



NORTH OGDEN CITY

— SETTLED 1851 —

Financial Statements

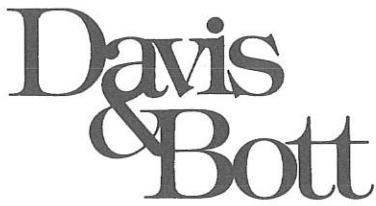
WITH AUDITOR'S REPORT

JUNE 30, 2019

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, 2019, 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, 2019, 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 47-54 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 January 15, 2020, 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

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
January 15, 2020

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, 2019. 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 \$8,725,377. Net position of governmental activities increased by \$3,997,545 or 9.5%. Net position of business-type activities increased by \$4,727,832 or 12.1%.
- Assets and deferred outflows of North Ogden City exceed its liabilities and deferred inflows by \$89,933,813. Of this amount, \$9,022,449 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 \$7,631,147 at June 30, 2019, an increase of \$1,900,964 in comparison to the previous year. Of the ending fund balance, \$3,086,774 was unassigned and available for spending at the City's discretion.
- As of June 30, 2019, the enterprise funds of North Ogden City had a net position of \$43,775,934. Of this amount \$36,981,981 is the net amount invested in capital assets. Combined cash from Business-Type Activities in the Enterprise Funds increased \$210,536.
- The principal balance of the Sales Tax Revenue Refunding Bonds, Series 2014 was \$1,791,000 at the beginning of Fiscal Year 2019. \$265,000 was paid off during the fiscal year, leaving a principal balance of \$1,526,000 as of June 30, 2019.
- The City entered into a lease purchase contract for the purchase of two snow plow trucks in Fiscal Year 2018. The principal balance at the beginning of Fiscal Year 2019 was \$188,616. \$36,280 was paid off during the year, leaving a balance of \$152,336 as of June 30, 2019.
- 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 \$1,650,757. The amount of principal paid for Fiscal Year 2019 was \$139,116.

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, public safety, economic development, streets and roads, 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, transportation projects fund, and 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 2019 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 \$8,725,377, or 10.7%. Net position of governmental activities increased by \$3,997,545 or 9.5%. Net position of business-type activities increased by \$4,727,832 or 12.1%.

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 \$2,745,855 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 \$10,673,206, which is 12% of total net position.

Statement of Net Position
June 30, 2019

	Governmental Activities		Business Type Activities		Total	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Assets						
Current & Other Assets	9,273,454	11,546,995	6,089,047	7,148,776	15,362,501	18,695,771
Capital Assets (net)	39,327,707	41,211,107	35,182,154	38,632,738	74,509,861	79,843,845
Total Assets	48,601,161	52,758,102	41,271,201	45,781,514	89,872,362	98,539,616
Deferred Outflows	1,072,978	1,072,406	245,264	257,479	1,318,242	1,329,885
Liabilities	3,228,885	4,396,244	488,048	592,981	3,716,933	4,989,225
Long Term Debt Outstanding	1,678,336	1,377,056	1,819,617	1,650,757	3,497,953	3,027,813
Total Liabilities	4,907,221	5,773,300	2,307,665	2,243,738	7,214,886	8,017,038
Deferred inflow of resources	2,606,584	1,899,329	160,696	19,321	2,767,280	1,918,650
Net Position:						
Invested in capital assets, net of related debt	37,348,091	39,532,771	35,052,021	36,981,981	72,400,112	76,514,752
Restricted	735,469	1,193,799	1,218,206	1,552,056	1,953,675	2,745,855
Unrestricted	4,076,774	5,431,309	2,777,877	3,591,140	6,854,651	9,022,449
Total Net Position	42,160,334	46,157,879	39,048,104	42,125,177	81,208,438	88,283,056

Changes in Net Position							
		Governmental Activities		Business-type Activities		Total	
		2018	2019	2018	2019	2018	2019
Revenues							
General Revenues							
Property Tax		1,983,582	2,075,040			1,983,582	2,075,040
Sales Tax		2,925,213	3,086,826			2,925,213	3,086,826
Other Taxes		1,070,634	1,013,993			1,070,634	1,013,993
Interest & Investment		80,983	172,885	90,062	139,035	171,045	311,920
Grants & Contributions		4,427,996	3,860,467	2,115,803	4,268,983	6,543,799	8,129,450
Charges for Services		2,201,807	2,262,360	5,525,447	6,167,339	7,727,254	8,429,699
Sale of Assets		30,369	54,114	35,170	125,126	65,539	179,240
Other		23,515	14,294	89,421	68,690	112,936	82,984
Total Revenues		12,744,099	12,539,979	7,855,903	10,769,173	20,600,002	23,309,152
Expenses							
General Government							
Public Safety		1,498,166	1,747,040			1,498,166	1,747,040
Economic Development		2,791,371	3,054,788			2,791,371	3,054,788
Streets & public improvements		1,448,703	162,887			1,448,703	162,887
Parks & Recreation		1,770,185	1,454,099			1,770,185	1,454,099
Interest on Long Term Debt		226,832	2,086,162			226,832	2,086,162
Water		43,560	37,458			43,560	37,458
Sewer				1,723,119	1,902,967	1,723,119	1,902,967
Storm Water				1,836,916	1,956,657	1,836,916	1,956,657
Solid Waste				931,695	1,073,987	931,695	1,073,987
				988,736	1,107,730	988,736	1,107,730
Total Expenses		7,778,817	8,542,434	5,480,466	6,041,341	13,259,283	14,583,775
Increase (decrease) in net position		4,965,282	3,997,545	2,375,437	4,727,832	7,340,719	8,725,377
Net Position—Beginning of Fiscal Year		37,195,052	42,160,334	36,672,667	39,048,102	73,867,719	81,208,436
Net Position—Ending of Fiscal Year		42,160,334	46,157,879	39,048,104	43,775,934	81,208,438	89,933,813

Changes in Net Position

Total revenue for governmental activities decreased by \$204,120. Grants & Contributions decreased by \$567,529 over last year. Sales tax revenues increased \$161,613 or 5.5%. Taxes are a major source of revenue for Governmental Activities, and account for \$6,175,859 or 49% of revenues overall. Expenses for Governmental Activities increased during the year by \$763,617.

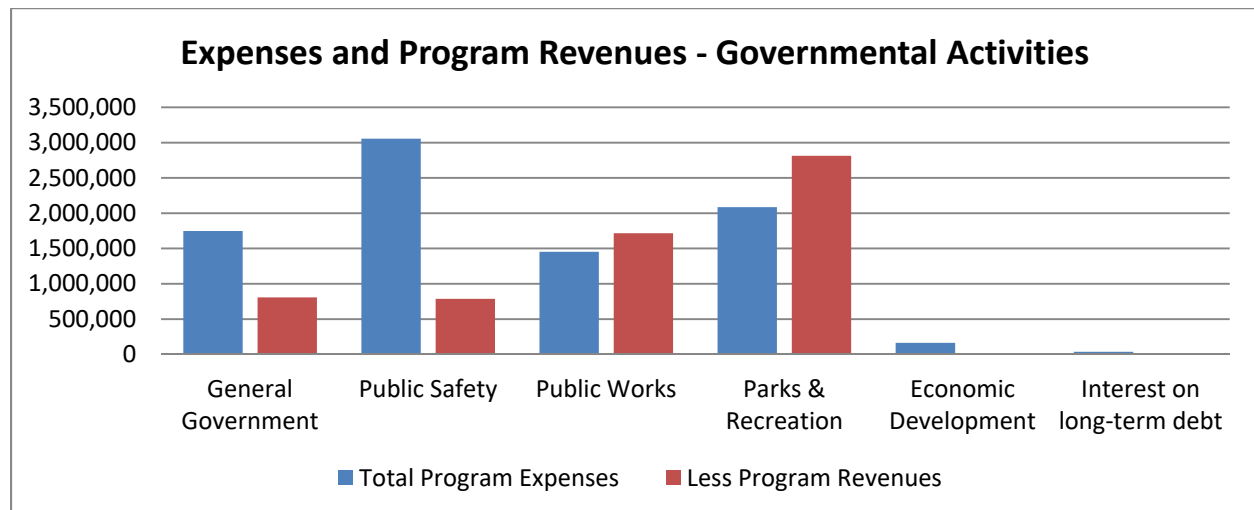
Total revenues for business-type activities increased by \$2,913,270 or 37%. This year, charges for services made up 57.3% of the total revenues for business-type activities. Program revenues include utility fees, connection fees and special fees to builders while other fees include impact fees, gains from the sale of assets and miscellaneous revenue.

Governmental Activities

Governmental activities are reflected in the government-wide Statement of Activities. The activities in the governmental funds resulted in an increase in net position of \$3,997,545 or 9.5%. 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 \$6,122,827 or 72% 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	1,747,040	807,939	-939,101	46%
Public Safety	3,054,788	786,705	-2,268,083	26%
Public Works	1,454,099	1,715,768	261,669	118%
Parks & Recreation	2,086,162	2,812,415	726,253	135%
Economic Development	162,887	0	-162,887	0%
Interest on long-term debt	37,458	0	-37,458	0%
Totals	8,542,434	6,122,827	-2,419,607	71.68%



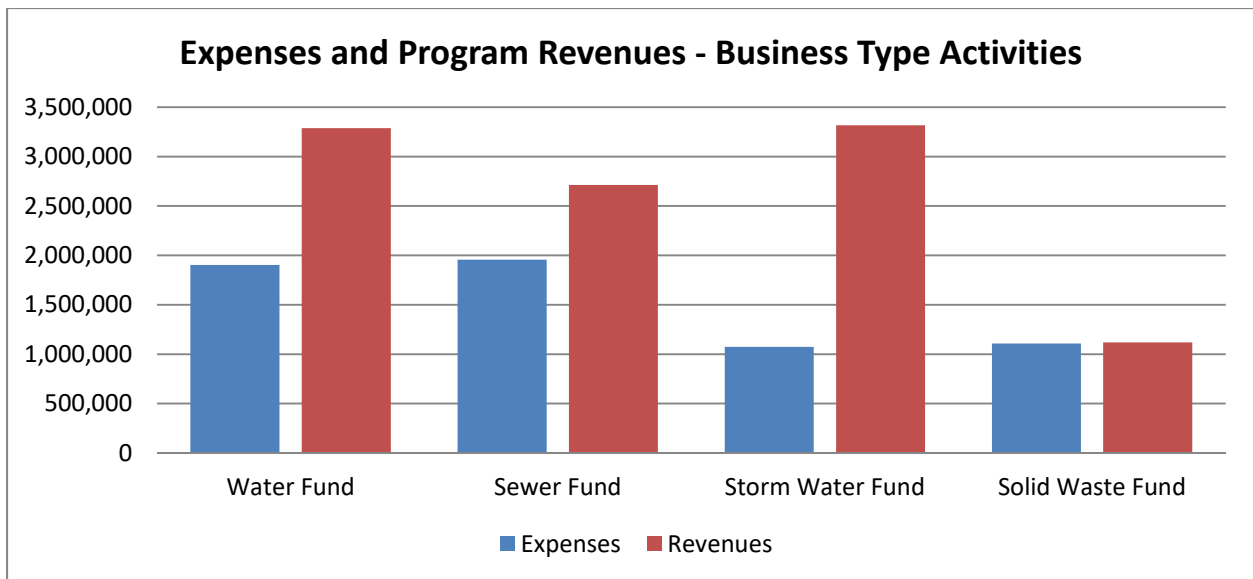
Business-Type Activities

Business-Type activities are also shown in the government-wide Statement of Activities. Activities in the enterprise funds increased the City's net position by \$4,727,832.

Revenues exceeded expenditures in each of the four enterprise funds. The fees received for these activities make up 59% of program revenues. 41% 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.

