

NORTH OGDEN CITY
Financial Statements - June 30, 2016
(With Auditor's Report Thereon)

NORTH OGDEN CITY

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Independent Auditor's Report

Honorable Mayor and City Council
North Ogden City, 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 (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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 and required supplementary information on pages 3-15 and 43-50 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 North Ogden City's basic financial statements. The budgetary comparison and combining fund financial statements on pages 51-53 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2017 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Christman, Palmer & Ambrose P.C.

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, 2016. 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 \$5,278,663. Net position of governmental activities increased by \$3,838,188 or 13.4%. Net position of business-type activities increased by \$1,440,475 or 4.3%.
- The assets and deferred outflows of North Ogden City exceeded its liabilities and deferred inflows by \$67,507,912. Of this amount, \$6,478,678 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 \$3,673,832 at June 30, 2016, an increase of \$955,333 in comparison to the previous year. Of the ending fund balances, \$2,424,931 was unassigned and available for spending at the City's discretion.
- As of June 30, 2016, the enterprise funds of North Ogden City had a net position of \$35,131,521. Of this amount \$30,050,113 is the net amount invested in capital assets. Combined cash from Business-Type Activities in the Enterprise Funds decreased \$586,886.
- The principal balance of the Sales Tax Revenue Refunding Bonds, Series 2014 began at \$2,547,000. \$245,000 was paid off during the 2016 Fiscal Year leaving a principal balance of \$2,302,000 as of June 30, 2016.
- North Ogden has 3 operating leases. The total amount of principal remaining on the 3 leases is \$111,355. The amount paid on principal for the leases in Fiscal Year 2016 was \$51,951. The final payments on these leases are scheduled in Fiscal Year 2018.
- The City has 2 separate reimbursement agreements with a developer for construction of water reservoirs, distribution lines, and a pump station. The reimbursements are paid back through culinary water impact fees collected from homes that benefit from the infrastructure. The total amount owed for both agreements is \$1,928,989. The amount paid on principal for the agreements for Fiscal Year 2016 was \$86,120.

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.

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

Fund Financial Statements

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

Governmental Funds

Most of the City's basic services are reported in governmental funds, which use an accounting method called modified accrual accounting. Modified accrual accounting measures cash and all other financial assets that can readily be converted to cash and focus on near-term inflows and outflows of spendable resources. The City maintains a general fund, capital projects fund 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 2016 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 \$5,278,663, or 8.5%. Net position of governmental activities increased by \$3,838,188 or 13.4%. Net position of business-type activities increased by \$1,440,475 or 4.3%.

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 \$1,232,149 in restricted assets for future capital projects. 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 \$6,478,678, which is 9.6% of total net assets. Overall liabilities decreased by \$331,290.

**Statement of Net Position
June 30, 2016**

	Governmental		Business Type Activities		Total	
	Activities					
	2015	2016	2015	2016	2015	2016
Assets						
Current & Other Assets	6,848,401	7,050,182	6,426,661	5,873,617	13,275,062	12,923,799
Capital Assets (net)	28,924,446	31,677,696	29,732,232	32,056,685	58,656,678	63,734,381
Total Assets	35,772,847	38,727,878	36,158,893	37,930,302	71,931,740	76,658,180
Deferred Outflows	253,370	724,830	44,030	146,604	297,400	871,434
Liabilities	3,640,492	3,150,743	389,983	937,646	4,030,475	4,088,389
Long Term Debt						
Outstanding	2,339,084	2,068,973	2,089,739	1,970,286	4,428,463	4,039,259
Total Liabilities	5,979,576	5,219,716	2,479,362	2,907,932	8,458,938	8,127,648
Deferred inflow of resources	1,724,837	1,882,308	32,515	37,453	1,757,352	1,919,761
Net Position:						
Invested in capital assets, net of related debt	26,323,072	29,746,972	27,608,191	30,050,113	53,931,263	59,797,085
Restricted	700,515	1,232,149	-	-	700,515	1,232,149
Unrestricted	1,298,217	1,397,270	6,082,855	5,081,408	7,381,072	6,478,678
Total Net Position	28,321,804	32,376,391	33,691,046	35,131,512	62,012,850	67,507,903

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Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		
	2015	2016	2015	2016	2015	2016	
Revenues							
General Revenues							
Property Tax	1,725,924	1,898,993			1,725,924	1,898,993	
Sales Tax	2,221,905	2,403,347			2,221,905	2,403,347	
Other Taxes	1,048,424	1,086,148			1,048,424	1,086,148	
Interest & Investment	23,993	23,344	30,695	36,278	54,688	59,622	
Grants & Contributions	1,667,627	3,107,991	1,074,970	2,162,366	2,742,597	5,270,357	
Charges for Services	1,559,990	1,973,026	4,416,434	4,633,902	5,976,424	6,606,928	
Sale of Assets	31,152	18,900	-1,066	38,412	30,086	57,312	
Other	38,796	30,992			38,796	30,992	
Total Revenues	8,317,811	10,542,741	5,521,033	6,870,958	13,838,844	17,413,699	
Expenses							
General Government							
Public Safety	2,318,844	2,456,424			2,318,844	2,456,424	
Economic Development	383,091	63,294			383,091	63,294	
Streets & public improvements	1,104,672	1,308,910			1,104,672	1,308,910	
Parks & Recreation	1,552,652	1,651,006			1,552,652	1,651,006	
Interest on Long Term Debt	67,023	55,306			67,023	55,306	
Water			1,401,123	1,652,309	1,401,123	1,652,309	
Sewer			1,567,418	1,884,973	1,567,418	1,884,973	
Storm Water			630,243	670,014	630,243	670,014	
Solid Waste			850,736	892,187	850,736	892,187	
Total Expenses	6,831,203	7,035,553	4,449,520	5,099,483	11,280,723	12,135,036	
Transfers – Internal Activities	392,537	331,000	-392,537	-331,000	-	-	
Increase (decrease) in net position	1,879,145	3,838,188	678,976	1,440,475	2,558,121	5,278,663	
Net Position–Beginning of Fiscal Year	27,596,885	28,321,801	33,212,650	33,691,046	60,809,535	62,012,847	
Prior Period Adjustment -pension	-1,154,226	216,402	-200,580	0	-1,354,806	216,402	
Net Position – Beginning of Fiscal Year restated	26,442,659	28,538,203	33,012,070	33,691,046	59,454,729	62,229,249	
Net Position-Ending of Fiscal Year	28,321,801	32,376,391	33,691,046	35,131,521	62,012,850	67,507,912	

Total revenues for governmental activities increased by \$2,224,930 or 26.7%. Grants & Contributions increased by \$1,440,364 or 86.4% over last year. Sales tax revenues increased \$181,442 or 8.2%. Taxes are a major source of revenue, and account for \$5,388,488 or 51% of revenues overall. Expenses for Governmental Activities increased for the year by \$204,350 or 2.99%.

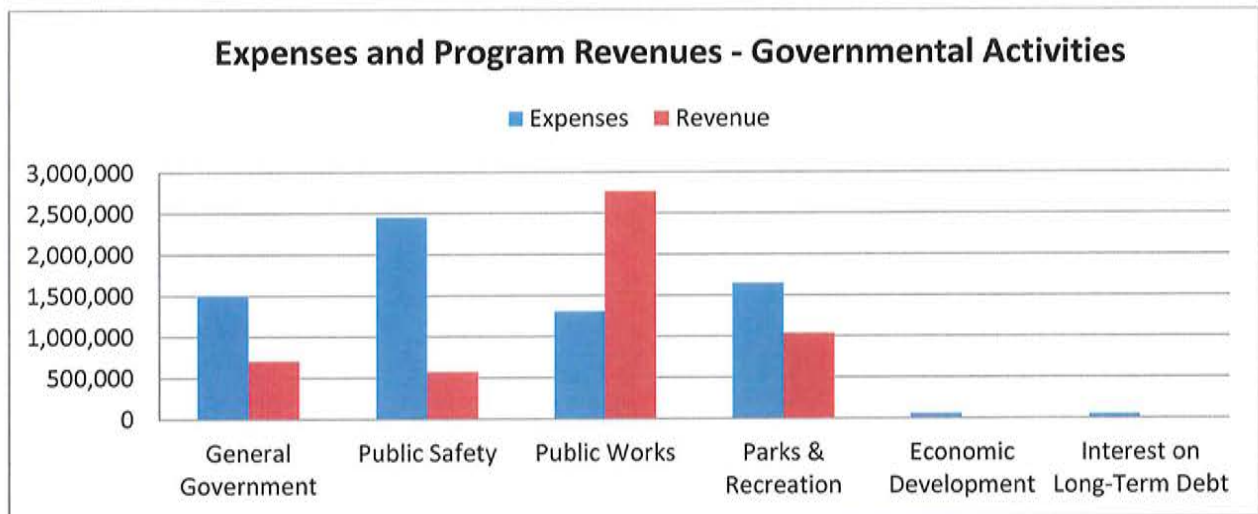
Total revenues for business-type activities increased \$1,349,925 or 24.5%. This year, charges for services made up 67.4% of the total revenues for business-type activities. Program revenues include utility fees, connection fees and special fees to builders while other fees include impact fees, gains from the sale of assets and miscellaneous revenue.

Governmental Activities

Governmental activities are reflected in the government-wide activities statement. The activities in the governmental funds resulted in an increase in net position of \$1,879,145 or 6.6%. 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.

The table below shows that program generated revenues, (charges for services, operating grants and contributions, and capital grants and contributions), covered \$3,227,617 or 47.2% 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	1,500,613	706,190	-794,423	47%
Public Safety	2,456,424	572,996	-1,883,428	23%
Public Works	1,308,910	2,766,615	1,457,705	211%
Parks & Recreation	1,651,006	1,035,216	-615,790	63%
Economic Development	63,294	0	-63,294	0%
Interest on long-term debt	55,306	0	-55,306	0%
<i>Totals</i>	7,035,553	5,081,017	-1,954,536	72.22%



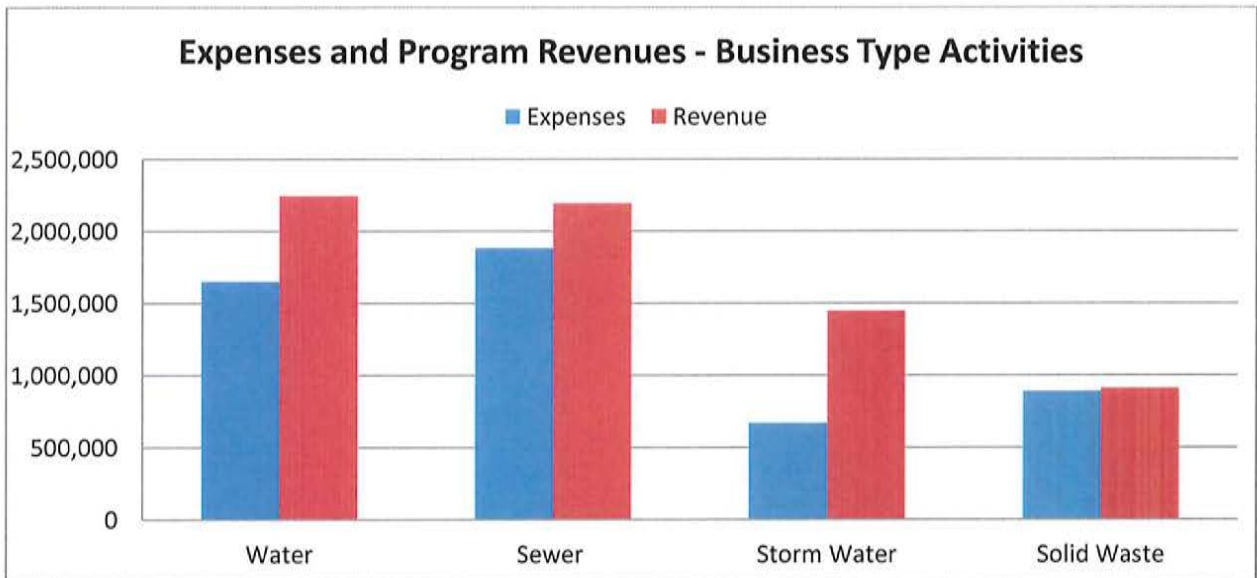
Business-Type Activities

Business-Type activities are also shown in the government-wide activities statement. Activities in the enterprise funds increased the City's net assets by \$1,440,475.

