



# **NORTH OGDEN CITY**

— **SETTLED 1851** —

## Financial Statements

WITH AUDITOR'S REPORT

JUNE 30, 2018

NORTH OGDEN CITY

Financial Statements - June 30, 2018

(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, 2018 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, 2018, 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 51-56 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 December 28, 2018 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, 2018. 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 \$7,340,719. Net position of governmental activities increased by \$4,965,282 or 13.3%. Net position of business-type activities increased by \$2,375,437 or 6.5%.
- The assets and deferred outflows of North Ogden City exceeded its liabilities and deferred inflows by \$81,208,438. Of this amount, \$6,854,651 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 \$5,730,181 at June 30, 2018, an increase of \$735,843 in comparison to the previous year. Of the ending fund balances, \$2,622,092 was unassigned and available for spending at the City's discretion.
- As of June 30, 2018, the enterprise funds of North Ogden City had a net position of \$39,048,104. Of this amount \$35,052,021 is the net amount invested in capital assets. Combined cash from Business-Type Activities in the Enterprise Funds increased \$671,188.
- The principal balance of the Sales Tax Revenue Refunding Bonds, Series 2014 was \$2,050,000 at the beginning of Fiscal Year 2018. \$259,000 was paid off during the fiscal year, leaving a principal balance of \$1,791,000 as of June 30, 2018.
- The City made final payment on three lease purchase contracts in the amount of \$56,957. These contracts were for the purchase of two dump trucks and one leaf vacuum truck.
- The City entered into a new lease purchase contract for the purchase of two snow plow trucks. Total principal was \$228,574.84. The first payment was made in Fiscal Year 2018 with five annual payments remaining.
- 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 \$1,789,873. The amount of principal paid for Fiscal Year 2018 was \$62,934.



## **Overview of the Financial Statements**

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

## **Government-wide Financial Statements**

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

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

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

## **Fund Financial Statements**

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

## **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 2018 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 \$7,340,719, or 9.9%. Net position of governmental activities increased by \$4,965,282 or 13.3%. Net position of business-type activities increased by \$2,375,437 or 6.5%.

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 \$1,953,675 in restricted assets for impact fee uses. Unrestricted net assets however may be used at the City's discretion to meet its ongoing obligations to citizens and creditors. Unrestricted net assets equal \$6,854,651, which is 8.4% of total net position. Overall liabilities decreased by \$428,342.

**Statement of Net Position  
June 30, 2018**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Assets						
Current & Other Assets	8,374,480	9,273,454	5,400,807	6,089,047	13,775,287	15,362,501
Capital Assets (net)	35,182,409	39,327,707	33,566,968	35,182,154	68,749,377	74,509,861
<b>Total Assets</b>	<b>43,556,889</b>	<b>48,601,161</b>	<b>38,967,775</b>	<b>41,271,201</b>	<b>82,524,664</b>	<b>89,872,362</b>
Deferred Outflows	927,605	1,072,978	216,487	245,264	1,144,092	1,318,242
Liabilities						
Long Term Debt Outstanding	1,791,000	1,678,336	1,882,551	1,819,617	3,673,551	3,497,953
<b>Total Liabilities</b>	<b>5,212,716</b>	<b>4,907,221</b>	<b>2,460,883</b>	<b>2,307,665</b>	<b>7,673,599</b>	<b>7,214,886</b>
Deferred inflow of resources	2,076,726	2,606,584	50,712	160,696	2,127,438	2,767,280
Net Position:						
Invested in capital assets, net of related debt	33,113,437	37,348,091	31,646,432	35,052,021	64,759,869	72,400,112
Restricted	2,464,260	735,469	771,604	1,218,206	3,235,864	1,953,675
Unrestricted	1,617,355	4,076,774	4,254,631	2,777,877	5,871,986	6,854,651
<b>Total Net Position</b>	<b>37,195,052</b>	<b>42,160,334</b>	<b>36,672,667</b>	<b>39,048,104</b>	<b>73,867,719</b>	<b>81,208,438</b>



Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		
	2017	2018	2017	2018	2017	2018	
<b>Revenues</b>							
<b>General Revenues</b>							
Property Tax	1,915,563	1,983,582			1,915,563	1,983,582	
Sales Tax	2,737,361	2,925,213			2,737,361	2,925,213	
Other Taxes	1,080,961	1,070,634			1,080,961	1,070,634	
Interest & Investment	45,767	80,983	51,899	90,062	97,666	171,045	
Grants & Contributions	3,789,595	4,427,996	1,269,822	2,115,803	5,059,417	6,543,799	
Charges for Services	2,765,030	2,201,807	4,936,805	5,525,447	7,701,835	7,727,254	
Sale of Assets	225,507	30,369	348,759	35,170	574,266	65,539	
Other	82,321	23,515	81,491	89,421	163,812	112,936	
<b>Total Revenues</b>	<b>12,642,105</b>	<b>12,744,099</b>	<b>6,688,776</b>	<b>7,855,903</b>	<b>19,330,881</b>	<b>20,600,002</b>	
<b>Expenses</b>							
General Government	1,474,733	1,498,166			1,474,733	1,498,166	
Public Safety	2,858,191	2,791,371			2,858,191	2,791,371	
Economic Development	276,059	1,448,703			276,059	1,448,703	
Streets & public improvements	1,488,999	1,770,185			1,488,999	1,770,185	
Parks & Recreation	1,685,548	226,832			1,685,548	226,832	
Interest on Long Term Debt	49,514	43,560			49,514	43,560	
Water			1,787,866	1,723,119	1,787,866	1,723,119	
Sewer			1,736,407	1,836,916	1,736,407	1,836,916	
Storm Water			743,318	931,695	743,318	931,695	
Solid Waste			870,438	988,736	870,438	988,736	
<b>Total Expenses</b>	<b>7,833,044</b>	<b>7,778,817</b>	<b>5,138,029</b>	<b>5,480,466</b>	<b>12,971,073</b>	<b>13,259,283</b>	
Transfers – Internal Activities	9,600	0	-9,600	0	0	0	
<b>Increase (decrease) in net position</b>	<b>4,818,661</b>	<b>4,965,282</b>	<b>1,541,147</b>	<b>2,375,437</b>	<b>6,359,808</b>	<b>7,340,719</b>	
<b>Net Position—Beginning of Fiscal Year</b>	<b>32,376,391</b>	<b>37,195,052</b>	<b>35,131,520</b>	<b>36,672,667</b>	<b>67,507,911</b>	<b>73,867,719</b>	
<b>Net Position—Ending of Fiscal Year</b>	<b>37,195,052</b>	<b>42,160,334</b>	<b>36,672,667</b>	<b>39,048,104</b>	<b>73,867,719</b>	<b>81,208,438</b>	

### Changes in Net Position

Total revenues for governmental activities increased by \$101,994. Grants & Contributions increased by \$638,401 over last year. Sales tax revenues increased \$187,852 or 6.9%. Taxes are a major source of revenue for Governmental Activities, and account for \$5,979,429 or 47% of revenues overall. Expenses for Governmental Activities decreased for the year by \$54,227.

Total revenues for business-type activities increased by \$1,167,127 or 17.4%. This year, charges for services made up 70.3% of the total revenues for business-type activities. Program revenues include



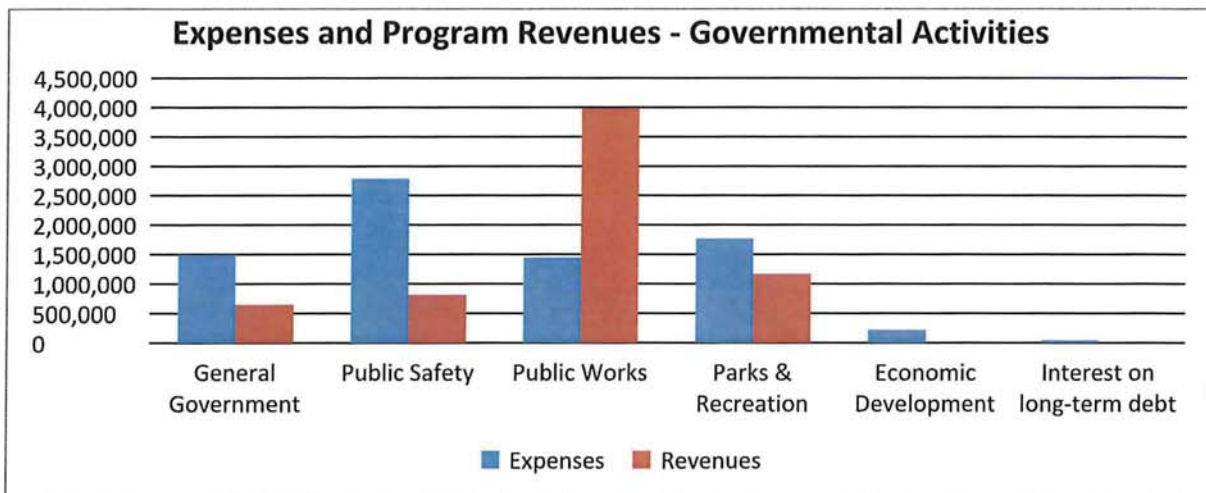
utility fees, connection fees and special fees to builders while other fees include impact fees, gains from the sale of assets and miscellaneous revenue.