<i>Activities</i>	<i>Expenses</i>	<i>Revenues</i>	<i>Net Program Profits/(Costs)</i>	<i>Program Revenues as a Percentage of Total Expenses</i>
Water Fund	1,902,967	3,288,141	1,385,174	173%
Sewer Fund	1,956,657	2,712,804	756,147	139%
Storm Water Fund	1,073,987	3,316,957	2,242,970	309%
Solid Waste Fund	1,107,730	1,118,420	10,690	101%
<i>Totals</i>	<i>6,041,341</i>	<i>10,436,322</i>	<i>4,394,981</i>	<i>173%</i>



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. \$265,000 was paid off during the 2019 Fiscal Year leaving a principal balance of \$1,526,000 as of June 30, 2019.

In Fiscal Year 2018, the City entered into a new lease purchase contract for the purchase of two snow plow trucks. The total principal associated with the lease was \$228,574.84. In Fiscal Year 2019, a payment was made in the amount of \$36,280, leaving a principal balance of \$152,336 at June 30, 2019. The annual interest rate is 1.95%.

The City's Water Fund has entered into two agreements with developers to construct 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 areas covered by the agreements. The total amount owed for both agreements is \$1,650,757. The amount paid on principal for the agreements for Fiscal Year 2019 was \$139,116.

A similar agreement was entered into in which North Ogden City agreed to pay Harrisville City Storm Water impact fee revenues associated with development that utilizes the Rice Creek detention basin. This debt, in the amount of \$29,744, was paid in full in Fiscal Year 2019.

Long Term Debt Activity June 30, 2019

<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	1,791,000	(265,000)	1,526,000			
Snow Plow Trucks (2)	188,616	(36,280)	152,336			
System Reimbursements	29,744	(29,744)		1,789,873	-139,116	1,650,757
Total	2,009,360	-331,024	1,678,336	1,789,873	-139,116	1,650,757

Analysis of 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 \$7,631,147, an increase of \$1,900,964. \$3,086,774 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 \$3,348,674 which has been assigned to the Capital Projects Fund for future capital projects. Nonspendable fund balance at year end was \$1,900 which was for prepaid expenses. Restricted fund balance at year-end was \$1,193,799, which was restricted for impact fee use. No part of the net position was committed.

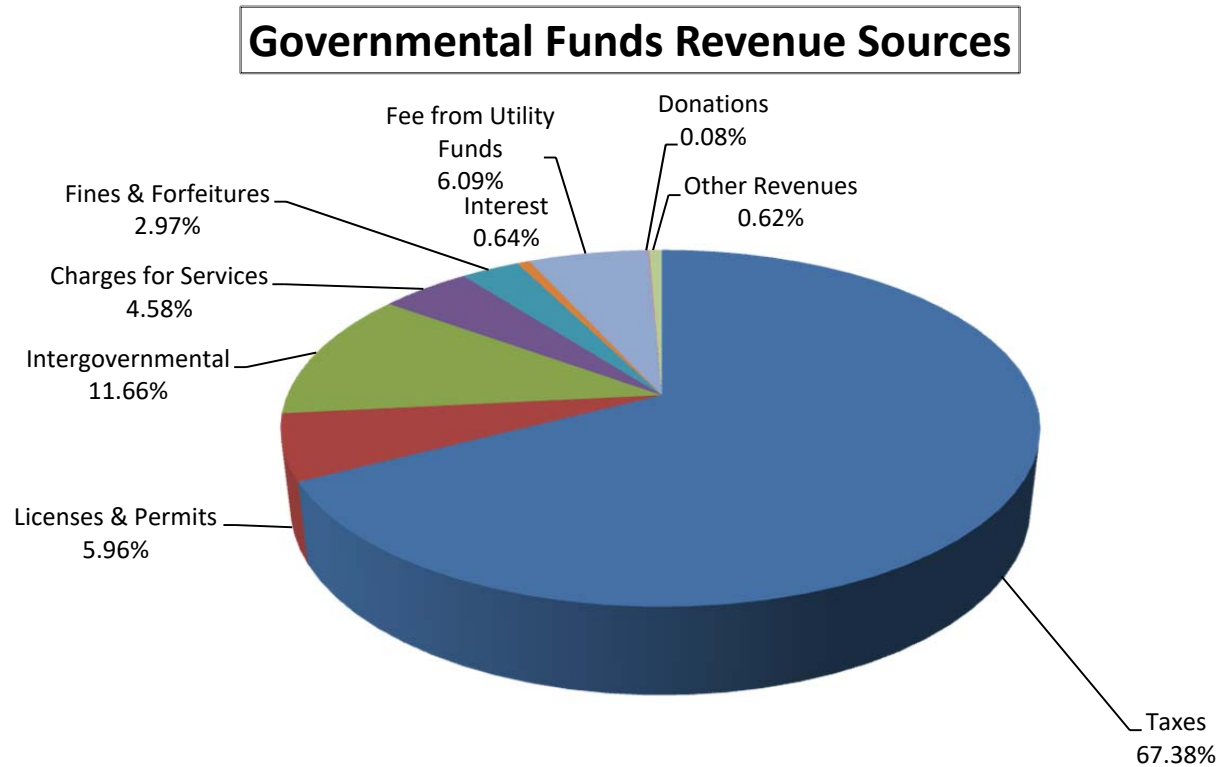
General Fund

The General Fund is the chief operating fund of North Ogden City and accounts for all of the general services provided. At June 30, 2019 the unassigned fund balance of the General Fund was \$1,765,912.

The following tables and charts compare general fund revenues and expenditures by function between fiscal years 2018 and 2019.

General Fund Revenues (prior year comparison)

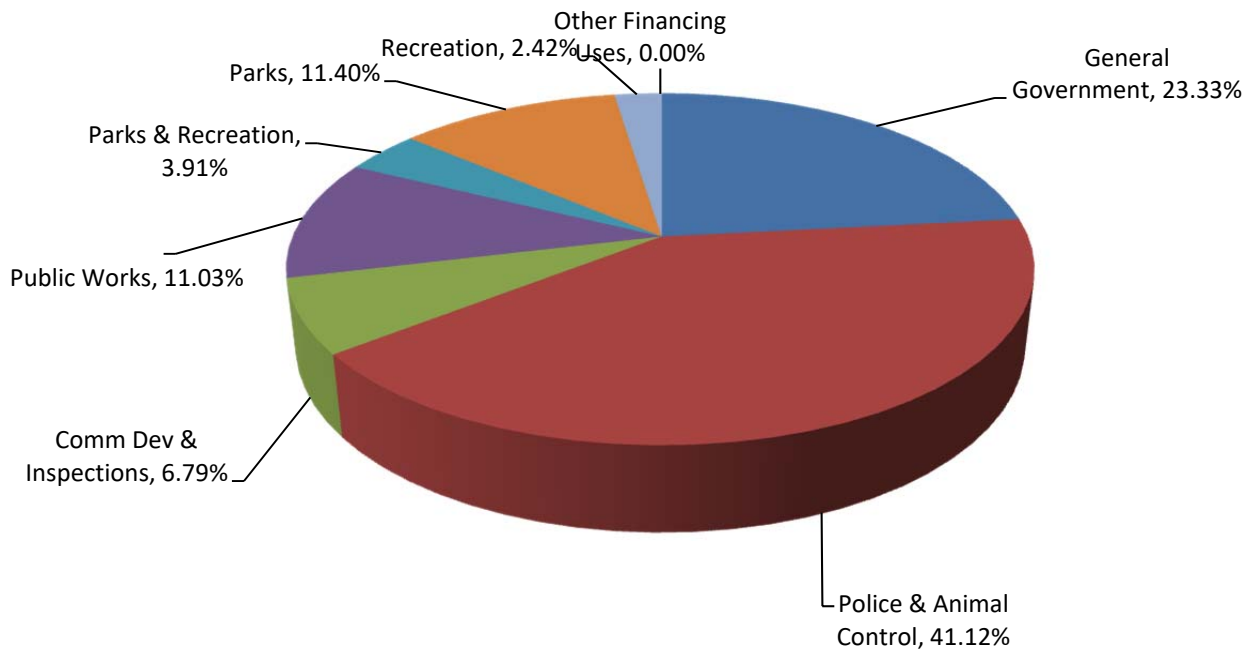
Revenues	<u>2018</u>	<u>2019</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>Percent of Total</u>
Taxes	\$5,148,416	\$5,285,537	\$137,121	2.66%	67.38%
Licenses & Permits	\$472,790	\$467,839	-\$4,951	-1.05%	5.96%
Intergovernmental	\$811,749	\$914,532	\$102,783	12.66%	11.66%
Charges for Services	\$353,251	\$359,633	\$6,382	1.81%	4.58%
Fines & Forfeitures	\$196,661	\$232,731	\$36,070	18.34%	2.97%
Interest	\$28,564	\$50,555	\$21,991	76.99%	0.64%
Fee from Utility Funds	\$448,375	\$477,515	\$29,140	0.00%	6.09%
Donations	\$18,016	\$6,451	-\$11,565	-64.19%	0.08%
Other Revenues	\$86,812	\$49,002	-\$37,810	-43.55%	0.62%
Total Revenue	<u>\$7,564,634</u>	<u>\$7,843,795</u>	<u>\$279,161</u>	<u>3.69%</u>	



General Fund Expenditures (prior year comparison)

Expenditures	<u>2018</u>	<u>2019</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>Percent of Total</u>
General Government	\$1,454,462	\$1,517,200	\$62,738	4.31%	23.33%
Police & Animal Control	\$2,442,889	\$2,673,618	\$230,729	9.44%	41.12%
Comm Dev & Inspections	\$442,932	\$441,611	-\$1,321	-0.30%	6.79%
Public Works	\$649,811	\$717,466	\$67,655	10.41%	11.03%
Parks & Recreation	\$198,028	\$254,180	\$56,152	28.36%	3.91%
Parks	\$636,854	\$741,131	\$104,277	16.37%	11.40%
Recreation	\$170,643	\$157,388	-\$13,255	-7.77%	2.42%
Other Financing Uses	\$0	\$0	\$0 -		0.00%
Total Expenditures	<u>\$5,995,619</u>	<u>\$6,502,594</u>	<u>\$506,975</u>	<u>8.46%</u>	

Governmental Funds Expenditures



Other Governmental Funds

The fund balance in the Redevelopment Agency fund increased by \$235,265 during the year. This brought the fund balance from \$995,471 in 2018 to \$1,230,736 in 2019. The Capital Projects fund balance increased by \$538,487 bringing the fund balance to \$1,717,460 at the end of the Fiscal Year. The Aquatic Center Fund balance increased by \$34,534 bringing the fund balance to \$90,126 at the end of the Fiscal Year. The Transportation Projects Fund balance increased by \$953,533 bringing the fund balance to \$2,825,013 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 Position 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 income of \$122,883. The Sewer Fund had an operating income of \$90,604. The Storm Water Fund had an operating loss of \$46,652. The Solid Waste Fund had an operating income of \$27,853. Depreciation expense is factored into these amounts.

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 \$4,008. Funding for the internal service fund comes from the departments throughout the City that are serviced by the fund.

For reporting purposes, the Sewer and Storm Water Impact Fee 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 \$6,888,860 to a final budget of \$6,978,565, an increase of \$89,705. Actual expenditures were \$6,502,594 and were \$475,971 less than the final budget.

Economic Factors

Fiscal Year 2019 continued the trend of a strong local economy as indicated by two of the leading economic-based revenues. Sales tax revenues were up 5.4% and revenues related to new housing permits held steady. We did not see the same revenue growth experienced last fiscal year, however, the trends remain strong. While the state and national economies continue to show signs of strength, some economists have predicted a tempering of the economy in the near future.