Revenues exceeded expenditures in each of the four enterprise funds. The fees received for these activities make up 68.2% of program revenues. 31.8% of program revenues came from Capital Grants and Contributions.

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

<u>Activities</u>	<u>Total Program Expenses</u>	<u>Less Program Revenues</u>	<u>Net Program Profits/(Costs)</u>	<u>Program Revenues as a Percentage of Total Expenses</u>
Water Fund	1,652,309	2,244,951	592,642	136%
Sewer Fund	1,884,973	2,193,127	308,154	116%
Storm Water Fund	670,014	1,446,220	776,206	216%
Solid Waste Fund	892,187	911,970	19,783	102%
<i>Totals</i>	5,099,483	6,796,268	1,696,785	133%



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. \$245,000 was paid off during the 2016 Fiscal Year leaving a principal balance of \$2,302,000 as of June 30, 2016

In fiscal year 2008-2009 the City entered into a 10 year, \$310,000 lease purchase agreement to purchase two new dump trucks costing \$155,000 each. These multi-purpose dump trucks are used extensively in the winter to remove snow on the City's steep hillside areas. The City's payment in fiscal year 2016 reduced the debt to \$74,168. The final payment is due June 30, 2018. The lease for one of the dump trucks is serviced by the Storm Water Fund and the other is serviced by the Motor Pool Fund.

In the 2010 fiscal year, the City entered into an 8 year \$130,100 lease purchase agreement to purchase a Vacuum Leaf Collector. The City's payment in fiscal year 2016 reduced the debt to \$37,187. The final payment is due July 1, 2018. This debt is serviced by the Storm Water Utility Fund.

The City's water fund has entered into two agreements with developers to construct various improvements to the water system as part of development of various areas within the City. These agreements have no required repayment terms by date and no interest but rather require the developer to be reimbursed for the cost of these improvements from impact fees charged in the area covered by the agreement. The total amount owed for both agreements is \$1,928,989. The amount paid on principal for the agreements for Fiscal Year 2016 was \$86,120.

The following tables show the activity of the City's long-term debt for fiscal year 2016

Long Term Debt Activity June 30, 2016

<u>Long Term Debt</u>	<u>Governmental Activities</u>			<u>Business Type Activities</u>		
	<u>Beginning Balance</u>	<u>Issued/ (Retired)</u>	<u>Ending Balance</u>	<u>Beginning Balance</u>	<u>Issued/ (Retired)</u>	<u>Ending Balance</u>
Bonds Payable	2,547,000	-245,000	2,302,000	-	-	-
Dump Truck Lease (GA)	54,374	-17,290	37,084	-	-	-
Dump Truck Lease (BA)	-	-	-	54,374	-17,290	37,084
Leaf Collector Lease	-	-	-	54,558	-17,371	37,187
System Reimbursements	-	-	-	2,015,109	-86,120	1,928,989
Total	2,601,374	-262,290	2,339,084	2,124,042	-120,782	2,003,260

Analysis of Financial Funds

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined fund balance of \$3,673,832, an increase of \$955,333. \$2,424,931 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 \$1,232,149 which has been assigned to the Capital Projects Fund for future capital projects. Nonspendable fund balance at year end was \$16,752 which was for prepaid expenses. No part of the net position was restricted or committed.

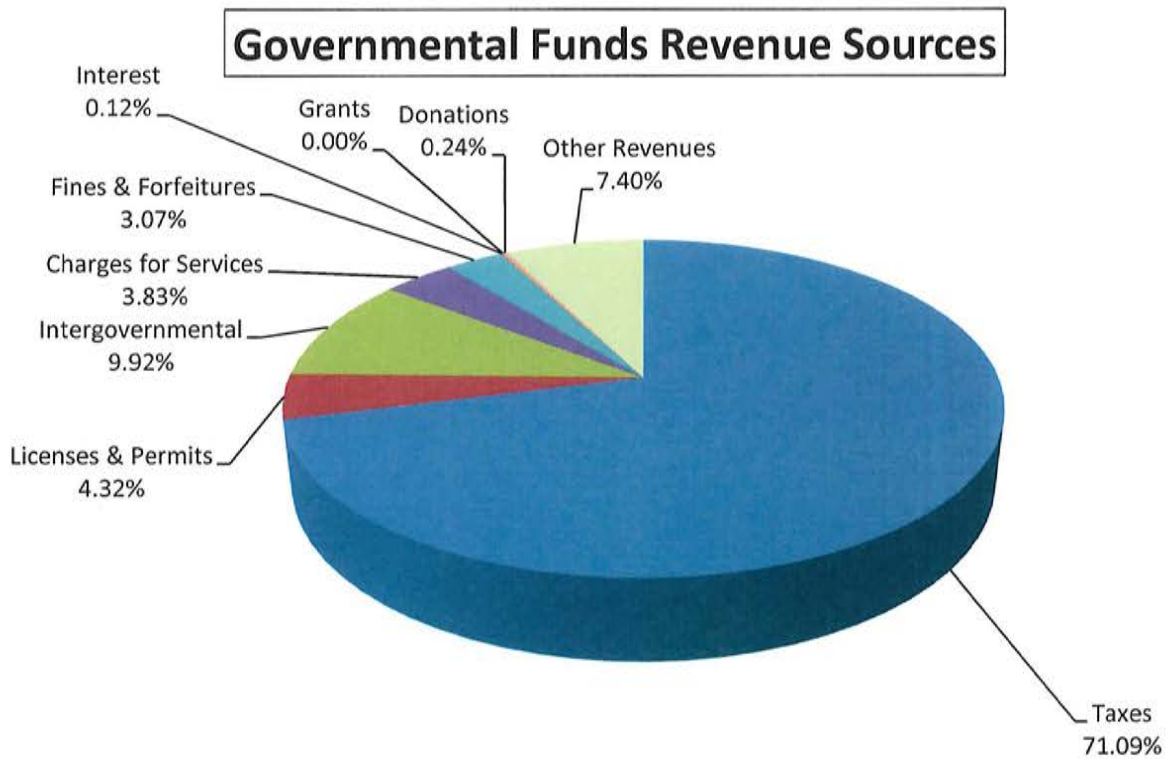
General Fund

The general fund is the chief operating fund of North Ogden City and accounts for all of the general services provided. At June 30, 2016 the unassigned fund balance of the general fund was \$1,583,233.

The following tables and charts compare general fund revenues and expenditures by function between 2014 and 2015.

General Fund Revenues (prior year comparison)

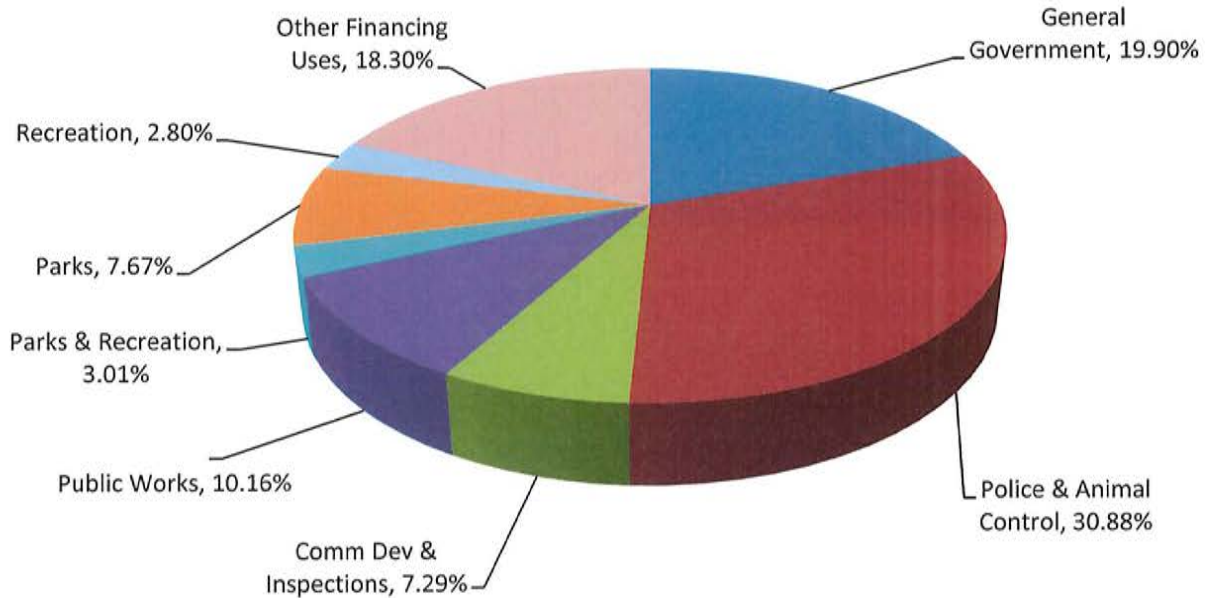
Revenues	<u>2015</u>	<u>2016</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2015 Percent of Total</u>
Taxes	\$4,551,856	\$4,817,455	\$265,599	5.83%	71.09%
Licenses & Permits	\$276,790	\$360,855	\$84,065	30.37%	4.32%
Intergovernmental	\$635,428	\$689,860	\$54,432	8.57%	9.92%
Charges for Services	\$245,462	\$325,126	\$79,664	32.45%	3.83%
Fines & Forfeitures	\$196,637	\$204,316	\$7,679	3.91%	3.07%
Interest	\$7,432	\$11,981	\$4,549	61.21%	0.12%
Grants	\$0	\$0	\$0	0.00%	0.00%
Donations	\$15,655	\$11,557	-\$4,098	-26.18%	0.24%
Other Revenues	\$474,060	\$506,232	\$32,172	6.79%	7.40%
Total Revenue	<u>\$6,403,320</u>	<u>\$6,927,382</u>	<u>\$524,062</u>	<u>8.18%</u>	



General Fund Expenditures (prior year comparison)

Expenditures	2015	2016	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2015 Percent of Total</u>
General Government	\$1,278,374	\$1,352,739	\$74,365	5.82%	19.90%
Police & Animal Control	\$1,983,774	\$2,055,112	\$71,338	3.60%	30.88%
Comm Dev & Inspections	\$468,539	\$493,695	\$25,156	5.37%	7.29%
Public Works	\$652,567	\$832,933	\$180,366	27.64%	10.16%
Parks & Recreation	\$193,291	\$202,709	\$9,418	4.87%	3.01%
Parks	\$492,832	\$548,068	\$55,236	11.21%	7.67%
Recreation	\$179,900	\$182,741	\$2,841	1.58%	2.80%
Other Financing Uses	\$1,175,523	\$1,342,592	\$167,069	14.21%	18.30%
Total Expenditures	\$6,424,800	\$7,010,589	\$585,789	9.12%	

Governmental Funds Expenditures



Other Governmental Funds

The fund balance in the Redevelopment Agency fund increased by \$290,521 during the year. This brought the fund balance from \$551,040 in 2015 to \$841,561 in 2016.

