offsite improvements	112,000	30,000	44,552	(14,552)
Other economic development	350,000	225,000	226,275	(1,275)
Total expenditures	<u>502,000</u>	<u>295,000</u>	<u>276,059</u>	<u>18,941</u>
Excess (deficiency) of revenue over (under) expenditures	<u>75,000</u>	<u>282,000</u>	<u>339,558</u>	<u>57,558</u>
Other financing sources (uses):				
Transfer in(out) - net	<u>(227,483)</u>	<u>(309,483)</u>	<u>(307,280)</u>	<u>(2,203)</u>
Total other financing sources (uses)	<u>(227,483)</u>	<u>(309,483)</u>	<u>(307,280)</u>	<u>(2,203)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	(152,483)	(27,483)	32,278	59,761
Fund balance - beginning of year	<u>841,561</u>	<u>841,561</u>	<u>841,561</u>	<u>-</u>
Fund balance - end of year	<u>\$ 689,078</u>	<u>814,078</u>	<u>873,839</u>	<u>59,761</u>

NORTH OGDEN CITY

Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual  
Aquatic Center Fund

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenue:				
Admissions, reservations and lessons	\$ 355,000	355,000	362,323	7,323
Concessions and merchandise sales	11,000	11,000	11,855	855
Bowery rentals	2,000	2,000	2,985	985
Miscellaneous revenue	4,000	4,000	1,813	(2,187)
Total revenue	<u>372,000</u>	<u>372,000</u>	<u>378,976</u>	<u>6,976</u>
Expenditures:				
Salaries and benefits	256,970	256,970	264,965	(7,995)
Materials, supplies and services	48,610	48,610	42,529	6,081
Maintenance and repairs	33,500	43,500	23,565	19,935
Utilities	54,000	54,000	63,445	(9,445)
Chemicals	36,000	36,000	31,241	4,759
Capital Equipment	11,500	11,500	-	11,500
Bond Principle	252,000	252,000	252,000	-
Bond Interest	50,483	50,483	50,483	-
Total expenditures	<u>743,063</u>	<u>753,063</u>	<u>728,228</u>	<u>24,835</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(371,063)</u>	<u>(381,063)</u>	<u>(349,252)</u>	<u>31,811</u>
Other financing sources (uses):				
Transfer in(out) - net	<u>371,063</u>	<u>381,063</u>	<u>381,063</u>	<u>-</u>
Total other financing sources (uses)	<u>371,063</u>	<u>381,063</u>	<u>381,063</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	-	-	31,811	31,811
Fund balance (deficit) - beginning of year	<u>137</u>	<u>137</u>	<u>137</u>	<u>-</u>
Fund balance (deficit) - end of year	<u>\$ 137</u>	<u>137</u>	<u>31,948</u>	<u>31,811</u>

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

NORTH OGDEN CITY

Utah Retirement Systems

As of December 31, 2016

Last 10 Fiscal Years

	2016	2015	2014	Tier 2 Public Employees			Tier 2 Public Safety and Firefighter		
				Noncontributory System	Public Safety System	System	System	System	
Proportion of the net pension liability (asset)	0.1602462%	0.1631476%	0.1663092%	0.4669401%	0.0632419%	0.0632419%	0.3053124%	0.3480897%	
Proportionate share of the net pension liability (asset)	\$1,028,977	\$923,168	\$722,154	\$947,550	\$7,055	(\$106)	(\$4,461)	(\$5,149)	
Covered employee payroll	\$1,315,547	\$1,367,806	\$1,419,455	\$688,814	\$518,631	\$313,867	\$205,040	\$181,652	
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	78.22%	67.49%	50.9%	137.56%	1.36%	-0.03%	-1.05%	-2.46%	
Plan fiduciary net position as a percentage of the total pension liability	87.3%	87.8%	90.2%	86.2%	95.1%	100.2%	110.7%	120.5%	

\*In accordance with paragraph 81.a of GASB 68, the City will need to disclose a 10-year history of its proportionate share of the Net Pension Liability (asset) in their RSI. This schedule will need to be built prospectively. The schedule above is only for the last 3 years. Prior numbers are available from your prior year note disclosure.