Request for Information

This financial report is designed to provide a general overview of North Ogden City's finances for all who are interested. 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, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current Assets:			
Cash and investments	\$ 8,793,337	5,542,718	14,336,055
Accounts receivable	2,746,113	595,090	3,341,203
Accounts receivable grants and donations	-	876,902	876,902
Accrued interest receivable	-	2,521	2,521
Prepays	7,545	3,512	11,057
Noncurrent assets:			
Amount due within one year	-	63,048	63,048
Due in more than one year	-	64,985	64,985
Capital Assets:			
Land and related non-depreciable assets	8,364,634	241,008	8,605,642
Construction in process	371,818	1,770,144	2,141,962
Total non-depreciable assets	<u>8,736,452</u>	<u>2,011,152</u>	<u>10,747,604</u>
Buildings	16,101,053	418,425	16,519,478
Depreciable infrastructure and improvements	21,285,479	51,892,628	73,178,107
Park improvements	3,627,309	-	3,627,309
Equipment	5,423,530	4,869,284	10,292,814
Less accumulated depreciation	<u>(13,962,716)</u>	<u>(20,558,751)</u>	<u>(34,521,467)</u>
Net depreciable capital assets	<u>32,474,655</u>	<u>36,621,586</u>	<u>69,096,241</u>
Total capital assets	<u>41,211,107</u>	<u>38,632,738</u>	<u>79,843,845</u>
Total assets	<u>52,758,102</u>	<u>45,781,514</u>	<u>98,539,616</u>
Deferred Outflows of Resources	<u>1,072,406</u>	<u>257,479</u>	<u>1,329,885</u>
Liabilities:			
Accounts payable	1,391,022	117	1,391,139
Accrued liabilities	7,848	16,216	24,064
Compensated absences	233,512	57,593	291,105
Performance bonds and deposits	329,991	8,230	338,221
Net pension liability	2,127,595	510,825	2,638,420
Unearned rental income	4,996	-	4,996
Non-current liabilities:			
Amount due within year	287,988	-	287,988
Due in more than one year	<u>1,390,348</u>	<u>1,650,757</u>	<u>3,041,105</u>
Total liabilities	<u>5,773,300</u>	<u>2,243,738</u>	<u>8,017,038</u>
Deferred Inflows of Resources			
Unearned property taxes	1,818,856	-	1,818,856
Pension related	<u>80,473</u>	<u>19,321</u>	<u>99,794</u>
Total deferred inflows of resources	<u>1,899,329</u>	<u>19,321</u>	<u>1,918,650</u>
Net position:			
Net investment in capital assets	39,532,771	36,981,981	76,514,752
Restricted for:			
Impact fees	1,193,799	1,552,056	2,745,855
Unrestricted	<u>5,431,309</u>	<u>5,241,897</u>	<u>10,673,206</u>
Total net position	<u>\$ 46,157,879</u>	<u>43,775,934</u>	<u>89,933,813</u>

NORTH OGDEN CITY

Statement of Activities

Year Ended June 30, 2019

	Net (Expense) Revenue and Changes in Net Position						
	Program Revenue			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital and Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental:							
General government	\$ 1,747,040	786,000	21,939	-	(939,101)	-	(939,101)
Public safety	3,054,788	693,497	93,208	-	(2,268,083)	-	(2,268,083)
Streets and roads	1,454,099	340,755	797,384	577,629	261,669	-	261,669
Parks and recreation	2,086,162	442,108	2,000	2,368,307	726,253	-	726,253
Economic development	162,887	-	-	-	(162,887)	-	(162,887)
Interest on long-term debt	37,458	-	-	-	(37,458)	-	(37,458)
Intergovernmental	-	-	-	-	-	-	-
Total governmental activities:	<u>8,542,434</u>	<u>2,262,360</u>	<u>914,531</u>	<u>2,945,936</u>	<u>(2,419,607)</u>	<u>-</u>	<u>(2,419,607)</u>
Business-type:							
Water	1,902,967	1,974,333	-	1,313,808	-	1,385,174	1,385,174
Sewer	1,956,657	2,047,261	-	665,543	-	756,147	756,147
Storm water	1,073,987	1,027,325	-	2,289,632	-	2,242,970	2,242,970
Solid waste	1,107,730	1,118,420	-	-	-	10,690	10,690
Total business-type activities	<u>6,041,341</u>	<u>6,167,339</u>	<u>-</u>	<u>4,268,983</u>	<u>-</u>	<u>4,394,981</u>	<u>4,394,981</u>
Total primary government	<u>\$ 14,583,775</u>	<u>8,429,699</u>	<u>914,531</u>	<u>7,214,919</u>	<u>(2,419,607)</u>	<u>4,394,981</u>	<u>1,975,374</u>
General revenue:							
Property tax					2,075,040	-	2,075,040
Sales Tax					3,086,826	-	3,086,826
Franchise and energy tax					1,013,993	-	1,013,993
Total taxes					<u>6,175,859</u>	<u>-</u>	<u>6,175,859</u>
Interest earned					172,885	139,035	311,920
Other general revenue					54,114	125,126	179,240
Disposition of assets and easements					14,294	68,690	82,984
Miscellaneous					-	-	-
Transfers - internal activities					6,417,152	332,851	6,750,003
Total general revenue					<u>3,997,545</u>	<u>4,727,832</u>	<u>8,725,377</u>
Change in net position					42,160,334	39,048,102	81,208,436
Net position-beginning of year					<u>\$ 46,157,879</u>	<u>43,775,934</u>	<u>89,933,813</u>
Net position-end of year							

NORTH OGDEN CITY

Balance Sheet
Governmental Funds

June 30, 2019

	General Fund	RDA / CDA Fund	Aquatic Center	Capital Projects	Transportation Projects	Total Governmental Fund
Assets:						
Equity in pooled cash and investments	\$ 2,673,886	1,291,269	68,400	1,667,465	2,746,070	8,447,090
Accounts Receivable	2,010,364	539,467	49,910	49,995	96,377	2,746,113
Prepaid items	1,900	-	-	-	-	1,900
Total assets	<u>4,686,150</u>	<u>1,830,736</u>	<u>118,310</u>	<u>1,717,460</u>	<u>2,842,447</u>	<u>11,195,103</u>
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>4,686,150</u>	<u>1,830,736</u>	<u>118,310</u>	<u>1,717,460</u>	<u>2,842,447</u>	<u>11,195,103</u>
Liabilities:						
Accounts Payable	1,359,662	-	28,184	-	-	1,387,846
Compensated absences payable	22,267	-	-	-	-	22,267
Performance bonds and deposits	316,427	-	-	-	13,564	329,991
Unearned revenue	1,126	-	-	-	3,870	4,996
Total liabilities	<u>1,699,482</u>	<u>-</u>	<u>28,184</u>	<u>-</u>	<u>17,434</u>	<u>1,745,100</u>
Deferred inflows of resources:						
Unearned property tax revenue	<u>1,218,856</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,818,856</u>
Fund Balances:						
Nonspendable:						
Prepays	1,900	-	-	-	-	1,900
Restricted - impact fees	-	-	-	-	1,193,799	1,193,799
Assigned	-	-	-	1,717,460	1,631,214	3,348,674
Unassigned	<u>1,765,912</u>	<u>1,230,736</u>	<u>90,126</u>	<u>-</u>	<u>-</u>	<u>3,086,774</u>
Total Fund balance	<u>1,767,812</u>	<u>1,230,736</u>	<u>90,126</u>	<u>1,717,460</u>	<u>2,825,013</u>	<u>7,631,147</u>
Total liabilities, deferred inflows of resources, and fund balances.	<u>\$ 4,686,150</u>	<u>1,830,736</u>	<u>118,310</u>	<u>1,717,460</u>	<u>2,842,447</u>	<u>11,195,103</u>

NORTH OGDEN CITY

Reconciliation of the Balance Sheet-
Governmental Funds to the Statement of Net Position

June 30, 2019

Total fund balance - governmental funds \$ 7,631,147

Amount reported for governmental activities in the statement of activities
are different because:

Capital assets used in governmental activities are not reported as assets in
governmental funds.

Land and related non-depreciable assets	8,364,634	
Construction in process	371,818	
Buildings	15,763,488	
Depreciable infrastructure and improvements	24,912,788	
Vehicles and equipment	1,549,271	
Accumulated depreciation	<u>(11,733,583)</u>	
Total capital assets		39,228,416

The pension asset is not an available resource and, therefore, is not reported in
government funds. -

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. 2,117,880

Some liabilities are not due and payable in the current period and therefore are not
reported in funds.

Those funds consist of:

Bonds payable	(1,526,000)	
Interest payable	(5,868)	
Compensated absences and benefits	(199,480)	
Net pension liability	<u>(2,038,707)</u>	
Total long-term debt		(3,770,055)

Deferred inflows for pension (credits), -77,111 and deferred outflows for pension
outflows for pension (charges) 1,027,602 are not reflected in the funds statements
but are reported as part of the entity-wide statement of activities. 950,491

Total net position - governmental activities \$ 46,157,879

NORTH OGDEN CITY

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

	Year Ended June 30, 2019					Total Government Funds
	General Fund	CDA/RDA Funds	Aquatic Center	Capital Projects	Transportation Projects	
Revenues:						
Taxes	\$ 5,285,537	685,504	-	-	204,818	6,175,859
License and permits	467,839	-	-	-	-	467,839
Intergovernmental	914,532	-	-	161,521	-	1,076,053
Charges for services	359,633	-	357,784	-	224,447	941,864
Fines and forfeitures	232,731	-	-	-	-	232,731
Interest	50,555	33,824	-	26,162	56,404	166,945
Rents	12,318	-	2,655	-	130,308	145,281
Donations from private sources	6,451	-	-	500	-	6,951
Traffic School	34,169	-	-	-	-	34,169
Impact fees	-	-	-	430,893	434,899	865,792
Administrative fee from utility fund	477,515	-	-	-	-	477,515
Other revenue	2,515	1,828	9,915	30	-	14,288
Total revenue	<u>7,843,795</u>	<u>721,156</u>	<u>370,354</u>	<u>619,106</u>	<u>1,050,876</u>	<u>10,605,287</u>
Expenditures:						
General Government	1,517,200	-	-	136,116	70	1,653,386
Public Safety	3,115,229	-	-	15,040	-	3,130,269
Streets and Highways	717,466	-	-	796,352	-	1,513,818
Parks and recreation	1,152,699	-	-	-	-	1,152,699
Aquatic Center	-	-	475,403	-	-	475,403
Economic development	-	162,887	-	-	-	162,887
Parks and improvements	-	-	-	268,394	-	268,394
Rental properties	-	-	-	-	43,990	43,990
Bond retirement	-	-	265,000	-	-	265,000
Interest on bonds	-	-	38,477	-	-	38,477
Total expenditures	<u>6,502,594</u>	<u>162,887</u>	<u>778,880</u>	<u>1,215,902</u>	<u>44,060</u>	<u>8,704,323</u>
Excess (deficiency) of revenues over (under) expenditures before other financing services (uses)	<u>1,341,201</u>	<u>558,269</u>	<u>(408,526)</u>	<u>(596,796)</u>	<u>1,006,816</u>	<u>1,900,964</u>
Other financing sources (uses):						
Transfers from (to) other funds	<u>(1,202,056)</u>	<u>(323,004)</u>	<u>443,060</u>	<u>1,135,283</u>	<u>(53,283)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,202,056)</u>	<u>(323,004)</u>	<u>443,060</u>	<u>1,135,283</u>	<u>(53,283)</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses.	<u>139,145</u>	<u>235,265</u>	<u>34,534</u>	<u>538,487</u>	<u>953,533</u>	<u>1,900,964</u>
Fund balance - beginning of year	<u>1,628,667</u>	<u>995,471</u>	<u>55,592</u>	<u>1,178,973</u>	<u>1,871,480</u>	<u>5,730,183</u>
Fund balance - end of year	<u>\$ 1,767,812</u>	<u>1,230,736</u>	<u>90,126</u>	<u>1,717,460</u>	<u>2,825,013</u>	<u>7,631,147</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2019

Net change in fund balance - total governmental funds	\$ 1,900,964
Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures of \$4,033,513. However, in the statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense of \$1,083,612. Capital outlays exceeded depreciation for the period.	(22,161)
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.	265,000
Contributions of infrastructure to governmental funds do not provide current financial resources but are reported in the Statement of Activities.	1,918,628
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities in the Statement of Activities	56,046
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.	(26,245)
Changes in accrued interest expense used in government activities are not payable from current resources and are therefore not reported in governmental funds.	1,019
Some additions of expense reported in the Statement of Activities do not use current financial resources and therefore are not in the governmental funds.	<u>(95,706)</u>
Changes in net position of governmental activities	<u>\$ 3,997,545</u>