The Capital Projects fund balance increased by \$531,521 bringing the fund balance to \$1,244,783 at the end of the Fiscal Year.

Enterprise Funds

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

This year the Water Fund had an operating loss of \$300,690, the Sewer Fund had an operating loss of \$195,851, the Storm Water Fund had an operating profit of \$11,447, and the Solid Waste Fund had an operating profit of \$19,783.

The Internal Service Fund which is responsible for the repair, maintenance and purchase of the City's vehicles and equipment, had an operating profit of \$85,755. Funding for the internal service fund comes from the departments, both in the general and enterprise funds that are serviced by the fund.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and transfers was amended from \$5,815,626 to a final budget total of \$5,905,393, an increase of \$89,767. Actual expenditures and transfers were \$5,667,997 and were \$237,396 less than the final budget.

Economic Factors

Fiscal Year 2016 showed a strong economy as indicated by two of the leading economic based revenues. Sales tax revenues were up 6.1 % and revenues relating to new housing construction permits were up 43.6%. Sales tax revenues are expected to continue to increase during the coming year.

Request for Information

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

NORTH OGDEN CITY

Statement of Net Position

June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 4,524,704	5,411,275	9,935,979
Restricted cash with agent	-	-	-
Accounts receivable	2,498,136	461,719	2,959,855
Prepaid items	23,398	-	23,398
Pension asset	3,944	623	4,567
Capital assets:			
Land and related non-depreciable assets	4,900,010	159,493	5,059,503
Construction in process	-	968,810	968,810
Water stock and rights	-	6,250	6,250
Buildings	13,704,215	345,949	14,050,164
Depreciable infrastructure and improvements	15,943,738	43,855,410	59,799,148
Park improvements	3,405,079	-	3,405,079
Machinery and equipment	4,791,234	3,887,007	8,678,241
Less accumulated depreciation	(11,066,580)	(17,166,234)	(28,232,814)
Total capital assets	<u>31,677,696</u>	<u>32,056,685</u>	<u>63,734,381</u>
Total assets	<u>38,727,878</u>	<u>37,930,302</u>	<u>76,658,180</u>
Deferred outflows of resources			
Pension related	<u>724,830</u>	<u>146,604</u>	<u>871,434</u>
Liabilities:			
Accounts payable and accrued liabilities	1,029,769	299,867	1,329,636
Compensated absences payable	204,853	37,887	242,740
Accrued interest payable on bonds	8,853	-	8,853
Due to other governments	-	263,629	263,629
Performance bonds and deposits	156,520	30,400	186,920
Net pension liability	1,454,930	269,577	1,724,507
Noncurrent liabilities:			
Amount due within one year	270,111	36,286	306,397
Due in more than one year	<u>2,068,973</u>	<u>1,970,286</u>	<u>4,039,259</u>
Total liabilities	<u>5,194,009</u>	<u>2,907,932</u>	<u>8,101,941</u>
Deferred inflows of resources:			
Unearned property tax revenue	1,672,505	-	1,672,505
Pension related	<u>209,803</u>	<u>37,453</u>	<u>247,256</u>
Total deferred inflows of resources	<u>1,882,308</u>	<u>37,453</u>	<u>1,919,761</u>
Net position:			
Net investment in capital assets	29,746,972	30,050,113	59,797,085
Restricted for:			
Capital projects	1,232,149	-	1,232,149
Unrestricted	<u>1,397,270</u>	<u>5,081,408</u>	<u>6,478,678</u>
Total net position	<u>\$ 32,376,391</u>	<u>35,131,521</u>	<u>67,507,912</u>

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

NORTH OGDEN CITY

Statement of Activities

Year Ended June 30, 2016

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental:				
General government	\$ 1,500,613	706,190	-	-
Public safety	2,456,424	513,253	59,743	-
Streets and roads	1,308,910	330,087	630,117	1,806,411
Parks and recreation	1,651,006	423,496	2,000	609,720
Economic development	63,294	-	-	-
Interest on long-term debt	55,306	-	-	-
Intergovernmental	-	-	-	-
Total governmental activities	<u>7,035,553</u>	<u>1,973,026</u>	<u>691,860</u>	<u>2,416,131</u>
Business-type:				
Water	1,652,309	1,351,349	-	893,602
Sewer	1,884,973	1,689,122	-	504,005
Storm water	670,014	681,461	-	764,759
Solid waste	892,187	911,970	-	-
Total business-type activities	<u>5,099,483</u>	<u>4,633,902</u>	<u>-</u>	<u>2,162,366</u>
Total primary government	<u>\$12,135,036</u>	<u>6,606,928</u>	<u>691,860</u>	<u>4,578,497</u>
General revenue:				
Property tax				
Sales tax				
Franchise and energy tax				
Total taxes				
Interest earned				
Other general revenue:				
Miscellaneous				
Disposition of assets				
Transfers - internal activities				
Total other general revenue				
Total general revenue				
Change in net position				
Net position - beginning of year				
Prior period adjustment - pension				
Beginning net position restated				
Net position - end of year				

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

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
(794,423)	-	(794,423)
(1,883,428)	-	(1,883,428)
1,457,705	-	1,457,705
(615,790)	-	(615,790)
(63,294)	-	(63,294)
(55,306)	-	(55,306)
<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,954,536)</u>	<u>-</u>	<u>(1,954,536)</u>
-	592,642	592,642
-	308,154	308,154
-	776,206	776,206
-	19,783	19,783
<u>-</u>	<u>1,696,785</u>	<u>1,696,785</u>
<u>(1,954,536)</u>	<u>1,696,785</u>	<u>(257,751)</u>
1,898,993	-	1,898,993
2,403,347	-	2,403,347
1,086,148	-	1,086,148
<u>5,388,488</u>	<u>-</u>	<u>5,388,488</u>
23,344	36,278	59,622
30,992	-	30,992
18,900	38,412	57,312
<u>331,000</u>	<u>(331,000)</u>	<u>-</u>
<u>380,892</u>	<u>(292,588)</u>	<u>88,304</u>
<u>5,792,724</u>	<u>(256,310)</u>	<u>5,536,414</u>
3,838,188	1,440,475	5,278,663
<u>28,321,801</u>	<u>33,691,046</u>	<u>62,012,847</u>
216,402	-	216,402
<u>28,538,203</u>	<u>33,691,046</u>	<u>62,229,249</u>
<u>\$32,376,391</u>	<u>35,131,521</u>	<u>67,507,912</u>

NORTH OGDEN CITY

Balance Sheet
Governmental Funds

June 30, 2016

	General Fund	RDA Fund	Aquatic Center	Capital Projects and Transportation	Total Government Fund
Assets:					
Equity in pooled cash and investments	\$ 2,062,890	896,872	10,385	1,044,067	4,014,214
Accounts Receivable	1,790,365	519,689	-	188,082	1,828,728
Prepaid items	4,118	-	-	12,634	16,752
Total assets	<u>3,857,373</u>	<u>1,416,561</u>	<u>10,385</u>	<u>1,244,783</u>	<u>6,529,102</u>
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	\$ <u>3,857,373</u>	<u>1,416,561</u>	<u>10,385</u>	<u>1,244,783</u>	<u>6,529,102</u>
Liabilities					
Accounts Payable	\$ 1,015,997	-	10,248	-	1,026,245
Performance bonds and deposits	156,520	-	-	-	156,520
Total Liabilities	<u>1,172,517</u>	<u>-</u>	<u>10,248</u>	<u>-</u>	<u>1,182,765</u>
Deferred inflows of resources:					
Unearned property tax revenue	<u>1,097,505</u>	<u>575,000</u>	<u>-</u>	<u>-</u>	<u>1,672,505</u>
Fund balances:					
Nonspendable:					
Prepays	4,118	-	-	12,634	16,752
Assigned	-	-	-	1,232,149	1,232,149
Unassigned	<u>1,583,233</u>	<u>841,561</u>	<u>137</u>	<u>-</u>	<u>2,424,931</u>
Total fund balance	<u>1,587,351</u>	<u>841,561</u>	<u>137</u>	<u>1,244,783</u>	<u>3,673,832</u>
Total liabilities, deferred inflows, of resources, and fund balances	\$ <u>3,857,373</u>	<u>1,416,561</u>	<u>10,385</u>	<u>1,244,783</u>	<u>6,529,102</u>

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

NORTH OGDEN CITY

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

June 30, 2016

Total fund balance - governmental funds		\$ 3,673,832
Amount reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported as assets in governmental funds.		
These assets consist of:		
Land and related non-depreciable assets	\$ 4,900,010	
Buildings	13,366,650	
Depreciable infrastructure and improvements	15,943,738	
Depreciable park improvement	3,405,079	
Vehicles and equipment	1,496,641	
Accumulated depreciation	<u>(9,009,731)</u>	
Total capital assets		30,102,387
The pension asset is not an available resource and, therefore, is not reported in government funds.		
		3,783
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.		
		2,000,872
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Those liabilities consist of:		
Bonds payable	(2,302,000)	
Interest payable	(8,853)	
Compensated absences and benefits	(194,504)	
Net pension liability	<u>(1,387,633)</u>	
Total long-term debt		(3,892,990)
Deferred inflows for pension(credits), (200,378) and deferred outflows for pension (charges) 688,885 are not reflected in the funds statements but are reported as part of the entity-wide statement of activities.		
		<u>488,507</u>
Total net position - governmental activities		<u>\$ 32,376,391</u>