### Governmental Activities

Governmental activities are reflected in the government-wide Statement of Activities. The activities in the governmental funds resulted in an increase in net position of \$4,965,282 or 13.3%. The following table and chart show the relative net uses (expenses less any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.

Program-generated revenues, (charges for services, operating grants and contributions, and capital grants and contributions), covered \$6,629,803 or 85% of the costs of the City's governmental 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>
General Government	1,498,166	656,615	-841,551	44%
Public Safety	2,791,371	817,334	-1,974,037	29%
Public Works	1,448,703	3,984,253	2,535,550	275%
Parks & Recreation	1,770,185	1,171,601	-598,584	66%
Economic Development	226,832	0	-226,832	0%
Interest on long-term debt	43,560	0	-43,560	0%
<b>Totals</b>	<b>7,778,817</b>	<b>6,629,803</b>	<b>-1,149,014</b>	<b>85.23%</b>



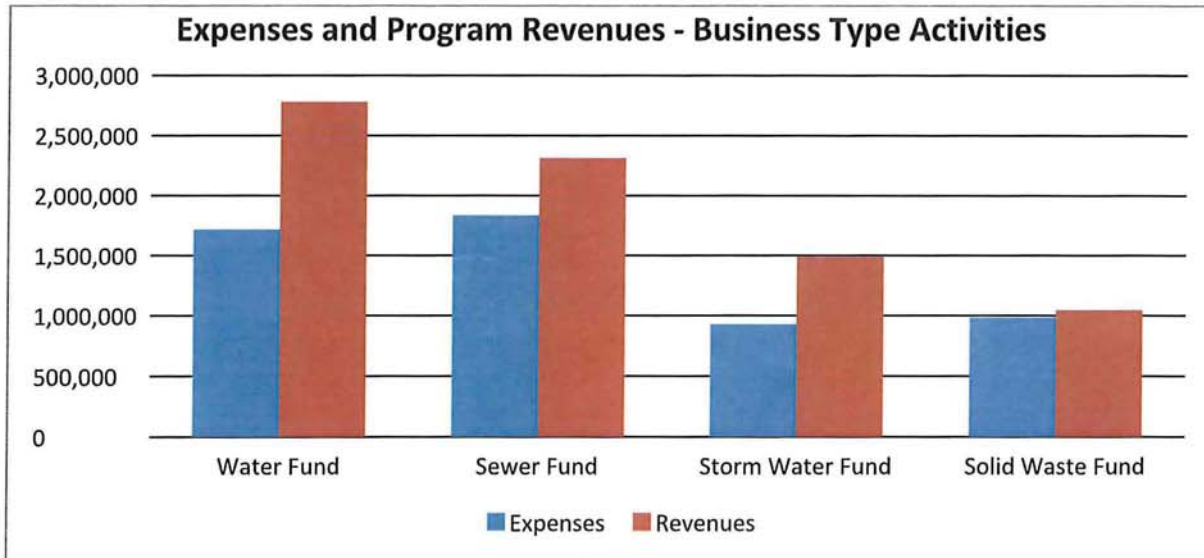
**Business-Type Activities**

Business-Type activities are also shown in the government-wide Statement of Activities. Activities in the enterprise funds increased the City’s net position by \$2,375,437.

Revenues exceeded expenditures in each of the four enterprise funds. The fees received for these activities make up 72.3% of program revenues. 27.7% 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	1,723,119	2,781,634	1,058,515	161%
Sewer Fund	1,836,916	2,313,597	476,681	126%
Storm Water Fund	931,695	1,492,876	561,181	160%
Solid Waste Fund	988,736	1,053,143	64,407	107%
<b>Totals</b>	<b>5,480,466</b>	<b>7,641,250</b>	<b>2,160,784</b>	<b>139%</b>



## 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. \$259,000 was paid off during the 2018 Fiscal Year leaving a principal balance of \$1,791,000 as of June 30, 2018.

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. The final payment on this lease was made in Fiscal Year 2018.

In the 2010 fiscal year, the City entered into an 8 year \$130,100 lease purchase agreement to purchase a Vacuum Leaf Collector. This debt is serviced by the Storm Water Utility Fund. The final payment was made in Fiscal Year 2018.

In Fiscal Year 2018, the City entered into a new lease purchase contract for the purchase of two snow plow trucks. The total principal associated with the lease was \$228,574.84. The first payment was made in October, 2017 in the amount of \$39,958.49, leaving a principal balance of \$188,616.35 at June 30, 2018. The annual interest rate is 1.95%.

The City's Water Fund has entered into two agreements with developers to construct improvements to the water system as part of development of various areas within the City. These agreements have no required repayment terms by date and no interest but rather require the developer to be reimbursed for the cost of these improvements from impact fees charged in the areas covered by the agreements. The total amount owed for both agreements is \$1,789,873. The amount paid on principal for the agreements for Fiscal Year 2018 was \$62,934.

A similar agreement was entered into in which North Ogden City agreed to pay Harrisville City Storm Water impact fee revenues associated with development that utilizes the Rice Creek detention basin. The current balance on this debt is \$29,744. No payments were made in Fiscal Year 2018.

## Long Term Debt Activity June 30, 2018

<u>Long Term Debt</u>	Governmental Activities			Business Type Activities		
	<u>Beginning Balance</u>	<u>Issued/ (Retired)</u>	<u>Ending Balance</u>	<u>Beginning Balance</u>	<u>Issued/ (Retired)</u>	<u>Ending Balance</u>
Bonds Payable	2,050,000	-259,000	1,791,000	-	-	-
Dump Truck Lease (GA)	18,972	-18,972	-	-	-	-
Dump Truck Lease (BA)	-	-	-	18,972	-18,972	-
Leaf Collector Lease	-	-	-	19,013	-19,013	-
Snow Plow Trucks (2)	-	228,574.84	-	-	-	-
		-39,958.49	188,616.35			
System Reimbursements				1,852,807	-62,934	1,789,873
<b>Total</b>	<b>2,068,972</b>	<b>-89,356</b>	<b>1,979,616</b>	<b>1,890,792</b>	<b>-100,919</b>	<b>1,789,873</b>

## Analysis of Funds

### Governmental Funds

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

At the end of the fiscal year, the City's governmental funds reported combined fund balance of \$5,730,181, an increase of \$735,843. \$2,622,092 of the total amount constitutes unassigned funds, which are available for spending at the government's discretion. The remaining fund balance can be categorized in one of four components; nonspendable, restricted, assigned and committed. The city had an assigned fund balance of \$2,314,984 which has been assigned to the Capital Projects Fund for future capital projects. Nonspendable fund balance at year end was \$57,636 which was for prepaid expenses. Restricted fund balance at year-end was \$735,469, which was restricted for impact fee use. No part of the net position was committed.

### General Fund

The General Fund is the chief operating fund of North Ogden City and accounts for all of the general services provided. At June 30, 2018 the unassigned fund balance of the General Fund was \$1,571,031.

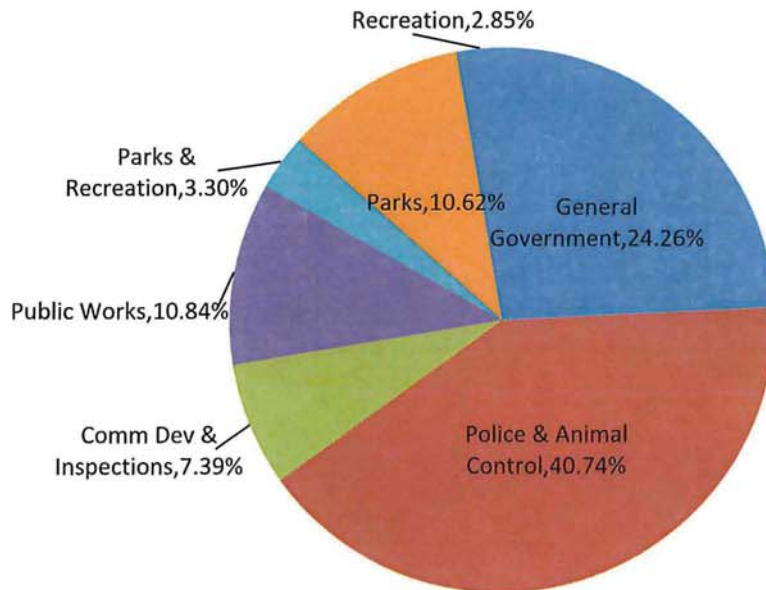
The following tables and charts compare general fund revenues and expenditures by function between fiscal years 2017 and 2018.