NORTH OGDEN CITY

Statement of Net Position
Proprietary Funds

June 30, 2019

Business-Type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Governmental Activities- Internal Service Funds
Current assets:						
Cash and cash equivalents	\$ 2,660,718	1,270,673	1,285,796	325,531	5,542,718	346,247
Accounts receivable - utilities	146,131	222,919	107,918	118,122	595,090	-
Grants receivable	-	-	664,142	-	664,142	-
Other amounts receivable	-	-	212,760	-	212,760	-
Current amount of note receivable	63,048	-	-	-	63,048	-
Accrued interest receivable	2,521	-	-	-	2,521	-
Prepaid items	3,512	-	-	-	3,512	5,645
Total current assets	2,875,930	1,493,592	2,270,616	443,653	7,083,791	351,892
Capital assets:						
Land, rights and water stock	142,025	-	98,983	-	241,008	-
Buildings and structures	345,949	-	-	72,476	418,425	337,565
Construction in process	21,499	-	1,748,645	-	1,770,144	-
Systems	28,826,408	11,115,346	11,950,874	-	51,892,628	-
Vehicles and equipment	1,832,086	656,332	1,144,385	1,236,481	4,869,284	3,874,259
Total Capital Assets	31,167,967	11,771,678	14,942,887	1,308,957	59,191,489	4,211,824
Accumulated depreciation	11,330,191	3,588,007	4,597,214	1,043,339	20,558,751	2,229,133
Net Capital Assets	19,837,776	8,183,671	10,345,673	265,618	38,632,738	1,982,691
Note receivable less current portion	64,985	-	-	-	64,985	-
Total noncurrent items	19,902,761	8,183,671	10,345,673	265,618	38,697,723	1,982,691
Total assets	22,778,691	9,677,263	12,616,289	709,271	45,781,514	2,334,583
Deferred outflows of resources						
Pension related	106,378	51,706	69,433	29,962	257,479	44,804
	106,378	51,706	69,433	29,962	257,479	44,804
Current liabilities:						
Current portion of lease obligation payable	-	-	-	-	-	36,988
Accounts payable	117	-	-	-	117	-
Wages and benefits payable	7,441	2,726	4,295	1,754	16,216	3,176
Compensated absences payable	22,509	11,568	15,092	8,424	57,593	11,765
Accrued interest payable	-	-	-	-	-	1,980
Deposits	8,230	-	-	-	8,230	-
Total current liabilities	38,297	14,294	19,387	10,178	82,156	53,909
Non-current liabilities:						
Net pension liability	211,047	102,582	137,752	59,444	510,825	88,888
System reimbursement agreements payable	1,650,757	-	-	-	1,650,757	-
Lease obligation payable	-	-	-	-	-	152,336
Current portion of lease obligation payable	-	-	-	-	-	(36,988)
Total non-current liabilities	1,861,804	102,582	137,752	59,444	2,161,582	204,236
Total liabilities	1,900,101	116,876	157,139	69,622	2,243,738	258,145
Deferred inflows of resources						
Pension related	7,983	3,880	5,210	2,248	19,321	3,362
	7,983	3,880	5,210	2,248	19,321	3,362
Net position:						
Net investment in capital assets	18,187,019	8,183,671	10,345,673	265,618	36,981,981	1,830,355
Restricted - impact fees	-	308,735	1,243,321	-	1,552,056	-
Unrestricted						
Designated for capital asset repair and replacement	425,520	123,440	242,846	123,440	915,246	-
Undesignated	2,364,446	992,367	691,533	278,305	4,326,651	287,525
Total net position	\$ 20,976,985	9,608,213	12,523,373	667,363	43,775,934	2,117,880

NORTH OGDEN CITY

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

Year Ended June 30, 2019

	Business Type- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Operating revenue:						
Charges for services	1,638,547	1,957,384	843,081	1,022,218	5,461,230	777,960
Charges for services - asset repair and replacement	247,994	80,245	184,244	62,402	574,885	-
Connection fees	87,792	9,632	-	-	97,424	-
Special fees to builders	-	-	-	33,800	33,800	-
Sale of materials and supplies	-	-	-	-	-	10,798
Miscellaneous	51,517	-	10	17,163	68,690	2,172
Total operating revenue	<u>2,025,850</u>	<u>2,047,261</u>	<u>1,027,335</u>	<u>1,135,583</u>	<u>6,236,029</u>	<u>790,930</u>
Operating expenses:						
Salaries and benefits	517,556	266,152	383,854	147,227	1,314,789	209,606
Sewer fees	-	1,158,285	3,942	-	1,162,227	-
Transfer station fees - Weber County	-	-	-	297,294	297,294	-
Contract service - Waste Management	-	-	-	436,098	436,098	-
Materials, supplies and services	363,181	70,114	112,188	73,910	619,393	286,040
Motor pool rents	86,601	62,886	122,172	23,714	295,373	-
Interest expence - capital leases	-	-	-	-	-	3,104
Depreciation	794,733	277,634	324,245	42,040	1,438,652	296,188
Administrative services fee	140,896	121,586	127,586	87,447	477,515	-
Total operating expenses	<u>1,902,967</u>	<u>1,956,657</u>	<u>1,073,987</u>	<u>1,107,730</u>	<u>6,041,341</u>	<u>794,938</u>
Operating income (loss)	<u>122,883</u>	<u>90,604</u>	<u>(46,652)</u>	<u>27,853</u>	<u>194,688</u>	<u>(4,008)</u>
Non-operating revenue:						
Impact fees	586,606	96,151	287,165	-	969,922	-
Gain (loss) from sale of assets	51,091	41,101	29,280	3,654	125,126	54,114
Grant revenue for capital projects	-	-	786,836	-	786,836	-
Donations received for capital projects	-	-	262,279	-	262,279	-
Interest received	55,365	32,602	42,163	8,905	139,035	5,940
Total non-operating revenue (expen	<u>693,062</u>	<u>169,854</u>	<u>1,407,723</u>	<u>12,559</u>	<u>2,283,198</u>	<u>60,054</u>
Capital contribution-builders and developers	<u>727,202</u>	<u>569,392</u>	<u>953,352</u>	<u>-</u>	<u>2,249,946</u>	<u>-</u>
Changes in net position	1,543,147	829,850	2,314,423	40,412	4,727,832	56,046
Net position - beginning of year	<u>19,433,838</u>	<u>8,778,363</u>	<u>10,208,950</u>	<u>626,951</u>	<u>39,048,102</u>	<u>2,061,834</u>
Net position - end of year	<u>\$ 20,976,985</u>	<u>9,608,213</u>	<u>12,523,373</u>	<u>667,363</u>	<u>43,775,934</u>	<u>2,117,880</u>

NORTH OGDEN CITY

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2019

	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	\$1,884,733	2,021,061	1,003,471	1,078,545	5,987,810	777,960
Cash received from other activities	143,823	14,015	4,191	51,036	213,065	13,150
Cash payments for payroll and benefits	(493,688)	(249,943)	(342,282)	(131,587)	(1,217,500)	(204,523)
Cash payments for goods and services	(598,368)	(1,412,871)	(365,888)	(918,463)	(3,295,590)	(291,637)
Net receipts (payments) for service deposits	2,531	-	-	-	2,531	-
Net payments of impact fees collected by another government	-	(170,309)	-	-	(170,309)	-
Net cash provided (used) by operating activities	<u>939,031</u>	<u>201,953</u>	<u>299,492</u>	<u>79,531</u>	<u>1,520,007</u>	<u>294,950</u>
Cash flows from capital and related financing activities:						
Cash payments for property and equipment	(687,744)	(389,163)	(1,611,494)	(114,825)	(2,803,226)	(391,660)
Proceeds from capital assets sales	134,047	91,217	57,500	6,300	289,064	162,648
Collection on contract sale of easement	61,239	-	-	-	61,239	-
Impact fee collections for capital projects	586,606	96,151	287,165	-	969,922	-
Grants received for capital projects	-	-	122,694	-	122,694	-
Donations for capital projects	-	-	49,731	-	49,731	-
Payments on capital leases	-	-	-	-	-	(36,280)
Payments on system reimbursement agreements	(139,116)	-	-	-	(139,116)	-
Net cash provided (used) by capital and related financing activities	<u>(44,968)</u>	<u>(201,795)</u>	<u>(1,094,404)</u>	<u>(108,525)</u>	<u>(1,449,692)</u>	<u>(265,292)</u>
Cash flows from non-capital financing activities:						
Transfer from (to) other funds	-	-	-	-	-	-
Pension related items	-	-	-	-	-	-
Net cash used by from non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:						
Interest received	56,551	32,602	42,163	8,905	140,221	5,940
Net cash provided by investing activities	<u>56,551</u>	<u>32,602</u>	<u>42,163</u>	<u>8,905</u>	<u>140,221</u>	<u>5,940</u>
Net increase (decrease) in cash and cash equivalents	950,614	32,760	(752,749)	(20,089)	210,536	35,598
Cash and cash equivalents - beginning of year	<u>1,710,104</u>	<u>1,237,913</u>	<u>2,038,545</u>	<u>345,620</u>	<u>5,332,182</u>	<u>310,649</u>
Cash and cash equivalents - end of year	<u>\$ 2,660,718</u>	<u>1,270,673</u>	<u>1,285,796</u>	<u>325,531</u>	<u>5,542,718</u>	<u>346,247</u>

NORTH OGDEN CITY

Statement of Cash Flows - Continued
Proprietary Funds

Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund		
Reconciliation of operating income (loss) to net cash provided by operation activities:						
Operating income (loss)	\$ 122,883	90,604	(46,652)	27,853	194,688	(4,008)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	794,733	277,634	324,245	42,040	1,438,652	296,188
Decrease (increase) in receivables	2,706	(12,185)	(19,673)	(6,002)	(35,154)	180
Decrease (increase) in prepaid items	(69)	-	-	-	(69)	(1,919)
Pension related items	23,868	16,022	40,016	12,745	92,651	1,882
Decrease (increase in impact fees for other governments or accounts payable	-	(170,309)	-	-	(170,309)	-
(Decrease) increase in compensated absences	(7,621)	187	1,556	2,895	(2,983)	3,201
or accounts payable						(574)
Increase (decrease) in interest payable on leases	-	-	-	-	-	-
Decrease in total deposits for services	2,531	-	-	-	2,531	-
Total operating revenue	<u>816,148</u>	<u>111,349</u>	<u>346,144</u>	<u>51,678</u>	<u>1,325,319</u>	<u>298,958</u>
Net cash provided (used) by operating activities	<u>939,031</u>	<u>201,953</u>	<u>299,492</u>	<u>79,531</u>	<u>1,520,007</u>	<u>294,950</u>
Non-cash investing, captial and financing activities:						
Capital assets from Grants and Donations receivable	-	-	876,902	-	876,902	-
Capital contributions by developers	727,202	569,392	953,352	-	2,249,946	-
Total non-cash investing, captial and financing activities	<u>\$ 727,202</u>	<u>569,392</u>	<u>1,830,254</u>	<u>-</u>	<u>3,126,848</u>	<u>-</u>

NORTH OGDEN CITY

Notes to Financial Statements

June 30, 2019

(1) Summary of Significant Accounting Policies

This summary of significant accounting policies of North Ogden City (the City) is presented to assist in understanding the City's financial statements. The financial statements and notes are the representation of the City's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles, as applicable to governmental organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

A. Organization

North Ogden City was incorporated in 1934. The City (a municipal corporation) operates under a traditional council/mayor form of government and provides the following services as authorized by its charter: public safety, public utilities, highways and streets, sanitation, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

B. Reporting Entity

As required by generally accepted accounting principles, these financial statements present North Ogden City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units:

North Ogden Redevelopment Agency - The North Ogden Redevelopment Agency (RDA) is governed by the Mayor and City Council. Although it is legally separate from the City, the RDA is reported as if it were part of the primary government because its sole purpose is to redevelop areas within the City thereby generating additional property tax and sales tax. The RDA does not prepare separately issued financial statements. Financial information for the RDA may be obtained at the City Administrative Offices.

C. Government-Wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

Government-Wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

The Statement of Net Position presents the City's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The City does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenue.