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

NORTH OGDEN CITY

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

Year Ended June 30, 2016

	General Fund	RDA Fund	Aquatic Center	Capital Projects and Transportation Projects	Total Government Funds
Revenue:					
Taxes	\$ 4,817,455	571,033	-	-	5,388,488
Licenses and permits	360,855	-	-	-	360,855
Intergovernmental	689,860	-	-	953,533	1,643,393
Charges for services	325,126	-	348,751	212,477	886,354
Fines and forfeitures	204,316	-	-	-	204,316
Interest	11,981	4,703	-	3,993	20,677
Rents	4,520	-	2,448	-	6,968
Donations from private sources	11,557	-	-	2,000	13,557
Traffic school	33,634	-	-	-	33,634
Sale of assets	-	-	-	-	-
Impact fees	-	-	-	290,151	290,151
Administrative fee from utility funds	448,375	-	-	-	448,375
Other revenue	19,703	-	4,323	-	24,026
Total revenue	<u>6,927,382</u>	<u>575,736</u>	<u>355,522</u>	<u>1,462,154</u>	<u>9,320,794</u>
Expenditures:					
General government	1,352,739	-	-	71,276	1,424,015
Public safety	2,548,807	-	-	-	2,548,807
Streets and highways	832,933	-	-	1,245,190	2,078,123
Parks and recreation	933,518	-	-	-	933,518
Aquatic center	-	-	430,509	-	430,509
Economic development	-	63,294	-	-	63,294
Public works Building Construction	-	-	-	630,351	630,351
Parks and improvements	-	-	-	447,996	447,996
Land purchase	-	-	-	55,000	55,000
Bond retirement	-	-	245,000	-	245,000
Interest on bonds	-	-	56,248	-	56,248
Total expenditures	<u>5,667,997</u>	<u>63,294</u>	<u>731,757</u>	<u>2,449,813</u>	<u>8,912,861</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,259,385</u>	<u>512,442</u>	<u>(376,235)</u>	<u>(987,659)</u>	<u>407,933</u>
Other financing sources (uses):					
Proceeds from bond issue (net)	-	-	-	-	-
Deposit to bond refunding escrow	-	-	-	-	-
Bond issue costs	-	-	-	-	-
Transfers from (to) other funds	(1,342,592)	(221,920)	376,332	1,519,180	331,000
Total other financing sources (Uses)	<u>(1,342,592)</u>	<u>(221,920)</u>	<u>376,332</u>	<u>1,519,180</u>	<u>331,000</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	(83,207)	290,522	97	531,521	738,933
Fund balance - beginning of year	1,454,156	551,039	40	713,262	2,718,497
Prior years adjustment	<u>216,402</u>	-	-	-	<u>216,402</u>
Fund balance beginning of year as adjusted	<u>1,670,558</u>	<u>551,039</u>	<u>40</u>	<u>713,262</u>	<u>2,934,899</u>
Fund balance - end of year	<u>\$ 1,587,351</u>	<u>841,561</u>	<u>137</u>	<u>1,244,783</u>	<u>3,673,832</u>

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

NORTH OGDEN CITY

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

Year Ended June 30, 2016

Net change in fund balance - total governmental funds	\$ 738,933
Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures (\$2,460,668). However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$954,061). Capital outlays exceeded depreciation for the period.	1,506,607
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.	245,000
Contributions of infrastructure to governmental funds do not provide current financial resources but are reported in the statement of activities.	1,200,382
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities.	107,322
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.	(22,565)
Changes in accrued interest expense used in government activities are not payable from current resources and are therefore not reported in governmental funds.	942
Some reductions of expense reported in the statement of activities do not use current financial resources and therefore are not in governmental funds.	<u>61,567</u>
Changes in net position of governmental activities	<u>\$ 3,838,188</u>

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

NORTH OGDEN CITY

Statement of Net Position
Enterprise Funds

June 30, 2016

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Activities - Internal Service Funds
Current assets:						
Cash and cash equivalents	\$ 1,569,055	1,585,906	1,998,073	258,241	5,411,275	510,490
Accounts receivable	91,307	201,918	72,747	95,747	461,719	6,646
Total current assets	<u>1,660,362</u>	<u>1,787,824</u>	<u>2,070,820</u>	<u>328,281</u>	<u>5,847,287</u>	<u>517,136</u>
Capital assets:						
Land	60,510	-	98,983	-	159,493	-
Buildings and structures	345,949	-	-	-	345,949	337,565
Construction in process	915,184	2,957	50,669	-	968,810	-
Systems	24,629,825	9,190,708	10,041,127	-	43,861,660	-
Vehicles and Equipment	1,344,306	541,268	885,248	1,116,185	3,887,007	3,294,594
Total Capital Assets	<u>27,295,774</u>	<u>9,734,933</u>	<u>11,076,027</u>	<u>1,116,185</u>	<u>49,222,919</u>	<u>3,632,159</u>
Accumulated depreciation	<u>(9,398,638)</u>	<u>(2,958,871)</u>	<u>(3,820,550)</u>	<u>(988,175)</u>	<u>(17,166,234)</u>	<u>(2,056,850)</u>
Net capital assets	<u>17,987,136</u>	<u>6,776,062</u>	<u>7,255,477</u>	<u>128,010</u>	<u>32,056,685</u>	<u>1,575,309</u>
Pension asset	304	144	117	58	623	161
Total Noncurrent items	<u>17,987,440</u>	<u>6,776,206</u>	<u>7,255,594</u>	<u>128,068</u>	<u>32,057,308</u>	<u>1,575,470</u>
Total assets	<u>19,557,802</u>	<u>8,564,030</u>	<u>9,326,414</u>	<u>482,056</u>	<u>37,930,302</u>	<u>2,092,606</u>
Deferred outflows of resources						
Pension related	<u>70,392</u>	<u>26,707</u>	<u>29,706</u>	<u>19,799</u>	<u>146,604</u>	<u>35,945</u>
Current liabilities:						
Current portion of lease obligation payable	-	-	36,286	-	36,286	18,111
Accounts payable	37,038	250,064	1,152	-	288,254	-
Wages and benefits payable	5,014	1,215	2,812	2,572	11,613	3,524
Compensated absences payable	12,358	9,994	10,332	5,203	37,887	10,349
Impact fees payable	-	263,629	-	-	263,629	-
Deposits	30,400	-	-	-	30,400	-
Total current liabilities	<u>84,810</u>	<u>524,902</u>	<u>50,582</u>	<u>7,775</u>	<u>668,069</u>	<u>31,984</u>
Non-current liabilities:						
Net Pension Liability	130,123	53,454	53,343	32,657	269,577	67,297
System reimbursement agreements payable	1,932,301	-	-	-	1,932,301	-
Lease obligation payable	-	-	74,271	-	74,271	37,084
Current portion of lease obligation payable	-	-	(36,286)	-	(36,286)	(18,111)
Total non-current liabilities	<u>2,062,424</u>	<u>53,454</u>	<u>91,382</u>	<u>32,657</u>	<u>2,239,863</u>	<u>86,270</u>
Total liabilities	<u>2,147,234</u>	<u>578,356</u>	<u>141,910</u>	<u>40,432</u>	<u>2,907,932</u>	<u>118,254</u>
Deferred inflows of resources						
Pension related	<u>18,121</u>	<u>7,699</u>	<u>7,331</u>	<u>4,302</u>	<u>37,453</u>	<u>9,425</u>
Net position:						
Net investment in capital assets	15,964,835	6,776,062	7,181,206	128,010	30,050,113	1,538,225
Unrestricted	1,498,004	1,228,620	2,025,673	329,111	5,081,408	462,647
Total net position	<u>\$17,462,839</u>	<u>8,004,682</u>	<u>9,206,879</u>	<u>457,121</u>	<u>35,131,521</u>	<u>2,000,872</u>

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

NORTH OGDEN CITY

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

Year Ended June 30, 2016

	Business-Type Activities - 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	\$ 1,252,219	1,682,888	681,461	881,603	4,498,171	677,104
Connection fees	31,151	6,234	-	-	37,385	-
Special fees to builders	-	-	-	14,450	14,450	-
Sale of materials and supplies	-	-	-	-	-	24,623
Miscellaneous	67,979	-	-	15,917	83,896	-
Total operating revenue	<u>1,351,349</u>	<u>1,689,122</u>	<u>681,461</u>	<u>911,970</u>	<u>4,633,902</u>	<u>701,727</u>
Operating expenses:						
Salaries and benefits	350,250	131,634	165,740	104,722	752,346	173,728
Sewer fees	-	1,051,192	3,749	-	1,054,941	-
Transfer station fees - Weber County	-	-	-	234,747	234,747	-
Contract service - Waste Management	-	-	-	399,354	399,354	-
Materials, supplies and services	429,868	346,107	78,598	20,351	874,924	251,532
Motor pool rents	90,646	53,475	57,346	7,531	208,998	-
Depreciation	653,550	188,043	250,059	34,146	1,125,798	190,712
Administrative services fee	127,995	114,522	114,522	91,336	448,375	-
Total operating expenses	<u>1,652,309</u>	<u>1,884,973</u>	<u>670,014</u>	<u>892,187</u>	<u>5,099,483</u>	<u>615,972</u>
Operating income (loss)	<u>(300,690)</u>	<u>(195,851)</u>	<u>11,447</u>	<u>19,783</u>	<u>(465,581)</u>	<u>85,755</u>
Non-operating revenue (expenses):						
Impact fees	472,793	76,284	224,162	-	773,239	-
Gain(loss) from sale of assets	-	38,412	-	-	38,412	18,900
Transfer to capital projects fund	(75,000)	-	(256,000)	-	(331,000)	-
Interest received	12,888	9,565	12,059	1,766	36,278	2,667
Total non-operating revenue (expenses)	<u>410,681</u>	<u>124,261</u>	<u>(19,779)</u>	<u>1,766</u>	<u>516,929</u>	<u>21,567</u>
Capital contribution - builders and developers	<u>420,809</u>	<u>427,721</u>	<u>540,597</u>	<u>-</u>	<u>1,389,127</u>	<u>-</u>
Change in net position	530,530	356,131	532,265	21,549	1,440,475	107,322
Net position - beginning of year	<u>16,932,309</u>	<u>7,648,551</u>	<u>8,674,614</u>	<u>435,572</u>	<u>33,691,046</u>	<u>1,893,550</u>
Net position - end of year	<u>\$17,462,839</u>	<u>8,004,682</u>	<u>9,206,879</u>	<u>457,121</u>	<u>35,131,521</u>	<u>2,000,872</u>