## General Fund Expenditures (prior year comparison)

Expenditures	<u>2017</u>	<u>2018</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2018 Percent of Total</u>
General Government	\$1,326,722	\$1,454,462	\$127,740	9.63%	24.26%
Police & Animal Control	\$2,286,604	\$2,442,889	\$156,285	6.83%	40.74%
Comm Dev & Inspections	\$553,837	\$442,932	-\$110,905	-20.02%	7.39%
Public Works	\$812,385	\$649,811	-\$162,574	-20.01%	10.84%
Parks & Recreation	\$211,497	\$198,028	-\$13,469	-6.37%	3.30%
Parks	\$539,095	\$636,854	\$97,759	18.13%	10.62%
Recreation	\$158,114	\$170,643	\$12,529	7.92%	2.85%
Other Financing Uses	\$0	\$0	\$0 -		0.00%
<b>Total Expenditures</b>	<b>\$5,888,254</b>	<b>\$5,995,619</b>	<b>\$107,365</b>	<b>1.82%</b>	

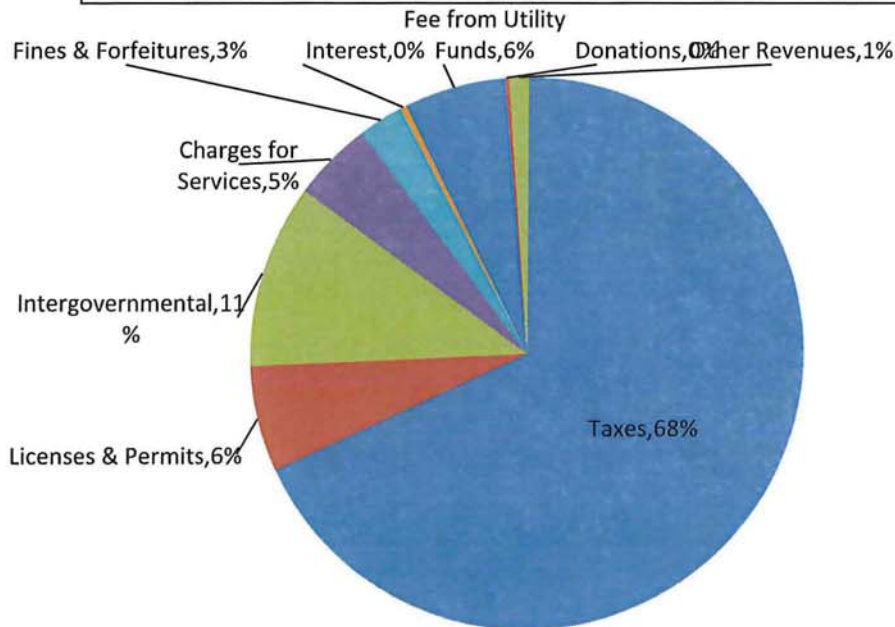
### Governmental Funds Expenditures FY 2018



## General Fund Revenues (prior year comparison)

Revenues	<u>2017</u>	<u>2018</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2018 Percent of Total</u>
Taxes	\$4,961,320	\$5,148,416	\$187,096	3.77%	68.06%
Licenses & Permits	\$441,538	\$472,790	\$31,252	7.08%	6.25%
Intergovernmental	\$789,431	\$811,749	\$22,318	2.83%	10.73%
Charges for Services	\$386,577	\$353,251	-\$33,326	-8.62%	4.67%
Fines & Forfeitures	\$196,145	\$196,661	\$516	0.26%	2.60%
Interest	\$19,546	\$28,564	\$9,018	46.14%	0.38%
Fee from Utility Funds	\$448,375	\$448,375	\$0	0.00%	5.93%
Donations	\$3,952	\$18,016	\$14,064	355.87%	0.24%
Other Revenues	\$106,863	\$86,812	-\$20,051	-18.76%	1.15%
Total Revenue	<u>\$7,353,747</u>	<u>\$7,564,634</u>	<u>\$210,887</u>	<u>2.87%</u>	

### Governmental Funds Revenue Sources FY 2018





### Other Governmental Funds

The fund balance in the Redevelopment Agency fund increased by \$121,631 during the year. This brought the fund balance from \$873,839 in 2017 to \$995,470 in 2018.

The Capital Projects fund balance decreased by \$313,832 bringing the fund balance to \$1,178,973 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 income of \$157,257, the Sewer Fund had an operating income of \$39,079, the Storm Water Fund had an operating loss of \$142,236, and the Solid Waste Fund had an operating income of \$80,302. Depreciation expense is factored into these amounts.

The Internal Service Fund which is responsible for the repair, maintenance and purchase of the City's vehicles and equipment, had an operating income of \$36,288. Funding for the internal service fund comes from the departments, both in the general and enterprise funds that are serviced by the fund.

For reporting purposes, the Sewer and Storm Water Impact Fee Funds were combined with their respective utility funds.

### General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and transfers was amended from \$6,539,117 to a final budget total of \$6,610,338, an increase of \$71,221. Actual expenditures were \$5,995,619 and were \$614,719 less than the final budget.

### Economic Factors

Fiscal Year 2018 revenues demonstrated the strength of the economy as indicated by two of the leading economic-based revenues. Sales tax revenues were up 6.9% and revenues relating to new housing construction permits were up 13.9%. While the state and national economies continue to show signs of expansion, economists are beginning to predict a slowdown in the near future.

### Request for Information

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

NORTH OGDEN CITY

Statement of Net Position

June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 5,680,939	5,332,186	11,013,125
Accounts receivable	3,528,885	560,148	4,089,033
Accrued interest receivable	-	3,707	3,707
Prepays	61,362	3,443	64,805
Pension Assets	2,268	291	2,559
<b>Noncurrent assets:</b>			
Amount due within one year	-	61,239	61,239
Due in more than one year	-	128,033	128,033
<b>Capital Assets:</b>			
Land and related non-dpreciable assets	8,271,531	241,008	8,512,539
Construction in process	2,140,416	427,668	2,568,084
Total non-depreciable assets	<u>10,411,947</u>	<u>668,676</u>	<u>11,080,623</u>
Buildings	13,836,367	345,949	14,182,316
Depreciable infrastructure and improvements	18,824,966	48,949,532	67,774,498
Park improvements	3,627,309	-	3,627,309
Equipment	5,348,945	4,607,880	9,956,825
Less accumulated depreciation	<u>(12,721,827)</u>	<u>(19,389,883)</u>	<u>(32,111,710)</u>
Net depreciable capital assets	<u>28,915,760</u>	<u>34,513,478</u>	<u>63,429,238</u>
Total capital assets	<u>39,327,707</u>	<u>35,182,154</u>	<u>74,509,861</u>
Total assets	<u>48,601,161</u>	<u>41,271,201</u>	<u>89,872,362</u>
Deferred Outflows of Resources	<u>1,072,978</u>	<u>245,264</u>	<u>1,318,242</u>
<b>Liabilities:</b>			
Accounts payable	1,185,165	16,784	1,201,949
Accrued liabilities	9,442	16,326	25,768
Compensated absences	199,330	43,799	243,129
Due to other governments	-	170,309	170,309
Performance bonds and deposits	241,877	5,699	247,576
Pension liabilities	1,280,931	235,131	1,516,062
Unearned rental income	10,860	-	10,860
<b>Non-current liabilities:</b>			
Amount due within year	301,280	-	301,280
Due in more than one year	<u>1,678,336</u>	<u>1,819,617</u>	<u>3,497,953</u>
Total liabilities	<u>4,907,221</u>	<u>2,307,665</u>	<u>7,214,886</u>
<b>Deferred Inflows of Resources</b>			
Unearned property taxes	1,774,195	-	1,774,195
Pension related	<u>832,389</u>	<u>160,696</u>	<u>993,085</u>
Total deferred inflows of resources	<u>2,606,584</u>	<u>160,696</u>	<u>2,767,280</u>
<b>Net position:</b>			
Net investment in capital assets	37,348,091	35,052,021	72,400,112
Restricted for:			
Impact fees	735,469	1,218,206	1,953,675
Unrestricted	<u>4,076,774</u>	<u>2,777,877</u>	<u>6,854,651</u>
Total net position	<u>\$ 42,160,334</u>	<u>39,048,104</u>	<u>81,208,438</u>