Fund Financial Statements

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and statutory mandate. The various funds are grouped, in the financial statements in this report, into fund types and categories as follows:

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(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.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(1) Summary of Significant Accounting Policies - Continued

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.

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, 2019.

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, 2019

(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, 2019.

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.

NORTH OGDEN CITY

Notes to Financial Statements - Continued
June 30, 2019

(1) Summary of Significant Accounting Policies - Continued

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.

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 cannot 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.

NORTH OGDEN CITY

Notes to Financial Statements – Continued

June 30, 2019

(1) Summary of Significant Accounting Policies - Continued

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 22nd 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, two supplemental amendments were made to the City's General Fund budget increasing total revenue \$37,285 and total expenditures \$1,072,545, including transfers. The Aquatic Center was not amended. The combined RDA – CDA was amended to increase expenditures and transfers \$17,190. The Capital project was amended to increase revenue including transfers in \$1,659,149 and increase expenditures \$795,915. Transportation projects was amended by increasing revenue and expenditures \$12,000.

H. Non-spendable Fund Balance/Retained Earnings

Non-spendable fund balance at June 30, 2019 is comprised of prepaids of \$1,900 in the general fund.

I. Restricted of Fund Balance

The City has \$2,745,855 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 \$3,348,674 in the capital projects fund and transportation projects and for planned projects including streets and roads.

NORTH OGDEN CITY

Notes to Financial Statements – Continued

June 30, 2019

(1) Summary of Significant Accounting Policies - Continued

- K. Designation of Fund Balance**
Designation of fund balance is \$915,246 in the Enterprise funds coming from an increment of the utility changes designated for capital type asset replacement or repair.
- L. 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.
- M. 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 Investment

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. Credit

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, 2019 were \$1,524,732, of which \$787,862 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, 2019:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 12,869,626	47.7 days*	not rated

*Weighted-average maturity

NORTH OGDEN CITY

Notes to Financial Statements – Continued

June 30, 2019

(2) Deposits and Investments - Continued

A. 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.

B. 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, 2019 are as follows:

Cash on hand and deposit:	
Cash on hand	\$ 5,000
Cash on deposit	963,866
Money market deposits	497,563
PTIF deposit	<u>12,869,626</u>
	<u>\$ 14,336,055</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 RDA	Special Revenue Aquatic Center	Capital Projects	Transportation Projects	Total Governmental Funds
Taxes	\$ 1,237,782	539,467	-	-	-	1,777,249
Utilities	-	-	-	-	34,490	34,490
Intergovernmental	721,245	-	49,910	49,995	38,427	859,577
Other	51,337	-	-	-	23,460	74,797
	<u>2,010,364</u>	<u>539,467</u>	<u>49,910</u>	<u>49,995</u>	<u>96,377</u>	<u>2,746,113</u>
Less: Allowance for uncollectible accounts	-	-	-	-	-	-
	<u>\$ 2,010,364</u>	<u>539,467</u>	<u>49,910</u>	<u>49,995</u>	<u>96,377</u>	<u>2,746,113</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(3) Accounts Receivable continued

	Water Utility Enterprise Fund	Utility Enterprise Fund	Utility Enterprise Fund	Utility Enterprise Fund	Total Enterprise Funds	Total all Funds
Taxes	\$ -	-	-	-	-	1,777,249
Utilities	146,131	222,919	107,918	118,122	595,090	629,580
Intergovernmental	-	-	664,142	-	664,142	1,523,719
Other	-	-	212,760	-	212,760	287,557
	<u>146,131</u>	<u>222,919</u>	<u>984,820</u>	<u>118,122</u>	<u>1,471,992</u>	<u>4,218,105</u>
Less: Allowance for uncollectible accounts	-	-	-	-	-	-
	<u>\$ 146,131</u>	<u>222,919</u>	<u>984,820</u>	<u>118,122</u>	<u>1,471,992</u>	<u>4,218,105</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:

	Unavailable	Unearned
Property taxes levied not yet due	\$ 1,663,643	1,663,643
Property taxes received not yet due	-	155,213
	<u>\$ 1,663,643</u>	<u>1,818,856</u>

(4) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Construction in process	\$ 2,140,416	327,207	2,095,805	371,818
Land and land improvements	8,271,532	93,102	-	8,364,634
Total	<u>10,411,948</u>	<u>420,309</u>	<u>2,095,805</u>	<u>8,736,452</u>
Capital assets being depreciated:				
Buildings and improvements	13,836,367	2,292,463	27,777	16,101,053
Infrastructure	18,824,966	2,460,513	-	21,285,479
Park improvements	3,627,309	-	-	3,627,309
Machinery and equipment	5,348,945	397,625	323,040	5,423,530
Total	<u>41,637,587</u>	<u>5,150,601</u>	<u>350,817</u>	<u>46,437,371</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,763,292)	(384,103)	(27,777)	(5,119,618)
Infrastructure	(4,425,070)	(665,185)	-	(5,090,255)
Park improvements	(814,824)	(97,220)	-	(912,044)
Machinery and equipment	(2,718,640)	(336,665)	(214,506)	(2,840,799)
Total	<u>(12,721,826)</u>	<u>(1,483,173)</u>	<u>(242,283)</u>	<u>(13,962,716)</u>
Capital assets being depreciated, net	28,915,761	3,667,428	108,534	32,474,655
Business-type activities capital assets, net	<u>\$ 39,327,709</u>	<u>4,087,737</u>	<u>2,204,339</u>	<u>41,211,107</u>

NORTH OGDEN CITY

Notes to Financial Statements – Continued

June 30, 2019

(4) Capital Assets continued

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 \$2,334,583.

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Construction in process	\$ 427,668	1,385,431	42,955	1,770,144
Land, land improvements and water stock and rights	241,008	-	-	241,008
Total	<u>668,676</u>	<u>1,385,431</u>	<u>42,955</u>	<u>2,011,152</u>
Capital assets being depreciated:				
Buildings and improvements	345,949	72,476	-	418,425
Infrastructure	48,949,532	2,975,510	32,414	51,892,628
Machinery and equipment	4,607,881	662,710	401,307	4,869,284
Total	<u>53,903,362</u>	<u>3,710,696</u>	<u>433,721</u>	<u>57,180,337</u>
Less accumulated depreciation for:				
Buildings and improvements	(289,626)	(10,780)	-	(300,406)
Infrastructure	(16,643,181)	(1,088,465)	(27,552)	(17,704,094)
Machinery and equipment	(2,457,074)	(339,407)	(242,230)	(2,554,251)
Total	<u>(19,389,881)</u>	<u>(1,438,652)</u>	<u>(269,782)</u>	<u>(20,558,751)</u>
Capital assets being depreciated, net	<u>34,513,481</u>	<u>2,272,044</u>	<u>163,939</u>	<u>36,621,586</u>
Business-type activities capital assets, net	<u>\$ 35,182,157</u>	<u>3,657,475</u>	<u>206,894</u>	<u>38,632,738</u>

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

Government activities:	
General government	\$ 72,914
Public safety	136,524
Public works, including depreciation of general infrastructure	895,501
Parks and recreation	378,234
Total governmental activities:	<u>1,483,173</u>
Business activities:	
Water	794,733
Sewer	277,634
Storm water	324,245
Solid waste	42,040
Total business activities:	<u>1,438,652</u>
Total all activities	<u>\$ 2,921,825</u>

NORTH OGDEN CITY

Notes to Financial Statements – Continued

June 30, 2019

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

Activity with long-term liabilities including capital leases for the year ending June 30, 2019 is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Amount Due within One Year
<i>Governmental activities:</i>					
Sales Tax Revenue Refunding Bond	\$ 1,791,000	-	265,000	1,526,000	251,000
2 Snow plow truck lease	188,616	-	36,280	152,336	36,988
	<u>\$ 1,979,616</u>	<u>-</u>	<u>301,280</u>	<u>1,678,336</u>	<u>287,988</u>
<i>Business-type activities:</i>					
System reimbursement agreements	\$ 1,819,617	-	168,860	1,650,757	-
Total	<u>\$ 1,819,617</u>	<u>-</u>	<u>168,860</u>	<u>1,650,757</u>	<u>-</u>

For the current year ended June 30, 2019, interest of \$41,587 was charged to expenses by Governmental Activities and \$- 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:

Year Ended June 30,	Principal	Interest	Total Debt Service
2020	\$ 251,000	32,492	283,492
2021	256,000	26,610	282,610
2022	265,000	20,567	285,567
2023	274,000	14,314	288,314
2024	283,000	7,853	290,853
2025	197,000	2,285	199,285
	<u>\$ 1,526,000</u>	<u>104,121</u>	<u>1,630,121</u>

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.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(6) Long-Term Debt continued

The debt on these agreements is as follows:

Agreement 1	\$ 1,462,947
Agreement 2	<u>187,810</u>
	<u>\$ 1,650,757</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. During the year the City elected to pay this obligation.

(7) Capital Leases

The City has one outstanding lease purchase contract. This contract is treated as capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments. All amortization expense for this lease has been included in depreciation expense.

On October 23, 2017, the City entered into a lease purchase contract to acquire two snow plow trucks and related attachments and accessories. These trucks are to be used for snow plowing. A payment of \$39,959 was made at the time of signing with the balance due in six payments of \$39,958 on October of each year with the final payment due in October of 2022. The lease has an interest rate of 1.950%.

Future minimum lease payments together with the present value of the net minimum lease payments under this capital lease obligation at June 30, 2019 is as follows:

Year Ended June 30	Governmental Activities	
	Motor Pool	
	Two Snow Plow Trucks	Total
2020	39,958	39,958
2021	39,959	39,959
2022	39,958	39,958
2023	39,959	39,959
	<u>-</u>	<u>-</u>
	159,834	159,834
Less amounts representing interest	<u>7,498</u>	<u>7,498</u>
Present value of minimum lease payments	152,336	152,336
Less current portion	<u>36,988</u>	<u>36,988</u>
Portion of obligations under capital lease due after one year	<u>115,348</u>	<u>115,348</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(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, 2019, there was an interfund receivable and payable of \$550,000 between the RDA and CDA funds. During the year the CDA borrowed \$150,000 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 report 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.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(9) Retirement Plans continued

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.

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% 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 as of June 30, 2019, are as follows:

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(9) Retirement Plans continued

Utah Retirement Systems

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory Systems			
11 Local Government Div - Tier 1	6.00	14.46	N/A
111 Local Government Div - Tier 2	N/A	15.54	1.15
Noncontributory System			
15 Local Government Div - Tier 1	N/A	18.47	N/A
Public Safety System Contributory			
122 Tier 2 DB Hybrid Public Safety	N/A	24.25	0.74
Noncontributory			
75 Other Div A with 4% COLA	N/A	35.71	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	12.99	12.00

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

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

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 262,866	N/A
Public Safety Program	225,924	-
Tier 2 Public Employees System	137,724	-
Tier 2 Public Employees and Firefighter	84,912	-
Tier 2 DC Only System	16,429	N/A
	<u>\$ 727,856</u>	<u>\$ -</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, 2019, we reported a net pension asset of \$0 and a net pension liability of \$2,638,420.

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31, 2017</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 1,312,105	0.1781850%	0.1664153%	0.0117697%
Contributory System	\$ -	\$ -	-%	-%	-%
Public Safety System	\$ -	\$ 1,291,604	0.5020646%	0.4979807%	0.0040845%
Firefighters System	\$ -	\$ -	-%	-%	-%
Judges Retirement System	\$ -	\$ -	-%	-%	-%
Governors & Legislators Plan	\$ -	\$ -	-%	-%	-%
Tier 2 Public Employees System	\$ -	\$ 29,403	0.0686548%	0.0656528%	0.0030020%
Tier 2 Public Safety and Firefighter	\$ -	\$ 5,308	0.2211418%	0.2211418%	-(0.0092978)%
	<u>\$ -</u>	<u>\$ 2,638,420</u>			

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(9) Retirement Plans continued

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

For the year ended June 30, 2019, we recognized pension expense of \$917,979.