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

NORTH OGDEN CITY

Statement of Cash Flows
Enterprise Funds

Year Ended June 30, 2016

	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	\$ 1,233,208	1,670,704	688,847	886,665	4,459,424	705,067
Cash received from other activities	99,130	6,234	-	30,367	135,731	-
Cash payments for payroll and benefits	(340,318)	(127,415)	(160,923)	(104,300)	(732,956)	(169,541)
Cash payments for goods and services	(643,509)	(1,315,377)	(254,216)	(753,319)	(2,966,421)	(258,178)
Net payments of service deposits	(15,100)	-	-	-	(15,100)	-
Net payments of impact fees collected for another government	-	170,309	-	-	170,309	-
Net cash provided (used) by operating activities	<u>333,411</u>	<u>404,455</u>	<u>253,708</u>	<u>59,413</u>	<u>880,678</u>	<u>277,348</u>
Cash flows from capital and related financing activities:						
Cash payments for property and equipment	(1,367,444)	(443,983)	(204,963)	(28,393)	(2,044,783)	(256,938)
Proceeds from capital assets sales	-	60,001	-	-	60,001	61,619
Impact fee collections for capital projects	472,793	76,284	224,162	-	773,239	-
Principal payments on lease financing	-	-	(34,661)	-	(34,661)	(17,290)
Payments on system reimbursement agreements	(82,808)	-	-	-	(82,808)	-
Net cash provided (used) by capital and related financing activities	<u>(977,459)</u>	<u>(307,698)</u>	<u>(15,462)</u>	<u>(28,393)</u>	<u>(1,329,012)</u>	<u>(212,609)</u>
Cash flows from non-capital financing activities:						
Transfer from (to) other funds	(75,000)	-	(256,000)	-	(331,000)	-
Pension related items	(6,762)	(2,401)	(2,916)	(2,060)	(14,139)	(3,418)
Net cash used by non-capital financing activities	<u>(81,762)</u>	<u>(2,401)</u>	<u>(258,916)</u>	<u>(2,060)</u>	<u>(345,139)</u>	<u>(3,418)</u>
Cash flows from investing activities:						
Interest received	<u>12,888</u>	<u>9,565</u>	<u>12,059</u>	<u>1,766</u>	<u>36,278</u>	<u>2,667</u>
Net cash provided by investing activities	<u>12,888</u>	<u>9,565</u>	<u>12,059</u>	<u>1,766</u>	<u>36,278</u>	<u>2,667</u>
Net increase (decrease) in cash and cash equivalents	(712,922)	103,921	(8,611)	30,726	(586,886)	63,988
Cash and cash equivalents - beginning of year	<u>2,281,977</u>	<u>1,481,985</u>	<u>2,006,684</u>	<u>227,515</u>	<u>5,998,161</u>	<u>446,502</u>
Cash and cash equivalents - end of year	<u>\$ 1,569,055</u>	<u>1,585,906</u>	<u>1,988,073</u>	<u>258,241</u>	<u>5,411,275</u>	<u>510,490</u>

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

NORTH OGDEN CITY

Statement of Cash Flows - Continued
Enterprise Funds

Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (300,960)	(195,851)	11,447	19,783	(465,581)	85,755
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	653,550	188,043	250,059	34,146	1,125,798	190,712
Decrease (increase) in receivables	(19,011)	(12,184)	(12,614)	5,062	(38,747)	3,340
Decrease (increase) in impact fees for other governments	-	170,309	-	-	170,309	-
(Decrease) increase in compensated absences or accounts payable	14,932	254,138	4,816	422	274,308	(2,459)
Decrease in deposits for services	(15,100)	-	-	-	(15,100)	-
Total adjustments	<u>634,371</u>	<u>600,306</u>	<u>242,261</u>	<u>39,630</u>	<u>1,516,568</u>	<u>191,593</u>
Net cash provided (used) by operating activities	\$ <u>333,411</u>	<u>404,455</u>	<u>253,708</u>	<u>59,413</u>	<u>880,678</u>	<u>277,348</u>
Noncash investing, capital and financing activities:						
Capital assets acquired on account	32,038	145	1,152	-	33,335	-
Capital contributions by developers	<u>420,809</u>	<u>427,721</u>	<u>540,597</u>	<u>-</u>	<u>1,389,127</u>	<u>-</u>
Total noncash investing, capital and financing activities	\$ <u>452,847</u>	<u>427,868</u>	<u>541,749</u>	<u>-</u>	<u>1,422,462</u>	<u>-</u>

See independent auditor's report and notes to financial statements

NORTH OGDEN CITY

Notes to Financial Statements

June 30, 2016

(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:

June 30, 2016

(1) Summary of Significant Accounting Policies - Continued**Governmental Fund Types:**

The City reports the following major governmental funds:

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

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

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

Proprietary Fund Types:

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

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

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

June 30, 2016

(1) Summary of Significant Accounting Policies - Continued

Sales and use taxes, franchise taxes, and earned but un-reimbursed state and federal grants associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. All other revenues are considered to be measurable and available only when cash is received by the government.

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

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

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

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

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

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

Receivables and Payables

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

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

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

Inventories and Prepaid Items

All inventories are valued at cost and accounted for on the first-in, first-out method (FIFO). Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. No material inventories were on hand at June 30, 2016.

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, 2016

(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 \$500 (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, 2016.

Compensated Absences

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

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond discounts and premiums are deferred and amortized over the life of the applicable debt.

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

(1) Summary of Significant Accounting Policies - Continued**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a separate consumption of net position, fund balance, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The City is reporting no deferred outflows of resources relating to pension in the government-wide financial statement.

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred outflows 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 outflows of resources relating to its employee pensions in the government-wide financial statements.

Net Position/Fund Balances

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

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

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

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

F. Pensions

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

G. Budgets

Annual budgets are prepared and adopted in accordance with the "Uniform Fiscal Procedures Act of Utah Cities" by North Ogden City Municipal Council on or before June 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, five supplemental amendments were made to the City's general fund budget increasing total revenue \$32,417 and total expenditures \$554,767, including transfers to other funds. The Capital Project - Transportation funds were amended increasing revenue and transfers by \$1,195,000 and expenditures by \$825,282.

(1) Summary of Significant Accounting Policies - Continued

H. Non-spendable Fund Balance/Retained Earnings

Non-spendable fund balance at June 30, 2016 is comprised of prepaids of \$ 4,118 in the general fund, and \$12,634 in the capital projects fund.

I. Commitment of Fund Balance

The City has no (\$0) balance designated as committed.

J. Assignment of Fund Balance

Assignment of fund balance is comprised of \$1,232,149 in the capital projects fund for planned projects including streets and roads.

K. Cash and Cash Equivalents

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

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Deposits and Investments

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

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council. The City's deposits in banks in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's deposits at the banks and credit unions at June 30, 2016 were \$1,901,500, of which \$653,624 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, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 8,102,545	53 days*	not rated

*Weighted-average maturity

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(2) Deposits and Investments - Continued

C. Interest Rate Risk

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

D. Concentration of Credit Risk

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

Components of cash including interest bearing deposits at June 30, 2016 are as follows:

Cash on hand and deposit:	
Cash on hand	\$ 6,200
Cash on deposit	829,596
Money market deposits	997,638
PTIF deposit	<u>8,102,545</u>
	<u>\$ 9,935,979</u>

(3) Accounts Receivable

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

	General Fund	Special Revenue Fund	Capital Projects & Transportation	Water Utility Enterprise Fund	Sewer Utility Enterprise Fund	Storm Water Utility Enterprise Fund	Solid Waste Utility Enterprise Fund	Total
Taxes	\$ 1,120,351	519,689	-	-	-	-	-	1,640,040
Utilities	-	-	27,253	91,307	201,918	72,747	95,747	488,972
Intergovernmental	601,758	-	160,829	-	-	-	-	762,587
Other	<u>68,256</u>	-	-	-	-	-	-	<u>68,256</u>
	<u>\$ 1,790,365</u>	<u>519,689</u>	<u>428,464</u>	<u>72,296</u>	<u>189,734</u>	<u>60,133</u>	<u>26,094</u>	<u>2,959,855</u>

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes levied not yet due	\$ 1,522,714	1,522,714
Property taxes received not yet due	-	149,791
	<u>\$ 1,522,714</u>	<u>1,672,505</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(4) Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and land improvements	4,238,981	661,029	-	4,900,010
Total	<u>4,050,925</u>	<u>661,029</u>	<u>-</u>	<u>4,900,010</u>
Capital assets being depreciated:				
Buildings and improvements	13,072,902	631,313	-	13,704,215
Infrastructure	14,104,195	1,839,543	-	15,943,738
Park improvements	2,956,171	448,908	-	3,405,079
Machinery and equipment	4,531,822	337,194	77,782	4,791,234
Total	<u>34,665,090</u>	<u>3,256,958</u>	<u>77,782</u>	<u>37,844,266</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,772,528)	(335,718)	-	(4,108,246)
Infrastructure	(2,798,256)	(483,470)	-	(3,281,726)
Park improvements	(552,810)	(80,026)	-	(632,836)
Machinery and equipment	(2,856,029)	(245,560)	(57,817)	(3,043,722)
Total	<u>(9,979,623)</u>	<u>(1,144,774)</u>	<u>(57,817)</u>	<u>(11,066,580)</u>
Capital assets being depreciated, net	<u>24,685,467</u>	<u>2,112,184</u>	<u>19,965</u>	<u>26,777,686</u>
Governmental activity capital assets, net	<u>\$28,736,392</u>	<u>2,773,213</u>	<u>19,965</u>	<u>31,677,696</u>

Capital assets in the statement of net position also includes the equipment and other depreciable assets, net of accumulated depreciation, for the internal service fund of \$1,575,309.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in process	36,434	968,810	36,434	968,810
Water rights and stock	\$ 6,250	-	-	6,250
Land and land improvements	159,493	-	-	159,493
Total	<u>202,177</u>	<u>968,810</u>	<u>36,434</u>	<u>1,134,553</u>
Capital assets being depreciated:				
Buildings and improvements	345,949	-	-	345,949
Infrastructure	41,943,030	1,912,382	-	43,855,412
Machinery and equipment	3,475,803	627,082	215,880	3,887,005
Total	<u>45,764,782</u>	<u>2,539,464</u>	<u>215,880</u>	<u>48,088,366</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (257,286)	(10,780)	-	(268,066)
Infrastructure	(13,601,233)	(976,564)	-	(14,577,797)
Machinery and equipment	(2,376,209)	(138,454)	(194,292)	(2,320,371)
Total	<u>(16,234,728)</u>	<u>(1,125,798)</u>	<u>(194,292)</u>	<u>(17,166,234)</u>
Capital assets being depreciated, net	<u>29,530,054</u>	<u>1,413,666</u>	<u>21,588</u>	<u>30,922,132</u>
Business-type activities capital assets, net	<u>\$29,732,231</u>	<u>2,382,476</u>	<u>58,022</u>	<u>32,056,685</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued
June 30, 2016

(4) Capital Assets - Continued

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

Government activities:	
General government	\$ 60,560
Public safety	130,887
Public works, including depreciation of general infrastructure	631,724
Parks and recreation	321,603
	<u>1,144,774</u>
Business activities:	
Water	653,550
Sewer	188,043
Storm water	250,059
Solid waste	34,146
	<u>1,125,798</u>
	<u>\$ 2,270,572</u>

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

Activity with long-term liabilities including capital leases for the year ending June 30, 2016 is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Amount Due Within One Year
<i>Governmental activities:</i>					
Sales Tax Revenue Refunding Bond	2,547,000	-	245,000	2,302,000	252,000
Dump truck lease	54,374	-	17,290	37,084	18,111
Total	<u>\$ 2,601,374</u>	<u>-</u>	<u>262,290</u>	<u>2,339,084</u>	<u>270,111</u>
<i>Business-type activities:</i>					
System reimbursement agreements	\$ 2,015,109	-	86,120	1,928,989	-
Dump truck lease	54,375	-	17,291	37,084	18,112
Leaf collection truck	54,558	-	17,371	37,187	18,174
Total	<u>\$ 2,124,042</u>	<u>-</u>	<u>120,782</u>	<u>2,003,260</u>	<u>36,286</u>

For the current year ended June 30, 2016, interest of \$58,831 was charged to expenses by Governmental Activities and \$5,102 by business-type activities. No interest was capitalized during the year by either type of activity.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(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 <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 252,000	50,483	302,483
2018	259,000	44,556	303,556
2019	265,000	38,477	303,477
2020	251,000	32,492	283,492
2021	256,000	26,610	282,610
2022-2025	<u>1,019,000</u>	<u>45,020</u>	<u>1,064,020</u>
	<u>\$ 2,302,000</u>	<u>237,638</u>	<u>2,539,638</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.