SCHEDULE OF CONTRIBUTIONS NORTH OGDEN CITY  
 Utah Retirement Systems  
 As of December 31, 2016  
 Last 10 Fiscal Years

	As of fiscal year ended June 30	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution		Contribution deficiency (excess)	Covered Employee payroll	Contributions as a percentage of covered employee payroll
			Contributions	required contribution			
Noncontributory System	2014	\$235,539	\$235,539	\$	-	\$ 1,414,290	16.65%
	2015	\$245,610	\$245,610	\$	-	\$ 1,391,385	17.65%
	2016	\$233,522	\$233,522	\$	-	\$ 1,330,911	17.55%
	2017	\$235,424	\$235,424	\$	-	\$ 1,330,504	17.69%
Public Safety System	2014	\$184,402	\$184,402	\$	-	\$ 603,659	30.55%
	2015	\$204,537	\$204,537	\$	-	\$ 644,757	31.72%
	2016	\$206,900	\$206,900	\$	-	\$ 655,343	31.50%
	2017	\$226,756	\$226,756	\$	-	\$ 715,974	31.67%
Tier 2 Public Safety Employees System*	2014	\$27,326	\$27,326	\$	-	\$195,322	13.99%
	2015	\$36,188	\$36,188	\$	-	\$242,222	14.94%
	2016	\$57,781	\$57,781	\$	-	\$388,167	14.89%
	2017	\$88,842	\$88,842	\$	-	\$96,662	14.89%
Tier 2 Public Safety and Firefighter System	2014	\$33,152	\$33,152	\$	-	\$ 148,198	22.37%
	2015	\$38,270	\$38,270	\$	-	\$ 161,406	23.71%
	2016	\$42,978	\$42,978	\$	-	\$ 181,644	23.66%
	2017	\$54,393	\$54,393	\$	-	\$ 229,895	23.66%
Tier 2 Public Employees DC Only System*	2014	\$2,942	\$2,942	\$	-	\$ 52,727	5.58%
	2015	\$6,563	\$6,563	\$	-	\$ 97,671	6.72%
	2016	\$8,242	\$8,242	\$	-	\$ 123,199	6.69%
	2017	\$8,482	\$8,482	\$	-	\$ 126,787	6.69%

\*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.



**OTHER INFORMATION**

NORTH OGDEN CITY

Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual  
Capital and Transportation Projects Funds

Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Grant - Weber County Monroe Blvd	\$ 2,242,080	2,242,080	2,464,180	222,100
RAMP grants recognized	48,000	48,000	18,019	(29,981)
Grants received	-	70,000	-	(70,000)
Transportation fees	225,000	225,000	215,975	(9,025)
Transportation sales tax	-	-	179,348	179,348
Park impact fees	306,548	306,548	331,948	25,400
Transportation impact fees	150,000	150,000	277,827	127,827
Donations	-	-	30,145	30,145
Interest	1,200	1,200	12,069	10,869
Sale of assets	-	-	213,000	213,000
Sale of easement	-	-	80,000	80,000
Donations	-	-	15,000	15,000
Misc revenue	15,000	308,000	3,016	(304,984)
Total revenue	<u>2,987,828</u>	<u>3,350,828</u>	<u>3,840,527</u>	<u>489,699</u>
Expenditures:				
Monroe Boulevard	2,466,288	2,466,288	2,480,592	(14,304)
Street and road improvement and construction	950,769	950,769	913,180	37,589
2600 N Intersection project	250,000	250,000	15,684	234,316
Park improvements and construction	306,000	807,000	199,025	607,975
Trails construction and improvement	-	20,980	14,210	6,770
Municipalities grant projects	18,000	30,521	33,843	(3,322)
Building improvements and construction	-	80,000	15,287	64,713
City lighting project	-	245,400	238,986	6,414
Phone system	25,000	25,000	28,974	(3,974)
Rental property expenses	-	-	41,639	(41,639)
Sidewalk maintenance	-	4,500	4,000	500
Total expenditures	<u>4,016,057</u>	<u>4,880,458</u>	<u>3,985,420</u>	<u>895,038</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,028,229)</u>	<u>(1,529,630)</u>	<u>(357,893)</u>	<u>1,171,737</u>
Other financing sources (uses):				
Transfers in (out)	725,569	912,740	1,364,370	451,630
Sale of assets	-	-	213,000	213,000
Total other financing sources (uses)	<u>725,569</u>	<u>912,740</u>	<u>1,577,370</u>	<u>664,630</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	<u>(302,660)</u>	<u>(616,890)</u>	<u>1,219,477</u>	<u>1,836,367</u>
Fund balance - beginning of year	<u>1,244,783</u>	<u>1,244,783</u>	<u>1,244,783</u>	<u>-</u>
Fund balance - end of year	<u>\$ 942,123</u>	<u>627,893</u>	<u>2,464,260</u>	<u>1,836,367</u>