NORTH OGDEN CITY  
Statement of Activities  
Year Ended June 30, 2018

	Net (Expense) Revenue and Changes in Net Position						
	Program Revenue			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital and Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental:</b>							
General government	\$ 1,498,166	656,615	-	-	(841,551)	-	(841,551)
Public safety	2,791,371	738,100	79,234	-	(1,974,037)	-	(1,974,037)
Streets and roads	1,448,703	374,254	730,517	2,879,482	2,535,550	-	2,535,550
Parks and recreation	1,770,185	432,838	2,000	736,763	(598,584)	-	(598,584)
Economic development	226,832	-	-	-	(226,832)	-	(226,832)
Interest on long-term debt	43,560	-	-	-	(43,560)	-	(43,560)
Intergovernmental	-	-	-	-	-	-	-
Total governmental activities:	<u>7,778,817</u>	<u>2,201,807</u>	<u>811,751</u>	<u>3,616,245</u>	<u>(1,149,014)</u>	<u>-</u>	<u>(1,149,014)</u>
<b>Business-type:</b>							
Water	1,723,119	1,807,264	-	974,370	-	1,058,515	1,058,515
Sewer	1,836,916	1,875,793	-	437,804	-	476,681	476,681
Storm water	931,695	789,247	-	703,629	-	561,181	561,181
Solid waste	988,736	1,053,143	-	-	-	64,407	64,407
Total business-type activities	<u>5,480,466</u>	<u>5,525,447</u>	<u>-</u>	<u>2,115,803</u>	<u>-</u>	<u>2,160,784</u>	<u>2,160,784</u>
Total primary government	<u>\$ 13,259,283</u>	<u>7,727,254</u>	<u>811,751</u>	<u>5,732,048</u>	<u>(1,149,014)</u>	<u>2,160,784</u>	<u>1,011,770</u>
<b>General revenue:</b>							
Property tax					1,983,582	-	1,983,582
Sales Tax					2,925,213	-	2,925,213
Franchise and energy tax					1,070,634	-	1,070,634
Total taxes					<u>5,979,429</u>	<u>-</u>	<u>5,979,429</u>
Interest earned					80,983	90,062	171,045
Other general revenue					30,369	35,170	65,539
Disposition of assets and easements					23,515	89,421	112,936
Miscellaneous					-	-	-
Transfers - internal activities					6,114,296	214,653	6,328,949
Total general revenue					<u>4,965,282</u>	<u>2,375,437</u>	<u>7,340,719</u>
Change in net position					<u>37,195,052</u>	<u>36,672,667</u>	<u>73,867,719</u>
Net position-beginning of year					<u>\$ 42,160,334</u>	<u>39,048,104</u>	<u>81,208,438</u>
Net position-end of year							

See independent auditors' report and notes to financial statements.

NORTH OGDEN CITY

Balance Sheet  
Governmental Funds

June 30, 2018

	General Fund	RDA / CDA Fund	Aquatic Center	Capital Projects	Transportation Projects	Total Governmental Fund
<b>Assets:</b>						
Equity in pooled cash and investments	\$ 2,270,554	1,051,000	44,465	207,413	1,796,860	5,370,292
Accounts Receivable	1,882,062	544,470	39,565	971,560	91,048	3,528,705
Prepaid items	57,636	-	-	-	-	57,636
Total assets	<u>4,210,252</u>	<u>1,595,470</u>	<u>84,030</u>	<u>1,178,973</u>	<u>1,887,908</u>	<u>8,956,633</u>
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>4,210,252</u>	<u>1,595,470</u>	<u>84,030</u>	<u>1,178,973</u>	<u>1,887,908</u>	<u>8,956,633</u>
<b>Liabilities:</b>						
Accounts Payable	1,153,167	-	28,439	-	-	1,181,606
Compensated absences payable	17,914	-	-	-	-	17,914
Performance bonds and deposits	227,889	-	-	-	13,988	241,877
Unearned revenue	8,420	-	-	-	2,440	10,860
Total liabilities	<u>1,407,390</u>	<u>-</u>	<u>28,439</u>	<u>-</u>	<u>16,428</u>	<u>1,452,257</u>
Deferred inflows of resources:						
Unearned property tax revenue	<u>1,174,195</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,774,195</u>
<b>Fund Balances:</b>						
Nonspendable:						
Prepays	57,636	-	-	-	-	57,636
Restricted - impact fees	-	-	-	-	735,469	735,469
Assigned	-	-	-	1,178,973	1,136,011	2,314,984
Unassigned	<u>1,571,031</u>	<u>995,470</u>	<u>55,591</u>	<u>-</u>	<u>-</u>	<u>2,622,092</u>
Total Fund balance	<u>1,628,667</u>	<u>995,470</u>	<u>55,591</u>	<u>1,178,973</u>	<u>1,871,480</u>	<u>5,730,181</u>
Total liabilities, deferred inflows of resources, and fund balances.	<u>\$ 4,210,252</u>	<u>1,595,470</u>	<u>84,030</u>	<u>1,178,973</u>	<u>1,887,908</u>	<u>8,956,633</u>



NORTH OGDEN CITY

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

June 30, 2018

Total fund balance - governmental funds \$ 5,730,181

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

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

Land and related on-depreciable assets	8,271,531	
Construction in process	2,140,416	
Buildings	13,498,802	
Depreciable infrastructure and improvements	22,452,275	
Vehicles and equipment	1,543,305	
Accumulated depreciation	<u>(10,574,376)</u>	
Total capital assets		37,331,953

The pension asset is not an available resource and, therefore, is not reported in  
government funds. 2,189

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. 2,061,833

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

Those funds consist of:		
Bonds payable	(1,791,000)	
Interest payable	(6,888)	
Compensated absences and benefits	(173,235)	
Net pension liability	<u>(1,222,065)</u>	
Total long-term debt		(3,193,188)

Deferred inflows for pension (credits), -792,801 and deferred outflows for pension  
outflows for pension (charges) 1,020,167 are not reflected in the funds statements  
but are reported as part of the entity-wide statement of activities. 227,366

Total net position - governmental activities \$ 42,160,334

NORTH OGDEN CITY

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

Year Ended June 30, 2018

	General Fund	CDA/RDA Funds	Aquatic Center	Capital Projects	Transportation Projects	Total Government Funds
<b>Revenues:</b>						
Taxes	\$ 5,148,416	639,584	-	-	191,429	5,979,429
License and permits	472,790	-	-	-	-	472,790
Intergovernmental	811,749	-	-	1,763,447	-	2,575,196
Charges for services	353,251	-	355,224	-	219,592	928,067
Fines and forfeitures	196,661	-	-	-	-	196,661
Interest	28,564	16,457	-	8,906	22,425	76,352
Rents	6,675	-	2,305	-	64,987	73,967
Donations from private sources	18,016	-	-	-	-	18,016
Traffic School	63,931	-	-	-	-	63,931
Disposition of assets and easements	-	-	-	12,710	-	12,710
Impact fees	-	-	-	458,952	418,592	877,544
Administrative fee from utility fund	448,375	-	-	-	-	448,375
Other revenue	16,206	-	5,252	2,060	-	23,518
Total revenue	<u>7,564,634</u>	<u>656,041</u>	<u>362,781</u>	<u>2,246,075</u>	<u>917,025</u>	<u>11,746,556</u>
<b>Expenditures:</b>						
General Government	1,454,462	-	-	313,174	-	1,767,636
Public Safety	2,885,821	-	-	131,098	-	3,016,919
Streets and Highways	649,811	-	-	1,451,127	-	2,100,938
Parks and recreation	1,005,525	-	-	-	-	1,005,525
Aquatic Center	-	-	440,064	-	-	440,064
Economic development	-	226,832	-	-	-	226,832
Parks and improvements	-	-	-	2,149,243	-	2,149,243
Bond retirement	-	-	259,000	-	-	259,000
Interest on bonds	-	-	44,556	-	-	44,556
Total expenditures	<u>5,995,619</u>	<u>226,832</u>	<u>743,620</u>	<u>4,044,642</u>	<u>-</u>	<u>11,010,713</u>
Excess (deficiency) of revenues over (under) expenditures before other financing services (uses)	<u>1,569,015</u>	<u>429,209</u>	<u>(380,839)</u>	<u>(1,798,567)</u>	<u>917,025</u>	<u>735,843</u>
<b>Other financing sources (uses):</b>						
Transfers from (to) other funds	<u>(1,564,639)</u>	<u>(307,578)</u>	<u>404,482</u>	<u>1,484,735</u>	<u>(17,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,564,639)</u>	<u>(307,578)</u>	<u>404,482</u>	<u>1,484,735</u>	<u>(17,000)</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses.	4,376	121,631	23,643	(313,832)	900,025	735,843
Fund balance - beginning of year	<u>1,624,291</u>	<u>873,839</u>	<u>31,948</u>	<u>1,492,805</u>	<u>971,455</u>	<u>4,994,338</u>
Fund balance - end of year	<u>\$ 1,628,667</u>	<u>995,470</u>	<u>55,591</u>	<u>1,178,973</u>	<u>1,871,480</u>	<u>5,730,181</u>



NORTH OGDEN CITY

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

Year Ended June 30, 2018

Net change in fund balance - total governmental funds	\$ 735,843
Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures of \$4,033,513. However, in the statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense of \$1,083,612. Capital outlays exceeded depreciation for the period.	2,949,901
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.	259,000
Contributions of infrastructure to governmental funds do not provide current financial resources but are reported in the Statement of Activities.	975,254
Adjustments and asset retirement of general government capital assets are not reported in fund statements but are reflected in the statement of activities.	(28,403)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities in the Statement of Activities	86,981
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.	4,391
Changes in accrued interest expense used in government activities are not payable from current resources and are therefore not reported in governmental funds.	996
Some reductions of expense reported in the Statement of Activities do not use current financial resources and therefore are not in the governmental funds.	<u>(18,681)</u>
Changes in net position of governmental activities	<u>\$ 4,965,282</u>