The debt on these agreements is as follows:

Agreement 1	\$ 1,532,505
Agreement 2	<u>396,484</u>
	<u>\$ 1,928,989</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(7) Capital Leases

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

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

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

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

Future minimum lease payments together with the present value of the net minimum lease payments under these capital lease obligations at June 30, 2016 are as follows:

Year Ended June 30,	Governmental Activities		Business Type Activities		
	Motor Pool		Storm Water Utility		
	Dump Truck	Total	Dump Truck	Leaf Collector	Total
2017	19,873	19,873	19,874	19,892	39,766
2018	19,873	19,873	19,873	19,891	39,764
Total lease payments	39,746	39,746	39,747	39,783	79,530
Less amounts representing interest	2,662	2,662	2,663	2,596	5,259
Present value of minimum lease payments	37,084	37,084	37,084	37,187	74,271
Less current portion	18,111	18,111	18,112	18,174	36,286
Portion of obligations under capital lease due after one year	\$ 18,973	18,973	18,972	19,013	37,985

(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, 2016, all interfund receivables and payables had been paid.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(9) Retirement Plans

General Information about the Pension Plan

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

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

Defined Benefit Plans

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1053, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

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

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(9) Retirement Plans - Continued

Tier 2 Public Employees Systems	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

*With actuarial reductions.

**All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

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

Utah Retirement Systems

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employee Contribution Rates</u>	<u>Employer rate for 401(k) Plan</u>
Contributory System				
11 - Local Governmental Division Tier 1	6.0	N/A	14.46	N/A
111 - Local Governmental Division Tier 2	N/A	N/A	16.67	1.78
Noncontributory System				
15 - Local Government Division - Tier 1	N/A	N/A	18.47	N/A
Public Safety System				
Contributory				
122 Tier 2 DB Hybrid Public Safety	N/A	N/A	23.66	1.33
Noncontributory				
75 Other Division A with 4% COLA	N/A	N/A	35.71	N/A
Tier 2 DC Only				
31 - Division A Tier 1	N/A	N/A	6.69	10.00

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

For fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 233,522	\$ N/A
Public Safety System	206,900	-
Tier 2 Public Employees System	57,781	-
Tier 2 Public Safety and Firefighter System	42,978	N/A
Tier 2 DC Only System	8,241	N/A
Total Net Pension Asset/Liability	\$ 549,222	\$ <u>N/A</u>

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

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

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(9) Retirement Plans - Continued

At June 30, 2016, we reported a net pension asset of \$4,567 and a net pension liability of \$1,724,507.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.1631476 %	\$ -	923,168
Public Safety System	0.4473629 %	-	801,339
Tier 2 Public Employees System	0.0485772 %	160	-
Tier 2 Public Safety and Firefighter System	0.3053124 %	4,461	-
Total Net Pension Asset/Liability		<u>\$ 4,567</u>	<u>1,724,507</u>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 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, 2016, we recognized pension expense of \$469,980.

At June 30, 2016, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 775	126,176
Changes in assumptions	-	106,016
Net difference between projected and actual earnings on pension plan investments	572,173	-
Changes in proportion and differences between contributions and proportionate share of contributions	25,859	15,064
Contributions subsequent to the measurement date	<u>272,627</u>	<u>-</u>
Total	<u>\$ 871,434</u>	<u>247,256</u>

\$272,627 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, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2016	\$ 66,438
2017	66,438
2018	88,760
2019	130,198
2020	(190)
Thereafter	(94)

Actuarial assumptions: The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2015 valuation were based on the results of an actuarial experience study for the five year period of January 1, 2009 - December 31, 2013.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(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:

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

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

Discount rate: The discount rate used to measure the total pension liability was 7.50%. 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.

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

<u>System</u>	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Noncontributory System	\$ 1,950,563	923,168	65,500
Public Safety System	1,696,898	801,339	72,189
Tier 2 Public Employees System	19,447	(106)	(14,925)
Tier 2 Public Safety and Firefighters System	7,583	(4,461)	(13,709)
Total	\$ 3,674,491	1,719,940	109,055

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 issued URS financial report.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(9) Retirement Plans - Continued

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

*401(k)

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

<u>System</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer Contributions	\$ 21,645	16,145	10,449
Employee Contributions	4,434	3,339	1,321

(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 \$724,830 and business-type activities of \$146,604.

The City has Deferred Inflows of Resources relating to its pension activities of governmental activities of \$209,803 and business-type activities of \$37,453. The City also has Unearned revenue from property taxes received in the fiscal year which will be used to finance 2016 - 2017 fiscal year expenditures of \$1,672,505.

Unearned revenue is comprised of the following:

2016 property taxes received in the fiscal year which will be used to finance the 2016-2017 fiscal year expenditures	
General fund	\$ 1,097,505
RDA fund	<u>575,000</u>
	<u>\$ 1,672,505</u>

(11) North Ogden Redevelopment Agency

The redevelopment agency (RDA) collected tax increments of \$571,033 and interest of \$4,703 for the year ended June 30, 2016, 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, 2016. The RDA has borrowed \$-0- from the general fund. The RDA received \$79,328 from the general funds as a transfer for the City's property tax increment and transferred \$221,920 to the Aquatic Center.

During the year the RDA incurred the following expenditures:

Other professional fees and service	\$ 3,767
Engineering services	13,878
Off site improvements	45,649
Transfer to Aquatic Center for interest on debt service	<u>221,920</u>
Total expenditures	<u>\$ 285,214</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2016

(12) Interfund Transfers

Transfers during the year end June 30, 2016 were as follows:

Transfer from general fund	\$ 1,342,592
Transfer from RDA	221,920
Transfer to Aquatic Center	(376,332)
Transfer to capital projects fund	(1,519,180)
Transfer to motor pool	-
Transfer from water utility	75,000
Transfer from sewer utility	-
Transfer from storm water utility	256,000
	<u>\$ -</u>

(13) Deficit Fund Balances and Budgetary Compliance

The City's Capital Projects fund exceeded the budgeted expenditures. No fund has a deficit balance.

(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.

(15) Contingencies

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

(16) Risk Management

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). At June 30, 2016, there were no outstanding claims or judgements against the City. Settlements did not exceed insurance coverage for each of the past three years.

(17) Prior Period Adjustment

The City changed it's policy for accruing earned revenues. This implementation required an adjustment to the beginning net position of the governmental activities of \$216,402 and the beginning fund balance of the general fund of \$216,402.

(18) Subsequent Events

Management has evaluated subsequent events through February 10, 2017, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

NORTH OGDEN CITY

Notes to Required Supplementary Information

June 30, 2016

Budgeting and Budgetary Control

As more fully explained in Note 1 of the Notes to Financial Statements, annual budgets are prepared and adopted before June 22 for the fiscal year commencing the following July 1 in accordance with the Uniform Fiscal Procedures Act for Utah Cities. State law requires budgeted revenues to equal budgeted expenditures, and legal control is exercised at the department level. Once a budget has been adopted, it remains in effect until it has been formally revised. Budgets for the general fund, special revenue, and capital projects funds are legally required and are prepared and adopted on the modified accrual basis of accounting. Therefore, no reconciliation between budgetary schedules and the GAAP statements is required.

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

Pension Plan

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

Change in Assumptions

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.5%. Also, there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

NORTH OGDEN CITY

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

Year Ended June 30, 2016

<u>Revenue</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
General property taxes	\$ 1,135,483	1,135,483	1,182,535	47,052
Delinquent property taxes	35,000	35,000	23,112	(11,888)
Motor vehicle tax	125,000	125,000	122,313	(2,687)
General sales and use tax	2,330,589	2,330,589	2,357,957	27,368
County option transit tax	-	-	45,390	45,390
Utility franchise tax	1,100,000	1,100,000	1,086,148	(13,852)
Total taxes	<u>4,726,072</u>	<u>4,726,072</u>	<u>4,817,455</u>	<u>91,383</u>
Licenses and permits:				
Business licenses	47,500	47,500	49,797	2,297
Building permits	181,500	207,500	298,428	90,928
Animal licenses	19,500	19,500	12,630	(6,870)
Total licenses and permits	<u>248,500</u>	<u>274,500</u>	<u>360,855</u>	<u>86,355</u>
Intergovernmental:				
Class C road allotment	605,000	605,000	630,117	25,117
State liquor allotment	12,500	12,500	15,026	2,526
Weber County	16,500	16,500	17,391	891
Grants	-	-	27,326	27,326
Total intergovernmental	<u>634,000</u>	<u>634,000</u>	<u>689,860</u>	<u>55,860</u>
Charges for services:				
Aquatic center and recreation fees	96,000	96,000	86,711	(9,289)
Building plan/development fees	56,500	56,500	159,780	103,280
Zoning and subdivision fees	9,000	9,000	8,781	(219)
Cherry Days	35,000	35,000	50,454	15,454
Credit card fees	8,500	8,500	9,505	1,005
Youth council projects	2,000	2,000	25	(1,975)
Other charges and fees	8,000	8,000	9,870	1,870
Total charges for services	<u>215,000</u>	<u>215,000</u>	<u>325,126</u>	<u>110,126</u>
Fines and forfeitures	<u>175,000</u>	<u>175,000</u>	<u>204,316</u>	<u>29,316</u>
Other revenue:				
Interest	6,500	6,500	11,981	5,481
Rents	24,000	24,000	4,520	(19,480)
Traffic school	34,000	34,000	33,634	(366)
Donations	-	6,417	11,557	5,140
Administrative service fee to utility funds	448,375	448,375	448,375	-
Sale of assets	-	-	-	-
Miscellaneous	7,900	7,900	19,703	11,803
Total other revenue	<u>520,775</u>	<u>527,192</u>	<u>529,770</u>	<u>2,578</u>
Total revenue	<u>6,519,347</u>	<u>6,551,764</u>	<u>6,927,382</u>	<u>375,618</u>
<u>Expenditures</u>				
<u>General Government</u>				
Legislative:				
Salaries and benefits	\$ 100,457	100,457	100,617	(160)
Materials, supplies and services	34,150	34,150	33,900	250
Capital expenditures	5,000	5,000	11,758	(6,758)
Total Legislative	<u>139,607</u>	<u>139,607</u>	<u>146,275</u>	<u>(6,668)</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2016