NORTH OGDEN CITY  
Combining Statement of Net Position  
Internal Service Funds  
Year Ended June 30, 2017

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 263,753	40,112	303,865
Prepaid expenses	<u>2,708</u>	<u>-</u>	<u>2,708</u>
Total current assets	<u>266,461</u>	<u>40,112</u>	<u>306,573</u>
Capital assets:			
Buildings and structures	337,565	-	337,565
Vehicles and equipment	<u>2,608,120</u>	<u>966,480</u>	<u>3,574,600</u>
Total capital assets	2,945,685	966,480	3,912,165
Accumulated depreciation	<u>1,604,129</u>	<u>560,816</u>	<u>2,164,945</u>
Net capital assets	<u>1,341,556</u>	<u>405,664</u>	<u>1,747,220</u>
Pension asset	<u>63</u>	<u>-</u>	<u>63</u>
Total noncurrent assets	<u>1,341,619</u>	<u>405,664</u>	<u>1,747,283</u>
Total assets	<u>1,608,080</u>	<u>445,776</u>	<u>2,053,856</u>
Deferred outflows of resources			
Pension related	<u>45,768</u>	<u>-</u>	<u>45,768</u>
Total assets and deferred outflows of resources	<u>1,653,848</u>	<u>445,776</u>	<u>2,099,624</u>
Current Liabilities:			
Current portion of lease obligations payable	18,972	-	18,972
Accounts payable	-	-	-
Compensated absences payable	12,196	-	12,196
Wages and benefits payable	<u>3,159</u>	<u>-</u>	<u>3,159</u>
Total current liabilities	<u>34,327</u>	<u>-</u>	<u>34,327</u>
Non-current liabilities:			
Net pension liability	77,774	-	77,774
Lease obligations payable	18,972	-	18,972
Lease obligations payable - current portion	<u>(18,972)</u>	<u>-</u>	<u>(18,972)</u>
Total non-current liabilities	<u>77,774</u>	<u>-</u>	<u>77,774</u>
Total liabilities	<u>112,101</u>	<u>-</u>	<u>112,101</u>
Deferred inflows of resources			
Pension related	<u>12,670</u>	<u>-</u>	<u>12,670</u>
Total liabilities and deferred inflows of resources	<u>124,771</u>	<u>-</u>	<u>124,771</u>
Net position:			
Net investment in capital assets	1,322,584	405,664	1,728,248
Unrestricted	<u>206,493</u>	<u>40,112</u>	<u>246,605</u>
Total net position	<u>\$ 1,529,077</u>	<u>445,776</u>	<u>1,974,853</u>

NORTH OGDEN CITY

Combining Statement of Revenue, Expenses, and Changes in Net Position  
Internal Service Funds