NORTH OGDEN CITY

Statement of Net Position  
Enterprise Funds

June 30, 2018

Business-Type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Governmental Activities- Internal Service Funds
<b>Current assets:</b>						
Cash and cash equivalents	\$ 1,710,105	1,237,914	2,038,546	345,621	5,332,186	310,647
Accounts receivable	148,837	210,734	88,457	112,120	560,148	180
Current amount of note receivable	61,239	-	-	-	61,239	-
Accrued interest receivable	3,707	-	-	-	3,707	-
Prepaid items	3,443	-	-	-	3,443	3,726
<b>Total current assets</b>	<b>1,927,331</b>	<b>1,448,648</b>	<b>2,127,003</b>	<b>457,741</b>	<b>5,960,723</b>	<b>314,553</b>
<b>Capital assets:</b>						
Land, rights and water stock	142,025	-	98,983	-	241,008	-
Buildings and structures	345,949	-	-	-	345,949	-
Construction in process	-	-	384,713	42,955	427,668	337,565
Systems	27,689,507	10,262,503	10,997,522	-	48,949,532	-
Vehicles and equipment	1,789,053	661,903	988,105	1,168,819	4,607,880	3,805,640
<b>Total Capital Assets</b>	<b>29,966,534</b>	<b>10,924,406</b>	<b>12,469,323</b>	<b>1,211,774</b>	<b>54,572,037</b>	<b>4,143,205</b>
Accumulated depreciation	10,666,015	3,371,541	4,336,031	1,016,296	19,389,883	2,147,451
<b>Net Capital Assets</b>	<b>19,300,519</b>	<b>7,552,865</b>	<b>8,133,292</b>	<b>195,478</b>	<b>35,182,154</b>	<b>1,995,754</b>
Note receivable less current portion	128,033	-	-	-	128,033	-
Pension asset	119	72	73	27	291	79
<b>Total Noncurrent items</b>	<b>19,428,671</b>	<b>7,552,937</b>	<b>8,133,365</b>	<b>195,505</b>	<b>35,310,478</b>	<b>1,995,833</b>
<b>Total assets</b>	<b>21,356,002</b>	<b>9,001,585</b>	<b>10,260,368</b>	<b>653,246</b>	<b>41,271,201</b>	<b>2,310,386</b>
<b>Deferred outflows of resources</b>						
Harrisville City impact fees	-	-	29,744	-	29,744	-
Pension related	108,695	41,826	38,782	26,217	215,520	52,811
	108,695	41,826	68,526	26,217	245,264	52,811
<b>Current liabilities:</b>						
Current portion of lease obligation payable	-	-	-	-	-	36,280
Accounts payable	16,784	-	-	-	16,784	-
Wages and benefits payable	6,627	3,507	4,449	1,743	16,326	3,559
Compensated absences payable	14,277	10,600	13,382	5,540	43,799	8,181
Accrued interest payable	-	-	-	-	-	2,554
Impact fees payable	-	170,309	-	-	170,309	-
Deposits	5,699	-	-	-	5,699	-
<b>Total current liabilities</b>	<b>43,387</b>	<b>184,416</b>	<b>17,831</b>	<b>7,283</b>	<b>252,917</b>	<b>50,574</b>
<b>Non-current liabilities:</b>						
Net pension liability	110,978	45,898	48,806	29,449	235,131	58,866
System reimbursement agreements payable	1,789,873	-	29,744	-	1,819,617	-
Lease obligation payable	-	-	-	-	-	188,616
Current portion of lease obligation payable	-	-	-	-	-	(36,280)
<b>Total non-current liabilities</b>	<b>1,900,851</b>	<b>45,898</b>	<b>78,550</b>	<b>29,449</b>	<b>2,054,748</b>	<b>211,202</b>
<b>Total liabilities</b>	<b>1,944,238</b>	<b>230,314</b>	<b>96,381</b>	<b>36,732</b>	<b>2,307,665</b>	<b>261,776</b>
<b>Deferred inflows of resources</b>						
Pension related	86,620	34,734	23,562	15,780	160,696	39,588
	86,620	34,734	23,562	15,780	160,696	39,588
<b>Net position:</b>						
Net investment in capital assets	17,510,646	7,552,865	8,003,159	195,478	33,262,148	1,807,138
Restricted - impact fees	-	206,935	1,011,271	-	1,218,206	-
Unrestricted						
Designated for capital asset repair and replacement	177,526	43,195	58,602	89,106	368,429	-
Undesignated	1,745,667	975,368	1,135,919	342,367	4,199,321	254,695
<b>Total net position</b>	<b>\$ 19,433,839</b>	<b>8,778,363</b>	<b>10,208,951</b>	<b>626,951</b>	<b>39,048,104</b>	<b>2,061,833</b>

NORTH OGDEN CITY

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

Year Ended June 30, 2018

	Business Type- Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Operating revenue:						
Charges for services	\$1,556,157	1,824,336	730,645	923,037	5,034,175	771,158
Charges for services - asset repair and replacement	177,526	43,195	58,602	89,106	368,429	-
Connection fees	73,581	8,262	-	-	81,843	-
Special fees to builders	-	-	-	41,000	41,000	-
Sale of materials and supplies	-	-	-	-	-	4,958
Miscellaneous	73,112	202	212	15,895	89,421	3,204
Total operating revenue	<u>1,880,376</u>	<u>1,875,995</u>	<u>789,459</u>	<u>1,069,038</u>	<u>5,614,868</u>	<u>779,320</u>
Operating expenses:						
Salaries and benefits	460,382	251,183	254,590	91,321	1,057,476	205,575
Sewer fees	-	1,115,658	3,822	-	1,119,480	-
Transfer station fees - Weber County	-	-	-	274,444	274,444	-
Contract service - Waste Management	-	-	-	418,180	418,180	-
Materials, supplies and services	338,968	68,151	149,087	58,714	614,920	312,348
Motor pool rents	89,822	64,159	128,318	25,664	307,963	-
Interest expence - capital leases	-	-	1,779	-	1,779	3,455
Depreciation	705,952	223,243	279,577	29,077	1,237,849	221,654
Administrative services fee	127,995	114,522	114,522	91,336	448,375	-
Total operating expenses	<u>1,723,119</u>	<u>1,836,916</u>	<u>931,695</u>	<u>988,736</u>	<u>5,480,466</u>	<u>743,032</u>
Operating income (loss)	<u>157,257</u>	<u>39,079</u>	<u>(142,236)</u>	<u>80,302</u>	<u>134,402</u>	<u>36,288</u>
Non-operating revenue:						
Impact fees	614,678	108,599	374,089	-	1,097,366	-
Gain (loss) from sale of assets	20,267	-	-	14,903	35,170	46,062
Transfer to capital projects fund	-	-	-	-	-	-
Interest received	31,669	19,652	32,595	6,146	90,062	4,631
Total non-operating revenue (exper	<u>666,614</u>	<u>128,251</u>	<u>406,684</u>	<u>21,049</u>	<u>1,222,598</u>	<u>50,693</u>
Capital contribution-builders and developers	<u>359,692</u>	<u>329,205</u>	<u>329,540</u>	<u>-</u>	<u>1,018,437</u>	<u>-</u>
Changes in net position	1,183,563	496,535	593,988	101,351	2,375,437	86,981
Net position - beginning of year	<u>18,250,276</u>	<u>8,281,828</u>	<u>9,614,963</u>	<u>525,600</u>	<u>36,672,667</u>	<u>1,974,852</u>
Net position - end of year	<u>\$ 19,433,839</u>	<u>8,778,363</u>	<u>10,208,951</u>	<u>626,951</u>	<u>39,048,104</u>	<u>2,061,833</u>



NORTH OGDEN CITY

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$1,697,262	1,865,171	773,293	997,221	5,332,947	779,320
Cash received from other activities	140,693	8,464	212	56,895	206,264	-
Cash payments for payroll and benefits	(462,890)	(250,859)	(253,191)	(92,426)	(1,059,366)	(208,239)
Cash payments for goods and services	(564,742)	(1,361,639)	(397,528)	(868,338)	(3,192,247)	(314,447)
Net payments for service deposits	5,099	-	-	-	5,099	-
Net payments of impact fees collected by another government	-	13,998	-	-	13,998	-
<b>Total operating revenue</b>	<u>815,422</u>	<u>275,135</u>	<u>122,786</u>	<u>93,352</u>	<u>1,306,695</u>	<u>256,634</u>
<b>Cash flows from capital and related financing activities:</b>						
Cash payments for property and equipment	(916,600)	(412,321)	(415,468)	(91,955)	(1,836,344)	(528,127)
Proceeds from capital assets sales	34,000	-	-	19,700	53,700	104,000
Collection on contract sale of easement	59,481	-	-	-	59,481	-
Impact fee for collections for capital projects	614,678	108,599	374,089	-	1,097,366	-
Principle payments on lease financing	-	-	(37,985)	-	(37,985)	(18,972)
Proceeds from capital lease financing	-	-	-	-	-	188,616
Payments on system reimbursement agreements	(62,934)	-	-	-	(62,934)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(271,375)</u>	<u>(303,722)</u>	<u>(79,364)</u>	<u>(72,255)</u>	<u>(726,716)</u>	<u>(254,483)</u>
<b>Cash flows from non-capital financing activities:</b>						
Transfer from (to) other funds	-	-	-	-	-	-
Pension related items	-	-	-	-	-	-
<b>Net cash used by from non-capital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>						
Interest received	32,816	19,652	32,595	6,146	91,209	4,631
<b>Net cash provided by investing activities</b>	<u>32,816</u>	<u>19,652</u>	<u>32,595</u>	<u>6,146</u>	<u>91,209</u>	<u>4,631</u>
<b>Net increase (decrease) incash and cash equivalents</b>	<u>576,863</u>	<u>(8,935)</u>	<u>76,017</u>	<u>27,243</u>	<u>671,188</u>	<u>6,782</u>
<b>Cash and cash equivalents - beginning of year</b>	<u>1,133,242</u>	<u>1,246,850</u>	<u>1,962,529</u>	<u>318,378</u>	<u>4,660,999</u>	<u>303,865</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,710,105</u>	<u>1,237,915</u>	<u>2,038,546</u>	<u>345,621</u>	<u>5,332,187</u>	<u>310,647</u>