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>General Government</u>				
Judicial:				
Salaries and benefits	\$ 121,678	121,678	122,934	(1,256)
Materials, supplies and services	35,610	35,610	26,931	8,679
Capital	-	-	4,212	(4,212)
	<u>157,288</u>	<u>157,288</u>	<u>154,077</u>	<u>3,211</u>
Finance:				
Salaries and benefits	265,058	265,058	242,583	22,475
Materials, supplies and services	52,508	52,508	59,520	(7,012)
Capital	-	-	1,595	(1,595)
	<u>317,566</u>	<u>317,566</u>	<u>303,698</u>	<u>13,868</u>
Administrative:				
Salaries and benefits	181,077	181,077	157,845	23,232
Materials, supplies and services	49,995	50,395	57,408	(7,013)
Capital	-	3,200	8,714	(5,514)
	<u>231,072</u>	<u>234,672</u>	<u>223,967</u>	<u>10,705</u>
Non-Departmental:				
Salaries and benefits	11,200	11,200	9,776	1,424
Materials, supplies and services	343,100	369,100	374,367	(5,267)
	<u>354,300</u>	<u>380,300</u>	<u>384,143</u>	<u>(3,843)</u>
Elections:				
Materials, supplies and services	21,000	17,400	7,745	9,655
	<u>21,000</u>	<u>17,400</u>	<u>7,745</u>	<u>9,655</u>
General government buildings:				
Salaries and benefits	25,000	25,000	23,951	1,049
Materials, supplies and services	100,292	100,292	108,883	(8,591)
Capital	-	-	-	-
	<u>125,292</u>	<u>125,292</u>	<u>132,834</u>	<u>(7,542)</u>
Total general government	<u>1,346,125</u>	<u>1,372,125</u>	<u>1,352,739</u>	<u>19,386</u>
<u>Public Safety</u>				
Police service:				
Salaries and benefits	1,721,757	1,721,757	1,618,749	103,008
Materials, supplies and services	339,757	339,757	316,826	22,931
Capital	-	-	35,876	(35,876)
	<u>2,061,514</u>	<u>2,061,514</u>	<u>1,971,451</u>	<u>90,063</u>
Planning:				
Salaries and benefits	109,787	109,787	111,771	(1,984)
Materials, supplies and services	94,140	94,140	78,739	15,401
Capital	-	-	1,494	(1,494)
	<u>203,927</u>	<u>203,927</u>	<u>192,004</u>	<u>11,923</u>
Inspection:				
Salaries and benefits	275,742	275,742	270,056	5,686
Materials, supplies and services	32,377	32,377	31,635	742
Capital	-	-	-	-
	<u>308,119</u>	<u>308,119</u>	<u>301,691</u>	<u>6,428</u>
Animal control:				
Salaries and benefits	66,077	66,077	47,533	18,544
Operating	36,512	36,512	35,155	1,397
Capital	3,075	3,075	1,013	2,062
	<u>105,664</u>	<u>105,664</u>	<u>83,661</u>	<u>22,003</u>
Total public safety	<u>2,679,224</u>	<u>2,679,224</u>	<u>2,548,807</u>	<u>130,417</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2016

Expenditures - Continued	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<u>Streets and Highways</u>				
Salaries and benefits	\$ 321,947	321,947	288,472	33,475
Materials, supplies and services	496,792	539,142	543,925	(4,783)
Capital	-	-	536	(536)
	<u>818,739</u>	<u>861,089</u>	<u>832,933</u>	<u>28,156</u>
Total streets and highways	<u>818,739</u>	<u>861,089</u>	<u>832,933</u>	<u>28,156</u>
<u>Community Services</u>				
Administration:				
Salaries and benefits	114,359	114,359	101,199	13,160
Materials, supplies and services	96,917	96,917	95,835	1,082
Capital	-	-	5,675	(5,675)
	<u>211,276</u>	<u>211,276</u>	<u>202,709</u>	<u>8,567</u>
Parks department:				
Salaries and benefits	395,076	395,076	347,308	47,768
Materials, supplies and services	171,897	186,897	198,377	(11,480)
Capital	-	-	2,383	(2,383)
	<u>566,973</u>	<u>581,973</u>	<u>548,068</u>	<u>33,905</u>
Recreation department:				
Salaries and benefits	121,210	121,210	107,742	13,468
Materials, supplies and services	72,079	78,496	74,999	3,497
Capital	-	-	-	-
	<u>193,289</u>	<u>199,706</u>	<u>182,741</u>	<u>16,965</u>
Total community services	<u>971,538</u>	<u>992,955</u>	<u>933,518</u>	<u>59,437</u>
Total expenditures	<u>5,815,626</u>	<u>5,905,393</u>	<u>5,667,997</u>	<u>237,396</u>
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses)	<u>703,721</u>	<u>646,371</u>	<u>1,259,385</u>	<u>613,014</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(869,091)</u>	<u>(1,334,091)</u>	<u>(1,342,592)</u>	<u>8,501</u>
Total other financing sources (uses)	<u>(869,091)</u>	<u>(1,334,091)</u>	<u>(1,342,592)</u>	<u>8,501</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	<u>(165,377)</u>	<u>(687,720)</u>	<u>(83,207)</u>	<u>604,513</u>
Fund balance - beginning of year	1,454,156	1,454,156	1,454,156	-
Prior period adjustment	-	-	216,402	216,402
Fund balance - beginning of year as adjusted	<u>1,454,156</u>	<u>1,454,156</u>	<u>1,670,558</u>	<u>216,402</u>
Fund balance - end of year	<u>\$ 1,288,786</u>	<u>766,436</u>	<u>1,587,351</u>	<u>820,915</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Property taxes	\$ 475,000	475,600	571,033	96,033
Interest income	1,000	1,000	4,703	3,703
Total revenue	<u>476,000</u>	<u>476,000</u>	<u>575,736</u>	<u>99,736</u>
Expenditures:				
Professional services - pay agent	30,000	30,000	3,767	26,233
Engineering services	10,000	10,000	13,878	(3,878)
Offsite improvements	78,000	78,000	45,649	32,351
Total expenditures	<u>118,000</u>	<u>118,000</u>	<u>63,294</u>	<u>54,706</u>
Excess (deficiency) of revenue over (under) expenditures	<u>385,000</u>	<u>358,000</u>	<u>512,442</u>	<u>154,442</u>
Other financing sources (uses):				
Transfer in(out) - net	<u>(226,248)</u>	<u>(226,248)</u>	<u>(221,920)</u>	<u>(4,328)</u>
Total other financing sources (uses)	<u>(226,248)</u>	<u>(226,248)</u>	<u>(221,920)</u>	<u>(4,328)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	131,752	131,752	290,522	158,770
Fund balance - beginning of year	<u>551,039</u>	<u>551,039</u>	<u>551,039</u>	<u>-</u>
Fund balance - end of year	<u>\$ 682,791</u>	<u>682,791</u>	<u>841,561</u>	<u>158,770</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenue:				
Admissions, reservations and lessons	\$ 350,825	350,825	336,785	(14,040)
Concessions and merchandise sales	11,000	11,000	11,966	966
Bowery rentals	2,000	2,000	2,448	448
Miscellaneous revenue	4,000	4,000	4,323	323
Total revenue	<u>367,825</u>	<u>367,825</u>	<u>355,522</u>	<u>(12,303)</u>
Expenditures:				
Salaries and benefits	254,839	254,839	258,504	(3,665)
Materials, supplies and services	52,370	52,370	41,605	10,765
Maintenance and repairs	37,200	37,200	21,969	15,231
Utilities	54,000	54,000	61,292	(7,292)
Chemicals	36,000	36,000	37,756	(1,756)
Capital Equipment	-	-	9,383	(9,383)
Bond Principle	245,000	245,000	245,000	-
Bond Interest	56,248	56,248	56,248	-
Total expenditures	<u>735,657</u>	<u>735,657</u>	<u>731,757</u>	<u>3,900</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(367,832)</u>	<u>(367,832)</u>	<u>(376,235)</u>	<u>8,403</u>
Other financing sources (uses):				
Transfer in(out) - net	<u>367,832</u>	<u>367,832</u>	<u>376,332</u>	<u>8,500</u>
Total other financing sources (uses)	<u>367,832</u>	<u>367,832</u>	<u>376,332</u>	<u>8,500</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	-	-	97	97
Fund balance (deficit) - beginning of year	<u>40</u>	<u>40</u>	<u>40</u>	<u>-</u>
Fund balance (deficit) - end of year	<u>\$ 40</u>	<u>40</u>	<u>137</u>	<u>97</u>

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

NORTH OGDEN CITY

Utah Retirement Systems

As of December 31, 2015

Last 10 Fiscal Years

		Tier 2 Public Employees			Tier 2 Public Safety and Firefighter	
		Noncontributory System	Public Safety System	System	System	System
Proportion of the net pension liability (asset)	2015	0.1631476%	0.4473629%	0.0485772%	0.3053124%	
	2014	0.1663092%	0.4268607%	0.0380994%	0.3480897%	
Proportionate share of the net pension liability (asset)	2015	\$923,168	\$801,339	(\$106)	(\$4,461)	
	2014	\$722,154	\$536,813	(\$1155)	(\$5,149)	
Covered employee payroll	2015	\$1,367,806	\$656,851	\$313,867	\$181,652	
	2014	\$1,419,455	\$622,523	\$186,997	\$143,783	
Proportionate share of the net pension liability(asset) as a percentage of its covered-employee payroll	2015	67.49%	122.00%	-0.03%	-2.46%	
	2014	50.9%	86.2%	-0.6%	-3.6%	
Plan fiduciary net position as a percentage of the total pension liability	2015	87.8%	87.1%	100.2%	110.7%	
	2104	90.2%	90.5%	103.5%	120.5%	

*In accordance with GASB 68, the City will need to disclose a 10-year history of its proportionate share of the Net Pension Liability (Asset). The 10-year schedule will be built prospectively. The schedule above is only for the current year.