Year Ended June 30, 2017

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Revenue:			
Rentals:			
General fund	\$ 256,656	192,924	449,580
Utility funds	<u>208,998</u>	<u>-</u>	<u>208,998</u>
Total rentals	465,654	192,924	658,578
Operating charge - police motorpool	100,155	(100,155)	-
Sale of materials and supplies	<u>15,467</u>	<u>-</u>	<u>15,467</u>
Total revenue	<u>581,276</u>	<u>92,769</u>	<u>674,045</u>
Expenses:			
Salaries and benefits	209,681	-	209,681
Materials, supplies and services	145,054	8,890	153,944
Fuel	105,771	-	105,771
Interest on capital leases	1,761	-	1,761
Depreciation	<u>116,126</u>	<u>102,226</u>	<u>218,352</u>
Total expenses	<u>578,393</u>	<u>111,116</u>	<u>689,509</u>
Income (loss) from operations	<u>2,883</u>	<u>(18,347)</u>	<u>(15,464)</u>
Other non-operating revenue (expenses):			
Gain from sale of assets	(13,321)	-	(13,321)
Interest earned	2,303	463	2,766
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total other non-operating revenue (expenses)	<u>(11,018)</u>	<u>463</u>	<u>(10,555)</u>
Capital asset contribution - General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(8,135)	(17,884)	(26,019)
Net position - beginning of year	<u>1,537,212</u>	<u>463,660</u>	<u>2,000,872</u>
Net position - end of year	<u>\$ 1,529,077</u>	<u>445,776</u>	<u>1,974,853</u>

NORTH OGDEN CITY

Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2017

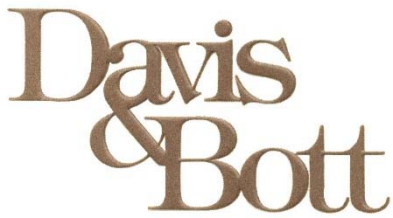
	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from vehicle rent from:			
General fund	\$ 256,656	192,924	449,580
Utility funds	208,998	-	208,998
Sale of material, supplies, and services	15,467	-	15,467
Operating charge - police motorpool	100,155	(100,155)	-
Payments for payroll and related benefits	(204,202)	-	(204,202)
Payments for goods and services	<u>(248,648)</u>	<u>(8,890)</u>	<u>(257,538)</u>
Net cash provided (used) by operating activities	<u>128,426</u>	<u>83,879</u>	<u>212,305</u>
Cash flows from capital and related financing activities:			
Payments to purchase vehicles and equipment	(242,747)	(164,836)	(407,583)
Proceeds from the sale of capital assets	4,000	-	4,000
Principal payments on lease financing	<u>(18,112)</u>	<u>-</u>	<u>(18,112)</u>
Net cash used by capital and related financing activities	<u>(256,859)</u>	<u>(164,836)</u>	<u>(421,695)</u>
Cash flows from non-capital financing activities:			
	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	<u>2,303</u>	<u>463</u>	<u>2,766</u>
Net cash provided (used) by investing activities	<u>2,303</u>	<u>463</u>	<u>2,766</u>
Net increase (decrease) in cash and equivalents	(126,130)	(80,494)	(206,624)
Cash and cash equivalents - beginning of year	<u>389,883</u>	<u>120,606</u>	<u>510,489</u>
Cash and cash equivalents - end of year	<u>\$ 263,753</u>	<u>40,112</u>	<u>303,865</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	2,883	(18,347)	(15,464)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	116,126	102,226	218,352
Decrease (increase) in receivables	-	-	-
Decrease (increase) in prepaids	3,938	-	3,938
Increase (decrease) in compensated absences and wages and benefits payable	1,482	-	1,482
Pension related items	<u>3,997</u>	<u>-</u>	<u>3,997</u>
Total adjustments	<u>125,543</u>	<u>102,226</u>	<u>227,769</u>
Net cash provided (used) by operating activities	<u>\$ 128,426</u>	<u>83,879</u>	<u>212,305</u>
Noncash investing, capital and financing activities:			
	<u>\$ -</u>	<u>-</u>	<u>-</u>

**NORTH OGDEN CITY  
MANAGEMENT REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

**NORTH OGDEN CITY  
MANAGEMENT REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

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**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Council  
North Ogden City

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Ogden City (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 29, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

*Continued*

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

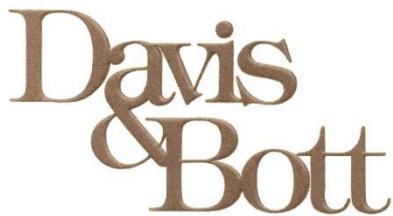
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Davis & Bott*

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Davis & Bott  
Certified Public Accountants, L.C.