At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,521	\$ 92,024
Changes in assumptions	\$ 336,656	\$ 723
Net difference between projected and actual earnings on pension plan investments	\$ 509,237	\$ -
Changes in proportion and difference between contributions and proportionate share of contributions	\$ 96,611	\$ 7,046
Contributions subsequent to the measurement date	\$ 367,860	\$ -
	<u>\$ 1,329,885</u>	<u>\$ 99,793</u>

\$367,860 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, 2018.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows(Inflows) of Resources
2019	\$ 395,507
2020	\$ 133,417
2021	\$ 75,174
2022	\$ 242,121
2023	\$ 1,681
Thereafter	\$ 14,331

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

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

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

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

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(9) Retirement Plans - Continued

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

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

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

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

Discount rate: The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95%.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95%) or 1-percentage-point higher (7.95%) than the current rate:

<u>System</u>	<u>1% Decrease (5.95%)</u>	<u>Discount Rate (6.95%)</u>	<u>1% Increase (7.95%)</u>
Noncontributory System	\$ 2,689,107	\$ 1,312,105	\$ 165,426
Public Safety System	2,531,772	1,291,604	284,860
Tier 2 Public Employees System	117,796	29,403	(38,813)
Tier 2 Public Safety and Firefighters	<u>40,035</u>	<u>5,308</u>	<u>(21,267)</u>
	\$ 5,378,710	\$ 2,638,420	\$ 390,206

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(9) Retirement Plans - Continued

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 Plan for fiscal year ended June 30 were as follows:

<u>System</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
401(k)			
Employer Contributions	\$ 37,545	\$ 30,146	\$ 26,343
Employee Contributions	\$ 4,736	\$ 4,577	\$ 4,568

(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 \$1,072,406 and business-type activities of \$257,479.

The City has Deferred Inflows of Resources relating to its pension activities of governmental activities of 80,473 and business-type activities of \$19,321. The City also has Unearned revenue from property taxes received in the fiscal year which will be used to finance 2019 - 2020 fiscal year expenditures of \$1,818,856.

Deferred inflows relating to property tax:

2019 property taxes received in the fiscal year which will be used to finance the 2019-2020 fiscal year expenditures		
General fund		\$ 1,218,856
RDA fund		<u>600,000</u>
		<u>\$ 1,818,856</u>
Unearned rents of:		
General fund		\$ 1,126
Transportation projects fund		<u>3,870</u>
		<u>\$ 4,996</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(11) North Ogden Redevelopment Agency and Community Development Area

The combined redevelopment agency (RDA) and Community Development Area (CDA) collected tax increments of \$685,504, interest of \$33,824 and other revenue of \$1,828 for the year ended June 30, 2019, 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, 2019. The RDA has borrowed \$-0- from the general fund. The RDA received \$79,632 from the general funds as a transfer for the City's property tax increment and transferred \$303,477 to the Aquatic Center, \$82,000 to the Capital Project Fund and \$17,159 to the General Fund.

Offsite improvements	\$ 12,887
Transfer to other economic development	150,000
Transfer to Aquatic Center for interest on debt service	303,477
Transfer to Capital projects	82,000
Transfer to General Fund	17,159
Total expenditures	<u>\$ 565,523</u>

During the year the RDA incurred the following expenditures:

(12) Interfund Transfers

Transfers during the year end June 30, 2019 were as follows:

Transfer from General fund	\$ (1,202,056)
Transfer from RDA	(323,004)
Transfer to Aquatic Center	443,060
Transfer to Capital Projects	1,135,283
Transfer from Transportation projects	(53,283)
Total expenditures	<u>\$ -</u>

(13) Deficit Fund Balances and Budgetary Compliance

The City's CDA fund has a deficit balance of \$550,000.

(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 takes 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.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2019

(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; error 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 for the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2019, there were no outstanding claims or judgements against the City. Settlements did not exceed insurance coverage for each of the past three years.

(17) Subsequent Events

Management has evaluated subsequent events through January 15, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

NORTH OGDEN CITY

Notes to Required Supplementary Information

June 30, 2019

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.

Changes in Assumptions

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

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

Year Ended June 30, 2019

	Original	Final	Actual	Variance from Final Budget
Revenues:				
Taxes:				
General property tax	\$ 1,259,195	1,259,195	1,251,127	(8,068)
Delinquent property taxes	20,000	20,000	26,498	6,498
Motor vehicle tax	110,000	110,000	111,911	1,911
General sales and use tax	2,840,272	2,857,757	2,882,008	24,251
Utility revenue sales tax	1,070,000	1,070,000	1,013,993	(56,007)
Total taxes	<u>5,299,467</u>	<u>5,316,952</u>	<u>5,285,537</u>	<u>(31,415)</u>
Licenses and permits:				
Business licenses	26,400	26,400	30,311	3,911
Building permits	330,000	337,500	429,420	91,920
Animal licenses	12,100	12,100	8,108	(3,992)
Total licenses and permits	<u>368,500</u>	<u>376,000</u>	<u>467,839</u>	<u>91,839</u>
Intergovernmental:				
Class C roads	716,880	716,880	797,384	80,504
State Liquor allotment	16,000	16,000	21,448	5,448
Weber County	46,875	46,875	46,875	-
Grants	63,156	73,756	48,825	(24,931)
Total intergovernmental	<u>842,911</u>	<u>853,511</u>	<u>914,532</u>	<u>61,021</u>
Charges for services:				
Recreation fees	85,000	85,000	78,540	(6,460)
Building plan/development fees	192,400	192,400	213,997	21,597
Zoning and subdivision fees	11,000	11,000	7,803	(3,197)
Cherry Days	28,000	28,000	28,504	504
Police reports and copies	-	-	7,002	7,002
Amphitheater fees	10,000	10,000	17,219	7,219
Other charges and fees	11,500	11,500	6,568	(4,932)
Total charges for services	<u>337,900</u>	<u>337,900</u>	<u>359,633</u>	<u>21,733</u>
Fines and forfeitures	<u>204,500</u>	<u>204,500</u>	<u>232,731</u>	<u>28,231</u>
Other revenue:				
Interest	20,000	20,000	50,555	30,555
Rents	4,000	4,000	12,318	8,318
Traffic School	35,000	35,000	34,169	(831)
Donations	5,000	6,700	6,451	(249)
Administrative service fee to utility funds	477,515	477,515	477,515	-
Miscellaneous	18,900	18,900	2,515	(16,385)
Total other revenue	<u>560,415</u>	<u>562,115</u>	<u>583,523</u>	<u>21,408</u>
Total revenue	<u>\$ 7,613,693</u>	<u>7,650,978</u>	<u>7,843,795</u>	<u>192,817</u>

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

Year Ended June 30, 2019

	Budgeted Amounts			Variance from Final Budget
	Original	Final	Actual	
Expenditures - Continued:				
General Government:				
Legislative:				
Salaries and benefits	\$ 113,049	113,049	95,627	17,422
Materials, supplies, and services	42,975	42,975	38,387	4,588
Capital	-	-	-	-
	<u>156,024</u>	<u>156,024</u>	<u>134,014</u>	<u>22,010</u>
Judicial:				
Salaries and benefits	160,997	163,154	160,370	2,784
Materials, supplies, and services	40,105	52,105	45,226	6,879
Capital	-	-	-	-
	<u>201,102</u>	<u>215,259</u>	<u>205,596</u>	<u>9,663</u>
Finance:				
Salaries and benefits	282,764	282,764	280,533	2,231
Materials, supplies, and services	63,680	63,680	58,033	5,647
Capital	-	-	-	-
	<u>346,444</u>	<u>346,444</u>	<u>338,566</u>	<u>7,878</u>
Administrative:				
Salaries and benefits	366,876	366,876	349,700	17,176
Materials, supplies, and services	94,650	94,650	65,903	28,747
Capital	2,100	2,100	-	2,100
	<u>463,626</u>	<u>463,626</u>	<u>415,603</u>	<u>48,023</u>
Non-Departmental:				
Salaries and benefits	5,500	5,500	184	5,316
Materials, supplies, and services	311,230	322,730	308,340	14,390
Capital	-	-	-	-
	<u>316,730</u>	<u>328,230</u>	<u>308,524</u>	<u>19,706</u>
General Government buildings:				
Salaries and benefits	25,000	25,000	25,735	(735)
Materials, supplies, and services	106,452	108,288	89,162	19,126
Capital	-	-	-	-
	<u>131,452</u>	<u>133,288</u>	<u>114,897</u>	<u>18,391</u>
Total general government	<u>1,615,378</u>	<u>1,642,871</u>	<u>1,517,200</u>	<u>125,671</u>
Public Safety:				
Police Service:				
Salaries and benefits	2,222,484	2,222,484	2,078,644	143,840
Materials, supplies, and services	469,721	505,241	490,714	14,527
Capital	-	6,000	5,965	35
	<u>2,692,205</u>	<u>2,733,725</u>	<u>2,575,323</u>	<u>158,402</u>
Planning:				
Salaries and benefits	201,441	201,441	185,393	16,048
Materials, supplies, and services	31,900	31,900	21,143	10,757
Capital	-	-	-	-
	<u>233,341</u>	<u>233,341</u>	<u>206,536</u>	<u>26,805</u>
Inspection:				
Salaries and benefits	238,681	238,681	204,569	34,112
Materials, supplies, and services	17,060	24,560	30,506	(5,946)
Capital	-	-	-	-
	<u>255,741</u>	<u>263,241</u>	<u>235,075</u>	<u>28,166</u>
Animal Control:				
Salaries and benefits	62,560	62,560	61,713	847
Materials, supplies, and services	39,978	39,978	35,253	4,725
Capital	-	-	1,329	(1,329)
	<u>102,538</u>	<u>102,538</u>	<u>98,295</u>	<u>4,243</u>
Total Public Safety	<u>\$ 3,283,825</u>	<u>3,332,845</u>	<u>3,115,229</u>	<u>217,616</u>

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

Year Ended June 30, 2019

	Budgeted Amounts			Variance from Final Budget
	Original	Final	Actual	
Expenditures - Continued:				
Streets and Highways:				
Salaries and benefits	\$ 358,827	358,827	326,954	31,873
Materials, supplies, and services	380,486	381,038	390,512	(9,474)
Capital	-	-	-	-
	<u>739,313</u>	<u>739,865</u>	<u>717,466</u>	<u>22,399</u>
Total Streets and Highways	<u>739,313</u>	<u>739,865</u>	<u>717,466</u>	<u>22,399</u>
Parks and Recreation:				
Administration:				
Salaries and benefits	136,716	136,716	136,997	(281)
Materials, supplies, and services	117,100	117,740	117,183	557
Capital	-	-	-	-
	<u>253,816</u>	<u>254,456</u>	<u>254,180</u>	<u>276</u>
Parks department:				
Salaries and benefits	542,875	542,875	483,780	59,095
Materials, supplies, and services	252,111	264,111	257,351	6,760
Capital	4,500	4,500	-	4,500
	<u>799,486</u>	<u>811,486</u>	<u>741,131</u>	<u>70,355</u>
Recreation department:				
Salaries and benefits	120,317	120,317	98,372	21,945
Materials, supplies, and services	76,725	76,725	59,016	17,709
Capital	-	-	-	-
	<u>197,042</u>	<u>197,042</u>	<u>157,388</u>	<u>39,654</u>
Total Community services	<u>1,250,344</u>	<u>1,262,984</u>	<u>1,152,699</u>	<u>110,285</u>
Total expenditures	<u>6,888,860</u>	<u>6,978,565</u>	<u>6,502,594</u>	<u>475,971</u>
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses).	<u>724,833</u>	<u>672,413</u>	<u>1,341,201</u>	<u>668,788</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(726,833)</u>	<u>(1,709,673)</u>	<u>(1,202,056)</u>	<u>507,617</u>
Total other financing sources (uses)	<u>(726,833)</u>	<u>(1,709,673)</u>	<u>(1,202,056)</u>	<u>507,617</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other (uses).	<u>(2,000)</u>	<u>(1,037,260)</u>	<u>139,145</u>	<u>1,176,405</u>
Fund balance - beginning of year	<u>1,628,667</u>	<u>1,628,667</u>	<u>1,628,667</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,626,667</u>	<u>591,407</u>	<u>1,767,812</u>	<u>1,176,405</u>