SCHEDULE OF CONTRIBUTIONS NORTH OGDEN CITY

Utah Retirement Systems

As of December 31, 2015

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
			Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)			
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%	
Contributory System	2014	\$2,755	\$2,755	\$	-	\$20,748	13.28%	
	2015	\$	\$	\$	-	\$	0.00%	
	2016	\$	\$	\$	-	\$	0.00%	
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%	
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%	
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%	
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%	
	2106	\$8,242	\$8,242	\$	-	\$ 123,199	6.69%	

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

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

OTHER INFORMATION

NORTH OGDEN CITY

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

Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Grant - Weber County Monroe Blvd	-	500,000	606,029	106,029
RAMP grants recognized	\$ 18,000	18,000	112,409	94,409
Grants received	261,125	261,125	235,095	(26,030)
Transportation fees	205,000	205,000	212,477	7,477
Park impact fees	90,000	90,000	262,216	172,216
Transportation impact fees	-	25,000	27,935	2,935
Donations	-	-	2,000	2,000
Interest	3,000	3,000	3,993	993
Total revenue	<u>577,125</u>	<u>1,102,125</u>	<u>1,462,154</u>	<u>360,029</u>
Expenditures:				
Park improvements and construction	485,000	485,000	447,996	37,004
Monroe Boulevard	-	500,000	606,029	(106,029)
Street and road improvement and construction	437,000	642,000	639,161	2,839
Public works building	431,000	441,200	630,351	(189,151)
Municipalities grant projects	18,000	18,000	3,250	14,750
Website redesign	-	4,982	4,982	-
Form based code consultation	55,000	69,909	29,750	40,159
Land acquisition	-	65,000	55,000	10,000
Capital facilities impact fee study	29,809	55,000	33,294	21,706
Total expenditures	<u>1,455,809</u>	<u>2,281,091</u>	<u>2,449,813</u>	<u>(168,722)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(878,684)</u>	<u>(1,178,966)</u>	<u>(987,659)</u>	<u>191,307</u>
Other financing sources (uses):				
Transfers in (out)	<u>905,754</u>	<u>1,575,754</u>	<u>1,519,180</u>	<u>(56,574)</u>
Total other financing sources (uses)	<u>905,754</u>	<u>1,575,754</u>	<u>1,519,180</u>	<u>(56,574)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	27,070	396,788	531,521	134,733
Fund balance - beginning of year	<u>713,262</u>	<u>713,262</u>	<u>713,262</u>	-
Fund balance - end of year	<u>\$ 740,332</u>	<u>1,110,050</u>	<u>1,244,783</u>	<u>134,733</u>

NORTH OGDEN CITY

Combining Statement of Net Position
Internal Service Funds

Year Ended June 30, 2016

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 389,884	120,606	510,490
Prepaid expenses	<u>6,646</u>	<u>-</u>	<u>6,646</u>
Total current assets	<u>396,530</u>	<u>120,606</u>	<u>517,136</u>
Capital assets:			
Buildings and structures	337,565	-	337,565
Vehicles and equipment	<u>2,487,712</u>	<u>806,882</u>	<u>3,294,594</u>
Total capital assets	<u>2,825,277</u>	<u>806,882</u>	<u>3,632,159</u>
Accumulated depreciation	<u>1,593,022</u>	<u>463,828</u>	<u>2,056,850</u>
Net capital assets	<u>1,232,255</u>	<u>343,054</u>	<u>1,575,309</u>
Pension asset	<u>161</u>	<u>-</u>	<u>161</u>
Total noncurrent assets	<u>1,232,416</u>	<u>343,054</u>	<u>1,575,470</u>
Total assets	<u>1,628,946</u>	<u>463,660</u>	<u>2,092,606</u>
Deferred outflows of resources			
Pension related	<u>35,945</u>	<u>-</u>	<u>35,945</u>
Total assets and deferred outflows of resources	<u>1,664,891</u>	<u>463,660</u>	<u>2,128,551</u>
Current Liabilities:			
Current portion of lease obligations payable	18,111	-	18,111
Accounts payable	-	-	-
Compensated absences payable	10,349	-	10,349
Wages and benefits payable	<u>3,524</u>	<u>-</u>	<u>3,524</u>
Total current liabilities	<u>31,984</u>	<u>-</u>	<u>31,984</u>
Non-current liabilities:			
Net pension liability	67,297	-	67,297
Lease obligations payable	37,084	-	37,084
Lease obligations payable - current portion	<u>(18,111)</u>	<u>-</u>	<u>(18,111)</u>
Total non-current liabilities	<u>86,270</u>	<u>-</u>	<u>86,270</u>
Total liabilities	<u>118,254</u>	<u>-</u>	<u>118,254</u>
Deferred inflows of resources			
Pension related	<u>9,425</u>	<u>-</u>	<u>9,425</u>
Total liabilities and deferred inflows of resources	<u>127,679</u>	<u>-</u>	<u>127,679</u>
Net position:			
Net investment in capital assets	1,195,171	343,054	1,538,225
Unrestricted	<u>342,041</u>	<u>120,606</u>	<u>462,647</u>
Total net position	<u>\$ 1,537,212</u>	<u>463,660</u>	<u>2,000,872</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2016

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Revenue:			
Rentals:			
General fund	\$ 256,656	211,450	468,106
Utility funds	<u>208,998</u>	<u>-</u>	<u>208,998</u>
Total rentals	465,654	211,450	677,104
Operating charge - police motorpool	81,103	(81,103)	-
Sale of materials and supplies	<u>18,521</u>	<u>6,102</u>	<u>24,623</u>
Total revenue	<u>565,278</u>	<u>136,449</u>	<u>701,727</u>
Expenses:			
Salaries and benefits	173,728	-	173,728
Materials, supplies and services	134,722	15,727	150,449
Fuel	98,500	-	98,500
Interest on capital leases	2,583	-	2,583
Depreciation	<u>107,331</u>	<u>83,381</u>	<u>190,712</u>
Total expenses	<u>516,864</u>	<u>99,108</u>	<u>615,972</u>
Income (loss) from operations	<u>48,414</u>	<u>37,341</u>	<u>85,755</u>
Other non-operating revenue (expenses):			
Gain from sale of assets	-	18,900	18,900
Interest earned	2,060	607	2,667
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total other non-operating revenue (expenses)	<u>2,060</u>	<u>19,507</u>	<u>21,567</u>
Capital asset contribution - General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	50,474	56,848	107,322
Net position - beginning of year	<u>1,486,738</u>	<u>406,812</u>	<u>1,893,550</u>
Net position - end of year	<u>\$ 1,537,212</u>	<u>463,660</u>	<u>2,000,872</u>

Internal Service Funds
Year Ended June 30, 2016

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from vehicle rent from:			
General fund	\$ 256,656	211,450	468,106
Utility funds	208,998	-	208,998
Sale of material, supplies, and services	18,521	9,442	27,963
Operating charge - police motorpool	81,103	(81,103)	-
Payments for payroll and related benefits	(169,541)	-	(164,541)
Payments for goods and services	<u>(242,451)</u>	<u>(15,727)</u>	<u>(258,178)</u>
Net cash provided (used) by operating activities	<u>153,286</u>	<u>124,062</u>	<u>277,348</u>
Cash flows from capital and related financing activities:			
Payments to purchase vehicles and equipment	(105,591)	(151,347)	(256,938)
Proceeds from the sale of capital assets	22,754	38,865	61,619
Principal payments on lease financing	<u>(17,290)</u>	<u>-</u>	<u>(17,290)</u>
Net cash used by capital and related financing activities	<u>(100,127)</u>	<u>(112,482)</u>	<u>(212,609)</u>
Cash flows from non-capital financing activities:			
Pension related items	<u>(3,418)</u>	<u>-</u>	<u>(3,418)</u>
Net cash provided (used) by non-capital financing activities	<u>(3,418)</u>	<u>-</u>	<u>(3,418)</u>
Cash flows from investing activities:			
Interest received	<u>2,060</u>	<u>607</u>	<u>2,667</u>
Net cash provided (used) by investing activities	<u>2,060</u>	<u>607</u>	<u>2,667</u>
Net increase (decrease) in cash and equivalents	51,801	12,187	63,988
Cash and cash equivalents - beginning of year	<u>338,083</u>	<u>108,419</u>	<u>446,502</u>
Cash and cash equivalents - end of year	<u>\$ 389,884</u>	<u>120,606</u>	<u>510,490</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	48,414	37,341	85,755
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	107,331	83,381	190,712
Decrease (increase) in receivables	-	(3,340)	(3,340)
Decrease (increase) in prepaids	(6,646)	-	(6,646)
Increase (decrease) in compensated absences and wages and benefits payable	<u>(4,187)</u>	<u>-</u>	<u>(4,187)</u>
Total adjustments	<u>104,872</u>	<u>86,721</u>	<u>277,348</u>
Net cash provided (used) by operating activities	<u>\$ 153,286</u>	<u>124,062</u>	<u>277,348</u>
Noncash investing, capital and financing activities:	<u>\$ -</u>	<u>-</u>	<u>-</u>



Independent Auditor's 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*

Honorable Mayor and City Council
North Ogden City, Utah

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 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise North Ogden City's basic financial statements, and have issued our report thereon dated February 10, 2017

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Ogden City's internal control over financial reporting 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 North Ogden City's internal control. Accordingly, we do not express an opinion on the effectiveness of North Ogden 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 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.

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 considered 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 North Ogden City's financial statements are free of 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.

Christensen, Palmer & Ambrose P.C

February 10, 2017



Independent Auditor's Report on Compliance and on
Internal Controls Over Compliance in Accordance With the
State of Utah Legal Compliance Audit Guide

Honorable Mayor and City Council
North Ogden City, Utah

REPORT ON COMPLIANCE

We have audited North Ogden City's compliance with the general program compliance requirements described in the *State Compliance Audit Guide* for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Tax Levy Revenue Recognition
- Open and Public Meetings Act
- Cash Management
- Government Records Access Management Act
- Conflicts of Interest
- Impact Fees

North Ogden City received state funding from the following programs classified as major programs for the year ended June 30, 2016:

B & C Roads

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the City's management.

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 of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal 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 the City and 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion

In our opinion, North Ogden City complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2016.

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, we considered the City's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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.

A deficiency in internal control over compliance 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, noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying schedule of findings and recommendations.

Purpose of 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.

Christina Palmer & Ambrose P.C.

February 10, 2017

North Ogden City

Schedule of Findings and Recommendations - State Compliance

June 30, 2016

Program: General Compliance - Budgetary Compliance

Finding 2016 - 01 Actual expenditures for the City Capital Projects Fund exceed the final budgets.

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

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

Finding 2016 - 02 The City Council was not provided quarterly financial reports with enough detail to allow them to make decisions regarding financial matters and to monitor actual and budgeted revenue and expenditures (expenses).

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

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

State of Utah
Schedule of Expenditures of State Grants, Contracts, and Loan Funds
For the Year Ended June 30, 2016

Grant Name/Department	Award/Contract # (if applicable)	Year of Last Audit	Revenue
<u>State of Utah</u>			
DUI Overtime Grant/UHP - Public Safety			4,736.77
Seatbelt Enforcement / UHP - Public Safety			5,215.96
Justice Assistance Grant/Commission on Criminal & Juvenile Justice			2,000.00
Uniform Grant / Dept of Justice			-
Public Safety Equipment Grant/UHP - Public Safety			15,000.00
Class C Road Funds/UDOT			630,117.18
CDBG - Oaklawn Park Restroom			107,739.00
CDBG - Oaklawn Park Restroom			31,236.00
State Liquor Grant (Beer Tax)/Utah Substance Abuse Advisory Council			<u>15,025.95</u>
Subtotal – State of Utah			<u>811,070.86</u>
<u>Weber County Grants</u>			
RAMP - Easy Grant			-
RAMP - Municipalities Grant			18,019.00
RAMP - Regular (\$2,001 - \$200,000)			94,390.00
RAMP - Major (\$200,000 +)			-
Tobacco Compliance			373.50
Monroe Boulevard Corridor Preservation Grant			637,264.98
School Resource Officer			<u>17,390.62</u>
Subtotal – Weber County			<u>767,438</u>
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			<u><u>1,578,509</u></u>