Brigham City, Utah  
December 29, 2017



Certified Public Accountants, L.C.  
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**INDEPENDENT AUDITOR'S REPORT IN  
ACCORDANCE WITH THE STATE COMPLIANCE  
AUDIT GUIDE ON:**

**COMPLIANCE WITH GENERAL STATE  
COMPLIANCE REQUIREMENTS, COMPLIANCE  
FOR EACH MAJOR STATE PROGRAM AND  
INTERNAL CONTROL OVER STATE COMPLIANCE**

The Honorable Mayor and City Council  
North Ogden City, Utah

**Report on Compliance with General State Compliance Requirements  
and for Each Major State Program**

We have audited North Ogden City's compliance with the general and major state program compliance requirements described in the *State Compliance Audit Guide* issued by the Office of the Utah State Auditor that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2017.

The general compliance requirements applicable to North Ogden City are identified as follows:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems Compliance
- Restricted Taxes and Other Related Restricted Revenue
- Open and Public Meetings Act
- Public Treasurer's Bond
- Cash Management
- Enterprise Fund Transfers, Reimbursement, Loans and Services
- Tax Levy Revenue Recognition
- Impact Fees

North Ogden City received the following major assistance programs from the State of Utah:

- B&C Road Funds

**Management's Responsibility**

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE  
STATE COMPLIANCE AUDIT GUIDE ON: COMPLIANCE WITH GENERAL  
STATE COMPLIANCE REQUIREMENTS, COMPLIANCE FOR EACH MAJOR  
STATE PROGRAM AND INTERNAL CONTROL OVER STATE COMPLIANCE**

*(Continued)*

**Auditor's Responsibility**

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on North Ogden City or its major programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on General State Compliance Requirements and Each Major State Program**

In our opinion, North Ogden City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City or on each of its major state programs for the year ended June 30, 2017.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings, recommendations and responses as items 2012-002, 2015-001 and 2015-002. Our opinion on compliance is not modified with respect to these matters.

**REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE  
STATE COMPLIANCE AUDIT GUIDE ON: COMPLIANCE WITH GENERAL  
STATE COMPLIANCE REQUIREMENTS, COMPLIANCE FOR EACH MAJOR  
STATE PROGRAM AND INTERNAL CONTROL OVER STATE COMPLIANCE**

*(Continued)*

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. There were no material weaknesses or significant deficiencies for the year ended June 30, 2017.

**City's Response to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings, recommendations and responses. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Purpose of Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

*Davis & Bott*

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Davis & Bott  
Certified Public Accountants, L.C.

Brigham City, Utah  
December 29, 2017

**NORTH OGDEN CITY**  
**SCHEDULE OF FINDINGS, RECOMMENDATIONS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**UTAH STATE LEGAL COMPLIANCE FINDINGS**

**Current Year** – There are no findings in the current year.

**Status of Prior Year Findings**

2016-001      Budgetary Compliance

*Finding* – Actual expenditures for the City Capital Projects Fund exceeded the final budget.

*Recommendation* – Monitor actual spending more closely when compared to the budget amounts. When necessary, hold required Public Meetings to amend budgets.

*Response* – The City agrees with this finding. Proper monitoring of funds was not achieved in some instances. Staff will be more careful to monitor spending and budgets and to propose amendments when appropriate.

*Current Status* – The Capital Projects Fund did not exceed budget as of June 30, 2017, nor did any other fund. The City is now compliant.

2016-002      Quarterly Financial Reports

*Finding* – The City Council was not provided quarterly financial reports with enough detail to allow them to make decisions regarding financial matters and to monitor actual and budgeted revenue and expenditures (expenses).