NORTH OGDEN CITY

Statement of Cash Flows - Continued  
Proprietary Funds

Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund		
Reconciliation of operating income (loss) to net cash provided by operation activities:						
Operating income (loss)	\$ 157,257	39,079	(142,236)	80,302	134,402	36,288
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	705,952	223,243	279,577	29,077	1,237,849	221,654
Decrease (increase) in receivables	(40,935)	(2,360)	(15,954)	(14,922)	(74,171)	(180)
Decrease (increase) in prepaid items	(3,443)	-	-	-	(3,443)	(1,018)
Pension related items	2,161	851	512	362	3,886	951
Decrease (increase in impact fees for other governments or accounts payable	-	13,998	-	-	13,998	-
(Decrease) increase in compensated absences	(4,670)	324	887	(1,467)	(4,926)	(3,615)
Increase ( decrease in payable	-	-	-	-	-	2,554
Increase (decrease) in unearned rent	(6,000)	-	-	-	(6,000)	-
Decrease in total deposits for services	5,099	-	-	-	5,099	-
Total operating revenue	<u>658,164</u>	<u>236,056</u>	<u>265,022</u>	<u>13,050</u>	<u>1,172,292</u>	<u>220,346</u>
Net cash provided (used) by operating activities	<u>815,421</u>	<u>275,135</u>	<u>122,786</u>	<u>93,352</u>	<u>1,306,694</u>	<u>256,634</u>
Non-cash investing, capital and financing activities:						
Capital assets purchased on account	16,784	-	-	-	16,784	-
Capital contributions by developers	<u>359,692</u>	<u>329,205</u>	<u>329,540</u>	<u>-</u>	<u>1,018,437</u>	<u>-</u>
Total non-cash investing, capital and financing activities	<u>\$ 376,476</u>	<u>329,205</u>	<u>329,540</u>	<u>-</u>	<u>1,035,221</u>	<u>-</u>

June 30, 2018

**(1) Summary of Significant Accounting Policies**

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

**A. Organization**

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

**B. Reporting Entity**

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

**Blended Component Units:**

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

**C. Government-Wide and Fund Financial Statements**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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



## NORTH OGDEN CITY

### Notes to Financial Statements - Continued

June 30, 2018

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

#### **D. Measurement Focus and Basis of Accounting**

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

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

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

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

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

# NORTH OGDEN CITY

## Notes to Financial Statements - Continued

June 30, 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

All inventories are valued at cost and accounted for on the first-in, first-out method (FIFO). Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. No material inventories were on hand at June 30, 2018.

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, 2018

(1) Summary of Significant Accounting Policies - Continued

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

**Water Rights and Stock**

The City does not place a limitation on the life of the water rights, an intangible capital asset, and does not expect to cease utilizing the water rights in the foreseeable future. The water rights are recorded at historical cost and are considered to have an indefinite useful life. The total book value for water rights for the Water Utility Fund is \$6,250 at June 30, 2018.

**Compensated Absences**

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

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

## NORTH OGDEN CITY

### Notes to Financial Statements - Continued June 30, 2018

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

##### **Long-Term Obligations**

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

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

##### **Deferred Outflows/Inflows of Resources**

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

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

##### **Net Position/Fund Balances**

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

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

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



NORTH OGDEN CITY

Notes to Financial Statements – Continued

June 30, 2018

(1) Summary of Significant Accounting Policies - Continued

Assigned fund balance represents limitations imposed by management. Assigned fund balance requests are submitted to the Finance Director for approval/non-approval. Unassigned fund balance represents the residual net resources in excess of the other classifications.

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

**F. Pensions**

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

**G. Budgets**

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

During the year, two supplemental amendments were made to the City's General Fund budget increasing total revenue \$71,221 and total expenditures \$956,956, including transfers. The Aquatic Center was amended by increasing revenue and expenditures \$7,500. The combined RDA – CDA was amended to increase expenditures \$200,000. The Capital project was amended to increase revenue including transfers in \$987,735 and increase expenditures \$1,392,836. Transportation project was amended by increasing revenue and expenditures \$57,000.

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

Non-spendable fund balance at June 30, 2018 is comprised of prepaids of \$57,636 in the general fund.

**I. Restricted of Fund Balance**

The City has \$1,953,675 balance designated as restricted. This represents impact fees that are restricted as to their use.

**J. Assignment of Fund Balance**

Assignment of fund balance is comprised of \$2,314,954 in the capital projects fund and transportation projects and for planned projects including streets and roads.

NORTH OGDEN CITY

Notes to Financial Statements – Continued

June 30, 2018

(1) Summary of Significant Accounting Policies - Continued

- K. Designation of Fund Balance**  
Designation of fund balance is \$366,429 in the Enterprise funds coming from an increment of the utility changes designated for capital type asset replacement or repair.
- L. Cash and Cash Equivalents**  
For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.
- M. Use of Estimates**  
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

(2) Deposits and 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. Credit**

*Deposits.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be recovered. The City’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council. The City’s deposits in banks in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City’s deposits at the banks and credit unions at June 30, 2018 were \$1,801,403, of which \$987,168 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, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 9,370,651	52 days*	not rated

\*Weighted-average maturity



NORTH OGDEN CITY

Notes to Financial Statements – Continued

June 30, 2018

(2) Deposits and Investments - Continued

**A. Interest Rate Risk**

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

**B. Concentration of Credit Risk**

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

Components of cash including interest bearing deposits at June 30, 2018 are as follows:

Cash on hand and deposit:	
Cash on hand	\$ 5,500
Cash on deposit	1,138,293
Money market deposits	498,631
PTIF deposit	<u>9,370,651</u>
	<u>\$ 11,013,125</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:

**Governmental Funds**

	General Fund	Special Revenue RDA	Capital Projects	Transportation Projects	Internal Service Funds	Total Governmental Funds
Taxes	\$ 1,210,747	544,470	-	-		1,755,217
Utilities	-	-	-	32,372		32,372
Intergovernmental	619,204	-	971,560	35,097		1,625,861
Other	<u>52,111</u>	<u>39,565</u>	<u>-</u>	<u>23,579</u>	<u>180</u>	<u>115,435</u>
	<u>\$ 1,882,062</u>	<u>584,035</u>	<u>971,560</u>	<u>91,048</u>	<u>180</u>	<u>3,528,885</u>
Less: Allowance for uncollectible accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,882,062</u>	<u>584,035</u>	<u>971,560</u>	<u>91,048</u>	<u>180</u>	<u>3,528,885</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2018

(3) Accounts Receivable continued

	Water Utility Enterprise Fund	Sewer Utility Enterprise Fund	Storm Water Utility Enterprise Fund	Solid Waste Utility Enterprise Fund	Total Enterprise Funds	Total all Funds
Taxes	\$ -	-	-	-	-	1,755,217
Utilities	144,323	206,351	84,064	112,047	546,785	579,157
Intergovernmental	-	-	-	-	-	1,625,861
Other	4,514	4,383	4,393	73	13,363	128,798
	<u>148,837</u>	<u>210,734</u>	<u>88,457</u>	<u>112,120</u>	<u>560,148</u>	<u>4,089,033</u>
Less: Allowance for uncollectible accounts	-	-	-	-	-	-
	<u>\$ 148,837</u>	<u>210,734</u>	<u>88,457</u>	<u>112,120</u>	<u>560,148</u>	<u>4,089,033</u>

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

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

	Unavailable	Unearned
Property taxes levied not yet due	\$ 1,631,910	1,631,910
Property taxes received not yet due	-	142,285
	<u>\$ 1,631,910</u>	<u>1,774,195</u>

(4) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Construction in process	\$ 144,169	2,109,708	113,461	2,140,416
Land and land improvements	7,380,602	919,332	28,403	8,271,531
Total	<u>7,524,771</u>	<u>3,029,040</u>	<u>141,864</u>	<u>10,411,947</u>
Capital assets being depreciated:				
Buildings and improvements	13,751,217	85,150	-	13,836,367
Infrastructure	17,359,026	1,465,940	-	18,824,966
Park improvements	3,405,079	222,230	-	3,627,309
Machinery and equipment	4,798,026	848,006	297,087	5,348,945
Total	<u>39,313,348</u>	<u>2,621,326</u>	<u>297,087</u>	<u>41,637,587</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,410,976)	(352,316)	-	(4,763,292)
Infrastructure	(3,821,162)	(603,909)	-	(4,425,071)
Park improvements	(723,879)	(90,945)	-	(814,824)
Machinery and equipment	(2,699,695)	(258,094)	(239,149)	(2,718,640)
Total	<u>(11,655,712)</u>	<u>(1,305,264)</u>	<u>(239,149)</u>	<u>(12,721,827)</u>
Capital assets being depreciated, net	<u>27,657,636</u>	<u>1,316,062</u>	<u>57,938</u>	<u>28,915,760</u>
Business-type activities capital assets, net	<u>\$ 35,182,407</u>	<u>4,345,102</u>	<u>199,802</u>	<u>39,327,707</u>



NORTH OGDEN CITY

Notes to Financial Statements - Continued  
June 30, 2018

(4) Capital Assets continued

Capital assets in the statement of net position also includes the equipment and other depreciable assets, net of accumulated depreciation, for the internal service fund of \$1,995,833.