NORTH OGDEN CITY

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

Year Ended June30, 2019

	Budgeted Amount		Actual	Variance from Final Budget
	Original	Final		
Revenue:				
Property taxes	\$ 600,000	600,000	685,504	85,504
Interest income	10,000	10,000	33,824	23,824
Other income	-	-	1,828	1,828
Total revenue	<u>610,000</u>	<u>610,000</u>	<u>721,156</u>	<u>111,156</u>
Expenditures:				
Professional Services	-	-	-	-
Engineering servies	-	-	-	-
Offsite improvements	40,000	40,000	12,887	27,113
Other economic development	200,000	150,000	150,000	-
Total expenditures	<u>240,000</u>	<u>190,000</u>	<u>162,887</u>	<u>27,113</u>
Other financing sources (uses):				
Transfers in (out) - net	<u>(300,477)</u>	<u>(317,637)</u>	<u>(323,004)</u>	<u>(5,367)</u>
Total other financing sources(uses)	<u>(300,477)</u>	<u>(317,637)</u>	<u>(323,004)</u>	<u>(5,367)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	69,523	102,363	235,265	132,902
Fund balance - beginning of year	<u>995,471</u>	<u>995,471</u>	<u>995,471</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,064,994</u>	<u>1,097,834</u>	<u>1,230,736</u>	<u>132,902</u>

NORTH OGDEN CITY

Statement of Revenue, Expenses and Changes in Fund Balances
Aquatic Center

Year Ended June 30, 2019

	Budgeted Amount		Actual	Variance from Final Budget
	Original	Final		
Revenue:				
Admissions, reservations and lessons	\$ 352,000	352,000	343,694	(8,306)
Concessions and merchandise sales	11,500	11,500	14,090	2,590
Bowery rentals	2,400	2,400	2,655	255
Miscellaneous revenue	9,000	9,000	9,915	915
Total revenue	<u>374,900</u>	<u>374,900</u>	<u>370,354</u>	<u>(4,546)</u>
Expenditures:				
Salaries and benefits	326,175	326,175	322,988	3,187
Materials, supplies and services	47,958	47,958	38,194	9,764
Maintenance and repairs	33,500	33,500	31,309	2,191
Utilities and telephone	67,350	67,350	50,362	16,988
Chemicals	36,000	36,000	32,550	3,450
Capital equipment	3,500	3,500	-	3,500
Bond Principle	265,000	265,000	265,000	-
Bond Interest	38,477	38,477	38,477	-
Total expenditures	<u>817,960</u>	<u>817,960</u>	<u>778,880</u>	<u>39,080</u>
Other financing sources (uses):				
Transfers in (out) - net	443,060	443,060	443,060	-
Total other financing sources(uses)	<u>443,060</u>	<u>443,060</u>	<u>443,060</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	-	-	34,534	34,534
Fund balance (deficit) - beginning of year	<u>55,592</u>	<u>55,592</u>	<u>55,592</u>	<u>-</u>
Fund balance (deficit) - end of year	<u>\$ 55,592</u>	<u>55,592</u>	<u>90,126</u>	<u>34,534</u>

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

NORTH OGDEN CITY

Utah Retirement Systems

As of June 2018

Last 10 Fiscal Years

	Noncontributory System		Public Safety System		Tier 2 Public Employees System		Tier 2 Public Safety and Firefighter System	
	2018	2017	2018	2017	2018	2017	2018	2017
Proportion of the net pension liability (asset)	0.1781850%	0.1664153%	0.5020646%	0.4979801%	0.0686548%	0.06556528%	0.2118440%	0.2211418%
	2016	2015	2014		0.4669401%	0.0632419%	0.2481679%	0.2481679%
	0.1602462%	0.1631476%	0.4473629%		0.0485772%	0.3053124%	0.3053124%	0.3053124%
	2014	0.1663092%	0.4268607%		0.0380994%	0.3480897%	0.3480897%	0.3480897%
Proportionate share of the net pension liability (asset)	\$1,312,105	\$729,115	\$1,291,604	\$781,161	\$29,403	\$5,788	(\$5,308)	(\$2,559)
	2016	\$1,028,977	\$947,550	\$7,055	\$7,055	(\$2,154)	(\$4,461)	(\$4,461)
	2015	\$923,168	\$801,339	(\$106)	(\$106)	(\$4,461)	(\$5,149)	(\$5,149)
	2014	\$722,154	\$536,813	(\$1,155)	(\$1,155)	(\$5,149)	(\$5,149)	(\$5,149)
Covered employee payroll	\$1,412,103	\$1,323,128	\$686,924	\$731,633	\$800,443	\$642,222	\$283,520	\$233,449
	2016	\$1,315,547	\$688,814	\$518,631	\$518,631	\$205,040	\$205,040	\$205,040
	2015	\$1,367,806	\$656,851	\$313,867	\$313,867	\$181,652	\$181,652	\$181,652
	2014	\$1,419,455	\$622,523	\$186,997	\$186,997	\$143,783	\$143,783	\$143,783
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	92.92%	55.11%	188.03%	106.77%	3.67%	0.90%	1.80%	-1.10%
	2016	78.22%	137.56%	1.36%	1.36%	-1.05%	-1.05%	-1.05%
	2015	67.49%	122.00%	-0.03%	-0.03%	-2.46%	-2.46%	-2.46%
	2014	50.9%	86.2%	-0.6%	-0.6%	-3.6%	-3.6%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	87.0%	91.9%	84.7%	90.2%	90.8%	97.4%	95.6%	103.0%
	2016	87.3%	86.5%	95.1%	95.1%	103.6%	103.6%	103.6%
	2015	87.8%	87.1%	100.2%	100.2%	110.7%	110.7%	110.7%
	2014	90.2%	90.5%	103.5%	103.5%	120.5%	120.5%	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. This schedule is only for the last 5 years. Prior numbers are not available.

SCHEDULE OF CONTRIBUTIONS NORTH OGDEN CITY
Utah Retirement Systems
As of June 2019
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
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%
	2018	\$ 230,882	\$ 230,882	\$ -	\$ 1,333,107	17.32%
	2019	\$ 262,866	\$ 262,866	\$ -	\$ 1,511,185	17.39%
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%
	2018	\$ 237,534	\$ 237,534	\$ -	\$ 728,521	32.60%
	2019	\$ 225,924	\$ 225,924	\$ -	\$ 641,979	35.11%
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	\$ -	\$ 596,662	14.89%
	2018	\$ 107,562	\$ 107,562	\$ -	\$ 711,861	15.11%
	2019	\$ 137,724	\$ 137,724	\$ -	\$ 887,129	15.52%
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%
	2018	\$ 60,905	\$ 60,905	\$ -	\$ 256,659	23.73%
	2019	\$ 84,912	\$ 84,912	\$ -	\$ 350,390	24.23%
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%
	2018	\$ 10,480	\$ 10,480	\$ -	\$ 156,650	6.69%
	2019	\$ 16,429	\$ 16,429	\$ -	\$ 245,574	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.

NORTH OGDEN CITY

Schedule of Revenue, Expenses and Changes in Fund Balances - Budget and Actual
Capital Projects

Year Ended June 30, 2019

	Budgeted Amount			Variance from Final Budget
	Original	Final	Actual	
Revenue:				
Grant revenue	\$ 3,978,800	4,298,800	161,521	(4,137,279)
Park impact fees	-	436,414	430,893	(5,521)
Interest	1,000	1,000	26,162	25,162
Donations	-	-	500	500
Miscellaneous revenue	-	-	30	30
Total revenue	<u>3,979,800</u>	<u>4,736,214</u>	<u>619,106</u>	<u>(4,117,108)</u>
Expenditures:				
Monroe Boulevard	917,800	917,800	93,102	824,698
2600 N Intersection project	2,090,000	2,090,000	30,133	2,059,867
400/450 intersection project	1,383,000	1,383,000	65,035	1,317,965
2550 N intersection project	54,000	54,000	53,283	717
Street and road improvements	500,000	500,000	554,799	(54,799)
Barker park- Amphitheater project	-	756,414	188,071	568,343
North Ogden park improvements	80,000	80,000	80,245	(245)
Skate park construction	-	6,000	78	5,922
Building improvements and construction	-	19,522	10,237	9,285
Animal shelter	-	13,979	15,040	(1,061)
City lighting project	278,000	278,000	123,629	154,371
Equipment	9,000	9,000	2,250	6,750
	-	-	-	-
Total expenditures	<u>5,311,800</u>	<u>6,107,715</u>	<u>1,215,902</u>	<u>4,891,813</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures before other uses	<u>(1,332,000)</u>	<u>(1,371,501)</u>	<u>(596,796)</u>	<u>774,705</u>
Other financing sources (uses):				
Transfers in (out)	1,282,000	2,184,735	1,135,283	(1,049,452)
Sale of assets	-	-	-	-
Total other financing sources(uses)	<u>1,282,000</u>	<u>2,184,735</u>	<u>1,135,283</u>	<u>(1,049,452)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	<u>(50,000)</u>	<u>813,234</u>	<u>538,487</u>	<u>(274,747)</u>
Fund balance - beginning of year	<u>1,178,973</u>	<u>1,178,973</u>	<u>1,178,973</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,128,973</u>	<u>1,992,207</u>	<u>1,717,460</u>	<u>(274,747)</u>

NORTH OGDEN CITY

Schedule of Revenue, Expenses and Changes in Fund Balances - Budget and Actual
Transportation Projects

Year Ended June 30, 2019

	Budgeted Amount			Variance from Final Budget
	Original	Final	Actual	
Revenue:				
Transportation fees	\$ 223,000	223,000	224,447	1,447
Transportation impact fees	325,737	325,737	434,899	109,162
Transportation sales tax	196,000	196,000	204,818	8,818
Rental income	106,000	106,000	130,308	24,308
Interest	9,000	9,000	56,404	47,404
Total revenue	<u>859,737</u>	<u>859,737</u>	<u>1,050,876</u>	<u>191,139</u>
Expenditures:				
Rental property expenses	30,000	42,000	43,990	(1,990)
Miscellaneous expenses	-	-	70	(70)
Total expenditures	<u>30,000</u>	<u>42,000</u>	<u>44,060</u>	<u>(2,060)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures before other uses	<u>829,737</u>	<u>817,737</u>	<u>1,006,816</u>	<u>189,079</u>
Other financing sources (uses):				
Transfers in (out)	(554,000)	(554,000)	(53,283)	500,717
Sale of assets	-	-	-	-
Total other financing sources(uses)	<u>(554,000)</u>	<u>(554,000)</u>	<u>(53,283)</u>	<u>500,717</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	<u>275,737</u>	<u>263,737</u>	<u>953,533</u>	<u>689,796</u>
Fund balance - beginning of year	<u>1,871,480</u>	<u>1,871,480</u>	<u>1,871,480</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,147,217</u>	<u>2,135,217</u>	<u>2,825,013</u>	<u>689,796</u>