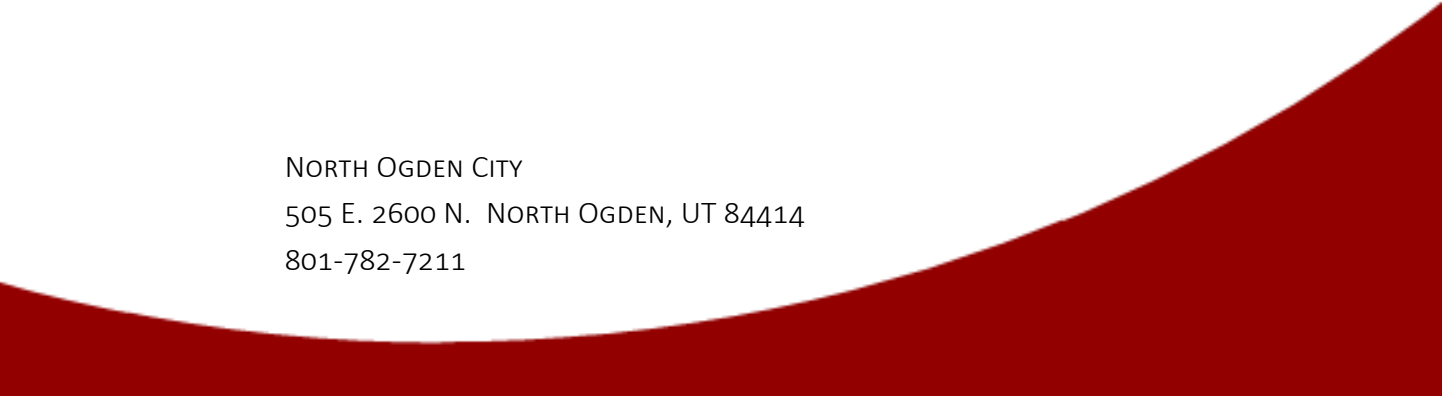
*Recommendation* – Provide the Council with the required financial reports at least quarterly.

*Response* – The City agrees with this finding. Staff will work to keep financial records updated and will provide quarterly financial reports for the Council to review.

*Current Status* – We reviewed two of the quarterly reports provided to the City Council. They appear to have enough detail to allow them to make decisions regarding financial matters and to monitor budgeted expenses. The City is now compliant.

<b>State of Utah</b>	
<b>Schedule of Expenditures of State Grants, Contracts, and Loan Funds</b>	
<b>For the Year Ended June 30, 2017</b>	
Grant Name/Department	Revenue
<b><u>State of Utah</u></b>	
DUI Overtime Grant/UHP - Public Safety	\$ 6,918.53
Seatbelt Enforcement/UHP - Public Safety	\$ 4,064.75
Justice Assistance Grant/Commission on Criminal & Juvenile Justice	\$ 4,500.00
Uniform Grant/Dept of Justice	\$ 1,322.23
Public Safety Equipment Grant/UHP - Public Safety	\$ 4,984.49
Class C Road Funds/UDOT	\$ 727,379.73
State Liquor Grant (Beer Tax)/Utah Substance Abuse Advisory Council	\$ 16,277.41
<b>Subtotal – State of Utah</b>	<b>\$ 765,447.14</b>
<b><u>Weber County Grants</u></b>	
RAMP - Easy Grant (<\$2,000)	\$ 500.00
RAMP - Municipalities Grant (annual disbursement)	\$ 18,019.00
RAMP - Regular (\$2,001-\$200,000)	\$ 5,000.00
Prescription Take Back	\$ 338.53
Tobacco Compliance	\$ 332.00
Monroe Boulevard Corridor Preservation Grant	\$ 343,788.67
400/450 E Widening Grant	\$ 2,117,908.02
2600 N. Intersection & Widening	\$ 2,483.50
School Resource Officer	\$ 17,812.52
<b>Subtotal – Weber County</b>	<b>\$ 2,506,182.24</b>
<b>TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES</b>	<b>\$ 3,271,629.38</b>

NORTH OGDEN CITY  
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