NORTH OGDEN CITY

Combining Statement of Net Position
Internal Service Funds

Year Ended June 30, 2019

	Motor Pool	Police Motor Pool	Total
Current assets:			
Cash and cash equivalents	\$ 225,419	120,828	346,247
Accounts receivable	-	-	-
Prepaid expenses	5,645	-	5,645
Total current revenue	<u>231,064</u>	<u>120,828</u>	<u>351,892</u>
Expenditures:			
Buildings and structures	337,565	-	337,565
Vehicles and equipment	2,981,789	892,470	3,874,259
Total capital assets	3,319,354	892,470	4,211,824
Accumulated depreciation	1,641,958	587,175	2,229,133
Net capital assets	1,677,396	305,295	1,982,691
Pension asset	-	-	-
Total non-current assets	<u>1,677,396</u>	<u>305,295</u>	<u>1,982,691</u>
Total assets	<u>1,908,460</u>	<u>426,123</u>	<u>2,334,583</u>
Deferred outflows of resources			
Pension related	44,804	-	44,804
Total assets and derred outflows of resources	<u>1,953,264</u>	<u>426,123</u>	<u>2,379,387</u>
Current liabilities:			
Current portion of lease obligations payable	36,988	-	36,988
Accounts payable	-	-	-
Accrued interest payable	1,980	-	1,980
Compensated absences payable	11,765	-	11,765
Wages and benefits payable	3,176	-	3,176
Total current liabilities	<u>53,909</u>	<u>-</u>	<u>53,909</u>
Non-current liabilities:			
Net pension liability	88,888	-	88,888
Lease obligations payable	152,336	-	152,336
Lease obligations payable - current portion	(36,988)	-	(36,988)
Total non-current liabilities	<u>204,236</u>	<u>-</u>	<u>204,236</u>
Total liabilities	<u>258,145</u>	<u>-</u>	<u>258,145</u>
Deferred inflows of resources:			
Pension related	3,362	-	3,362
Total liabilities and derred inflows of resources	<u>261,507</u>	<u>-</u>	<u>261,507</u>
Net position:			
Net investment in capital assets	1,525,060	305,295	1,830,355
Unrestricted	166,697	120,828	287,525
Total net position	<u>\$ 1,691,757</u>	<u>426,123</u>	<u>2,117,880</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2019

	Motor Pool	Police Motor Pool	Total
Revenue:			
General Fund	\$ 186,589	295,998	482,587
Utility Fund	295,373	-	295,373
Total rentals	<u>481,962</u>	<u>295,998</u>	<u>777,960</u>
Operating charge - police motorpool	177,858	(177,858)	-
Sale of materials and supplies	5,993	4,805	10,798
Miscellaneous income	2,172	-	2,172
Total revenue	<u>667,985</u>	<u>122,945</u>	<u>790,930</u>
Expenses:			
Salaries and benefits	209,606	-	209,606
Materials, supplies and services	126,903	29,120	156,023
Fuel	130,017	-	130,017
Interest on capital leases	3,104	-	3,104
Depreciation	182,904	113,284	296,188
Net capital assets	<u>652,534</u>	<u>142,404</u>	<u>794,938</u>
Income (loss) from operations:	<u>15,451</u>	<u>(19,459)</u>	<u>(4,008)</u>
Other non-operating revenue (expense):			
Gain from sale of assets	42,310	11,804	54,114
Interest earned	3,849	2,091	5,940
Transfers from (to) other funds	-	-	-
Total other non-operating revenue (expenses)	<u>46,159</u>	<u>13,895</u>	<u>60,054</u>
Capital asset contributions - General Fund	-	-	-
Change in net position	61,610	(5,564)	56,046
Net position - beginning of year	<u>1,630,147</u>	<u>431,687</u>	<u>2,061,834</u>
Net position - end of year	<u>\$ 1,691,757</u>	<u>426,123</u>	<u>2,117,880</u>

NORTH OGDEN CITY

Combining Statement of Cash Flows
Internal Service Funds

Year Ended June 30, 2019

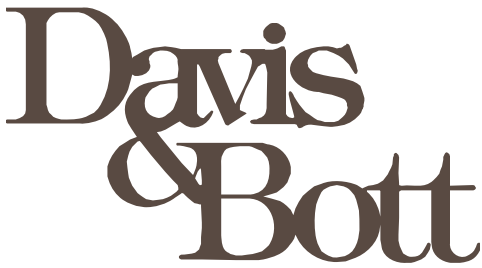
	Motor Pool	Police Motor Pool	Total
Cash flows from operating activities:			
Cash received from vehicle rent from:			
General Fund	\$ 186,589	295,998	482,587
Utility Fund	295,373	-	295,373
Operating charge - police motorpool	177,858	(177,858)	-
Sale of material, supplies, and services	5,993	4,805	10,798
Other operating income	2,352	-	2,352
Payments for payroll and related benefits	(204,523)	-	(204,523)
Payments for goods and services	(262,517)	(29,120)	(291,637)
Net cash provided (used) by operating activities	<u>201,125</u>	<u>93,825</u>	<u>294,950</u>
Cash flows from capital and related financing activities:			
Payments to purchase vehicles and equipment	(298,766)	(92,894)	(391,660)
Proceeds from the sale of capital assets	125,448	37,200	162,648
Principle payments on lease financing	(36,280)	-	(36,280)
Net cash used by capital and related financing activities	<u>(209,598)</u>	<u>(55,694)</u>	<u>(265,292)</u>
Cash flows from non-capital financing activities:			
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	<u>3,849</u>	<u>2,091</u>	<u>5,940</u>
Net cash provided (used) by investing activities	<u>3,849</u>	<u>2,091</u>	<u>5,940</u>
Net increase (decrease) in cash and equivalents	(4,624)	40,222	35,598
Cash and cash equivalents - beginning of year	<u>230,043</u>	<u>80,606</u>	<u>310,649</u>
Cash and cash equivalents - end of year	<u>225,419</u>	<u>120,828</u>	<u>346,247</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	15,451	(19,459)	(4,008)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	182,904	113,284	296,188
Decrease (increase) in receivables	180	-	180
Decrease (increase) in prepaid expenses	(1,919)	-	(1,919)
Decrease (increase) in interest payable	(574)	-	(574)
Increase (decrease) in compensated absences and wages and benefits payable	3,201	-	3,201
Pension related items	1,882	-	1,882
Total adjustments	<u>185,674</u>	<u>113,284</u>	<u>298,958</u>
Net cash provided (used) by operating activities	<u>201,125</u>	<u>93,825</u>	<u>294,950</u>
Non-cash investing, capital and financing activities:	<u>\$ -</u>	<u>-</u>	<u>-</u>

**NORTH OGDEN CITY
MANAGEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

**NORTH OGDEN CITY
MANAGEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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Certified Public Accountants, L.C.

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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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 15, 2020.

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*.

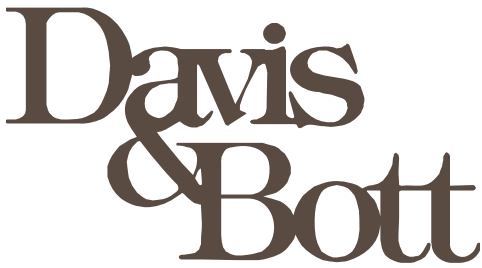
Purpose of this Report

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

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
January 15, 2020



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, 2019.

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, 2019.

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, 2019.

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

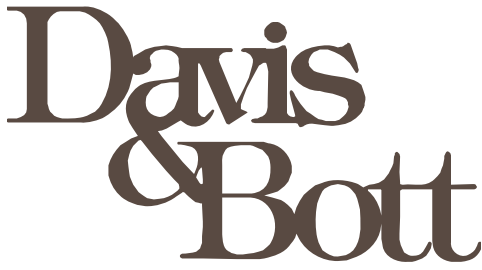
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Davis & Bott

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
January 15, 2020

State of Utah	
Schedule of Expenditures of State Grants, Contracts, and Loan Funds	
For the Year Ended June 30, 2019	
Grant Name/Department	Revenue
State of Utah	
DUI Overtime Grant QUARTERLY/UHP - Public Safety	\$ 7,086.43
Alcohol & Drug Free/UHP - Public Safety	\$ 7,491.00
Justice Assistance Grant/Commission on Criminal & Juvenile Justice	\$ 3,150.00
Class C Road Funds/UDOT	\$ 797,384.09
State Liquor Grant (Beer Tax)/Utah Substance Abuse Advisory Council (FY2018 Rollover)	\$ 8,420.08
State Liquor Grant (Beer Tax)/Utah Substance Abuse Advisory Council (FY2019)	\$ 14,153.94
Exp accounts 10-54-120, 10-54-701, 10-54-380, 10-54-385 - \$15 Victim Advocate = \$22,501.30	
	\$ 837,685.54
Weber County Grants	
RAMP - Easy Grant (<\$2,000) (Community Band)	\$ 2,000.00
RAMP - Municipalities Grant (annual disbursement)	\$ 18,791.00
RAMP - Regular (\$2,001-\$200,000)	\$ -
RAMP - Major (\$200,000+)	\$ -
Prescription Take Back	\$ 480.36
Tobacco Compliance	\$ 352.75
Monroe Boulevard Corridor Preservation Grant	\$ 93,102.00
400/450 E Widening Grant	\$ 47,737.77
2600 N. Intersection & Widening	\$ 1,890.00
School Resource Officer	\$ 46,875.00
Subtotal – Weber County	\$ 211,228.88
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES	
	\$ 1,864,116.32



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Certified Public Accountants, L.C.

50 West Forest, Suite 101
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Brigham City, UT 84302
(435) 723-5224

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

We have audited 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) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 7, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Depreciation

The financial statements are prepared in accordance with generally accepted accounting principles (GAAP). As such, assets are depreciated using the straight-line method.

Compensated Absences

Vested or accumulated vacation leave and sick pay benefits that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the fund. These amounts are reported as required by GASB Interpretation #6.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 15, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As a result of observations made during our audit, we make the following recommendations which we believe will result in improvements to the City's internal controls and accounting system.

1. We recommend conducting an inventory of fixed assets annually to determine whether or not certain assets need to be removed from the depreciation schedule.
2. We recommend maintaining a file for all fixed assets to include the invoices supporting the cost, documentation of purchase approval, depreciation method and life, and other pertinent information supporting the existence and value of the asset.
3. We suggest controls over the approval of journal entries be reviewed. Journal entries should be reviewed and approved on a regular basis to prevent misstatement of the financial statements. We recommend a review of the journal entries on a monthly basis.
4. We recommend expediting the year end close process so there is time to prepare and audit the financial statements before the State mandated deadline of December 31 to submit audited financial statements to the State Auditor's Office.

These comments are made as suggestions for enhancing the City's systems and procedures and are not criticisms of your current procedures.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements.

North Ogden City
January 15, 2020
Page Four

We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the City and management of North Ogden City, and is not intended to be and should not be used by anyone other than these specified parties.

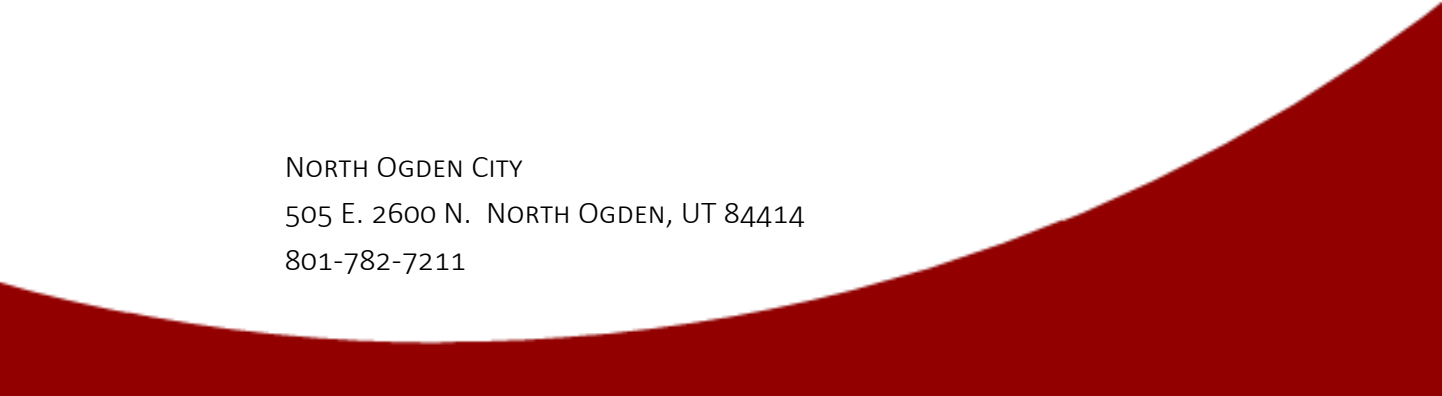
Sincerely,

Davis & Bott

Davis & Bott
Certified Public Accountants, L.C.

Brigham City, Utah
January 15, 2020

NORTH OGDEN CITY
505 E. 2600 N. NORTH OGDEN, UT 84414
801-782-7211

A large, solid red shape at the bottom of the page, resembling a stylized wave or a curved banner, extending across the width of the page.