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated				
Construction in process	\$ 351,643	388,539	312,515	427,667
Land, land improvements and water stock and rights	<u>241,008</u>	<u>-</u>	<u>-</u>	<u>241,008</u>
Total	<u>592,651</u>	<u>388,539</u>	<u>312,515</u>	<u>668,675</u>
Capital assets being depreciated:				
Buildings and improvements	345,949	-	-	345,949
Infrastructure	46,787,324	2,162,208	-	48,949,532
Machinery and equipment	<u>4,061,661</u>	<u>633,333</u>	<u>87,114</u>	<u>4,607,880</u>
Total	<u>51,194,934</u>	<u>2,795,541</u>	<u>87,114</u>	<u>53,903,361</u>
Less accumulated depreciation for:				
Buildings and improvements	(278,846)	(10,780)	-	(289,626)
Infrastructure	(15,590,460)	(1,052,720)	-	(16,643,180)
Machinery and equipment	<u>(2,351,309)</u>	<u>(174,349)</u>	<u>(68,584)</u>	<u>(2,457,074)</u>
Total	<u>(18,220,615)</u>	<u>(1,237,849)</u>	<u>(68,584)</u>	<u>(19,389,880)</u>
Capital assets being depreciated, net	<u>32,974,319</u>	<u>1,557,692</u>	<u>18,530</u>	<u>34,513,481</u>
Business-type activities capital assets, net	<u>\$ 33,566,970</u>	<u>1,946,231</u>	<u>331,045</u>	<u>35,182,156</u>

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

Government activities:	
General government	\$ 62,502
Public safety	121,263
Public works, including depreciation of general infrastructure	790,158
Parks and recreation	<u>331,341</u>
Total governmental activities:	<u>1,305,264</u>
Business activities:	
Water	705,952
Sewer	223,243
Storm water	279,577
Solid waste	<u>29,077</u>
Total business activities:	<u>1,237,849</u>
Total all activities	<u>\$ 2,543,113</u>

NORTH OGDEN CITY

Notes to Financial Statements – Continued

June 30, 2018

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

Activity with long-term liabilities including capital leases for the year ending June 30, 2018 is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Amount Due within One Year
<i>Governmental activities:</i>					
Sales Tax Revenue Refunding Bond	\$ 2,050,000	-	259,000	1,791,000	265,000
Dump truck lease	18,972	-	18,972	-	-
2 Snow plow truck lease	-	228,575	39,959	188,616	36,280
	<u>\$ 2,068,972</u>	<u>228,575</u>	<u>317,931</u>	<u>1,979,616</u>	<u>301,280</u>
<i>Business-type activities:</i>					
System reimbursement agreements	\$ 1,882,551	-	62,934	1,819,617	-
Dump truck lease	18,972	-	18,972	-	-
Leaf collection truck	19,013	-	19,013	-	-
Total	<u>\$ 1,920,536</u>	<u>-</u>	<u>100,919</u>	<u>1,819,617</u>	<u>-</u>

For the current year ended June 30, 2018, interest of \$48,011 was charged to expenses by Governmental Activities and \$1,779 by business-type activities. No interest was capitalized during the year by either type of activity.

(6) Long-Term Debt

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

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

The debt maturities are as follows:

Year Ended June 30,	Principal	Interest	Total Debt Service
2019	\$ 265,000	38,477	303,477
2020	251,000	32,492	283,492
2021	256,000	26,610	282,610
2022	265,000	20,567	285,567
2023	274,000	14,314	288,314
2024 - 2026	480,000	10,138	490,138
	<u>\$ 1,791,000</u>	<u>142,598</u>	<u>1,933,598</u>

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

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2018

(6) Long-Term Debt continued

The debt on these agreements is as follows:

Agreement 1	\$ 1,492,757
Agreement 2	<u>297,116</u>
	<u>\$ 1,789,873</u>

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

Harrisville City	<u>\$ 29,744</u>
------------------	------------------

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

On June 13, 2008 the City entered into two lease purchase agreements. The proceeds of these two lease purchases were to acquire two new dump trucks with snow plow equipment and one mower. The lease purchase contracts carried interest rates of 4.75% and were 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 was paid from service fees.

On June 2, 2010 the City signed a lease purchase contract to purchase a leaf collection truck. The contract had an interest rate of 4.62% and was fully paid in June of 2018. This obligation was that of the City's storm water utility and was 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, 2018 are as follows:

Year Ended June 30	Governmental Activities	
	Two Snow Plow Trucks	Motor Pool Total
2019	39,958	39,958
2020	39,959	39,959
2021	39,958	39,958
2022	39,959	39,959
2023	<u>39,958</u>	<u>39,958</u>
	199,792	199,792
Less amounts representing interest	<u>11,176</u>	<u>11,176</u>
Present value of minimum lease payments	188,616	188,616
Less current portion	<u>36,280</u>	<u>36,280</u>
Portion of obligations under capital lease due after one year	<u>152,336</u>	<u>152,336</u>



## NORTH OGDEN CITY

### Notes to Financial Statements - Continued

June 30, 2018

#### (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, 2018, there was an interfund receivable and payable of \$400,000 between the RDA and CDA funds. During the year the CDA borrowed \$200,000 from the RDA for economic development.

#### (9) Retirement Plans

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

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

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

##### **Defined Benefit Plans**

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of the Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component of the unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.



NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2018

(9) Retirement Plans continued

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City Utah, 84102, or visiting the website; [www.urs.org](http://www.urs.org).

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

Summary of Benefits by System

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefit</u>	<u>Benefit Percent Per Year Service</u>	<u>COLA**</u>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% 4% depending on the employer
Tier 2 Public Employees Systems	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

\*With actuarial reductions.

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

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2018, are as follows:

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2018

(9) Retirement Plans continued

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
<b>Contributory Systems</b>			
11 Local Government Div - Tier 1	6.00	14.46	N/A
111 Local Government Div - Tier 2	N/A	15.11	1.58
<b>Noncontributory System</b>			
15 Local Government Div - Tier 1	N/A	18.47	N/A
<b>Public Safety System Contributory</b>			
122 Tier 2 DB Hybrid Public Safety	N/A	23.73	1.26
<b>Noncontributory</b>			
75 Other Div A with 4% COLA	N/A	35.71	N/A
<b>Tier 2 DC Only</b>			
211 Local Government	N/A	6.69	10.00
222 Public Safety	N/A	12.99	12.00

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

For fiscal year ended June 30, 2018, the employer and employee contributions to the Systems were are follows:

	Employer Contributions	Employee Contributions
Noncontributory System	\$ 230,882	\$ N/A
Public Safety System	237,534	-
Tier 2 Public Employees System	107,562	-
Tier 2 Public Safety and Firefighter System	60,905	N/A
Tier 2 DC Only System	10,480	N/A
Total Net Pension Asset/Liability	\$ <u>647,362</u>	\$ <u>N/A</u>

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

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

At June 30, 2018, we reported a net pension asset of \$2,559 and a net pension liability of \$1,516,064.

	(Measurement Date): December 31, 2017				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2016	Change (Decrease)
Noncontributory System	\$ -	\$ 729,115	0.1664153%	0.1602462%	0.006169%
Public Safety System	\$ -	\$ 781,161	0.4979801%	0.4669401%	0.0310400%
Tier 2 Public Employees System	\$ -	\$ 5,788	0.0656528%	0.0632419%	0.0024109%
Tier 2 Public Safety and Firefighter	\$ 2,559	\$ -	0.2211418%	0.2481679%	(0.0270261)%
	<u>\$ 2,559</u>	<u>\$ 1,516,064</u>			

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2018

(9) Retirement Plans continued

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2018, we recognized pension expense of \$670,407.

At June 30, 2018, 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	\$ 17,816	164,621
Changes in assumptions	562,941	28,604
Net difference between projected and actual earnings on pension plan investments	299,965	785,299
Changes in proportion and differences between contributions and proportionate share of contributions	86,227	14,561
Contributions subsequent to the measurement date	<u>321,549</u>	<u>-</u>
Total	<u>\$ 1,288,498</u>	<u>993,085</u>

\$321,549 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018	\$ 111,074
2019	136,023
2020	(116,285)
2021	(170,198)
2022	(1,362)
Thereafter	14,610

Actuarial assumptions: The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.



NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2018

(9) Retirement Plans - Continued

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

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

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

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

Discount rate: The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,971,870	\$ 729,115	\$ (304,174)
Public Safety System	1,968,173	781,161	(180,900)
Tier 2 Public Employees System	68,156	5,788	(42,306)
Tier 2 Public Safety and Firefighters	22,660	(2,559)	(21,826)
	<u>\$ 4,030,859</u>	<u>\$ 1,513,505</u>	<u>\$ (549,206)</u>



NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2018

(9) Retirement Plans - Continued

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

**Defined Contribution Plan**

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

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

\*401(k)

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

<u>System</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
401(k)			
Employer Contributions	\$ 30,146	\$ 26,343	\$ 216,465
Employee Contributions	\$ 4,577	\$ 4,568	\$ 4,434

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

The City has Deferred Outflows of Resources relating to its pension activities of governmental activities of \$1,072,978 a and business-type activities of \$245,264.

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

The City has Deferred Inflows of Resources relating to its pension activities of governmental activities of 832,389 and business-type activities of \$160,686. The City also has Unearned revenue from property taxes received in the fiscal year which will be used to finance 2018 - 2019 fiscal year expenditures of \$1,774,195.

Deferred inflows relating to property tax:

2018 property taxes received in the fiscal year which will be used to finance the 2018-2019 fiscal year expenditures	
General fund	\$ 1,174,195
RDA fund	<u>600,000</u>
	<u>\$ 1,774,195</u>
Unearned rents of:	
General fund	\$ 8,420
Transportation projects fund	<u>2,440</u>
	<u>\$ 10,860</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2018

(11) North Ogden Redevelopment Agency and Community Development Area

The combined redevelopment agency (RDA) and Community Development Area (CDA) collected tax increments of \$639,584 and interest of \$16,457 for the year ended June 30, 2018, 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, 2018. The RDA has borrowed \$-0- from the general fund. The RDA received \$77,978 from the general funds as a transfer for the City's property tax increment and transferred \$303,556 to the Aquatic Center and \$82,000 to the Capital Project Fund.

During the year the RDA incurred the following expenditures:

Other professional fees and service	\$ 2,013
Engineering services	-
Off-site improvements	24,819
Transfer to other economic development	200,000
Transfer to Aquatic Center for interest on debt service	303,556
Capital projects	<u>82,000</u>
Total expenditures	<u>\$ 612,388</u>

(12) Interfund Transfers

Transfers during the year end June 30, 2018 were as follows:

Transfer from general fund	\$ (1,564,639)
Transfer from RDA	(307,578)
Transfer to Aquatic Center	404,482
Transfer to capital projects fund	1,484,735
Transfer f	(17,000)
Transfer from water utility	-
Transfer from sewer utility	-
Transfer from storm water utility	<u>-</u>
	<u>\$ -</u>

(13) Deficit Fund Balances and Budgetary Compliance

The City's CDA fund has a deficit balance of \$400,000.

(14) Property Taxes

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

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

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2018

(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, 2018, there were no outstanding claims or judgements against the City. Settlements did not exceed insurance coverage for each of the past three years.

(17) Subsequent Events

Management has evaluated subsequent events through December 28, 2018, the date the financial statements were available to be issued.



**REQUIRED SUPPLEMENTAL INFORMATION**

## NORTH OGDEN CITY

### Notes to Required Supplementary Information

June 30, 2018

#### **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**

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to the several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.5% (which also resulted in a corresponding decrease in the cost-of-living adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (an actuarial accrued liability).

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

Year Ended June 30, 2018

	Original	Final	Actual	Vairance from Final Budget
<b>Revenues:</b>				
<b>Taxes:</b>				
General property tax	\$ 1,224,943	1,224,943	1,204,330	(20,613)
Deliquent property taxes	20,000	20,000	24,265	4,265
Motor vehicle tax	120,000	120,000	115,403	(4,597)
General sales and use tax	2,651,383	2,657,865	2,733,784	75,919
Utility revenue sales tax	1,070,000	1,070,000	1,070,634	634
<b>Total taxes</b>	<u>5,086,326</u>	<u>5,092,808</u>	<u>5,148,416</u>	<u>55,608</u>
<b>Licenses and permits:</b>				
Business licenses	13,275	13,275	29,324	16,049
Building permits	330,000	387,239	431,735	44,496
Animal licenses	12,100	12,100	11,731	(369)
<b>Total licenses and permits</b>	<u>355,375</u>	<u>412,614</u>	<u>472,790</u>	<u>60,176</u>
<b>Intergovernmental:</b>				
Class C roads	687,000	687,000	730,517	43,517
State Liquor allotment	13,000	13,000	9,081	(3,919)
Weber County	46,875	46,875	46,875	-
Grants	15,000	22,500	25,276	2,776
<b>Total intergovernmental</b>	<u>761,875</u>	<u>769,375</u>	<u>811,749</u>	<u>42,374</u>
<b>Charges for services:</b>				
Recreation fees	93,000	93,000	75,591	(17,409)
Building plan/development fees	177,800	177,800	177,209	(591)
Zoning and subdivision fees	30,000	30,000	53,494	23,494
Cherry Days	35,000	35,000	28,171	(6,829)
Credit card fees	-	-	-	-
Youth Council projects	2,000	2,000	563	(1,437)
Amphitheater fees	10,000	10,000	9,879	(121)
Other charges and fees	8,500	8,500	8,344	(156)
<b>Total charges for services</b>	<u>356,300</u>	<u>356,300</u>	<u>353,251</u>	<u>(3,049)</u>
Fines and forfeitures	<u>204,500</u>	<u>204,500</u>	<u>196,661</u>	<u>(7,839)</u>
<b>Other revenue:</b>				
Interest	12,000	12,000	28,564	16,564
Rents	4,000	4,000	6,675	2,675
Traffic School	35,000	35,000	63,931	28,931
Donations	5,000	5,000	18,016	13,016
Administrative service fee to utility funds	448,375	448,375	448,375	-
Sale of assets	-	-	-	-
Miscellaneous	7,900	7,900	16,206	8,306
<b>Total other revenue</b>	<u>512,275</u>	<u>512,275</u>	<u>581,767</u>	<u>69,492</u>
<b>Total revenue</b>	<u>\$ 7,276,651</u>	<u>7,347,872</u>	<u>7,564,634</u>	<u>216,762</u>



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

Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
<b>Expenditures - Continued:</b>				
<b>General Government:</b>				
Legislative:				
Salaries and benefits	\$ 139,808	139,808	116,433	(23,375)
Materials, supplies, and services	51,575	51,575	41,158	(10,417)
Capital	-	-	-	-
	<u>191,383</u>	<u>191,383</u>	<u>157,591</u>	<u>(33,792)</u>
Judicial:				
Salaries and benefits	147,214	147,214	146,317	(897)
Materials, supplies, and services	33,010	33,010	29,866	(3,144)
Capital	-	-	-	-
	<u>180,224</u>	<u>180,224</u>	<u>176,183</u>	<u>(4,041)</u>
Finance:				
Salaries and benefits	272,021	272,021	257,720	(14,301)
Materials, supplies, and services	58,580	58,580	56,186	(2,394)
Capital	-	-	-	-
	<u>330,601</u>	<u>330,601</u>	<u>313,906</u>	<u>(16,695)</u>
Administrative:				
Salaries and benefits	290,746	297,228	301,731	4,503
Materials, supplies, and services	86,442	86,442	67,821	(18,621)
Capital	19,955	19,955	21,262	1,307
	<u>397,143</u>	<u>403,625</u>	<u>390,814</u>	<u>(12,811)</u>
Non-Departmental:				
Salaries and benefits	6,500	6,500	-	(6,500)
Materials, supplies, and services	310,250	310,250	287,258	(22,992)
Capital	-	-	-	-
	<u>316,750</u>	<u>316,750</u>	<u>287,258</u>	<u>(29,492)</u>
General Government buildings:				
Salaries and benefits	25,000	25,000	24,901	(99)
Materials, supplies, and services	101,452	101,452	103,809	2,357
Capital	-	-	-	-
	<u>126,452</u>	<u>126,452</u>	<u>128,710</u>	<u>2,258</u>
Total general government	<u>1,542,553</u>	<u>1,549,035</u>	<u>1,454,462</u>	<u>(94,573)</u>
<b>Public Safety:</b>				
Police Service:				
Salaries and benefits	2,020,623	2,020,623	1,911,559	(109,064)
Materials, supplies, and services	442,753	450,253	433,147	(17,106)
Capital	6,750	6,750	-	(6,750)
	<u>2,470,126</u>	<u>2,477,626</u>	<u>2,344,706</u>	<u>(132,920)</u>
Planning:				
Salaries and benefits	172,350	172,350	156,041	(16,309)
Materials, supplies, and services	75,540	75,540	42,336	(33,204)
Capital	-	-	-	-
	<u>247,890</u>	<u>247,890</u>	<u>198,377</u>	<u>(49,513)</u>
Inspection:				
Salaries and benefits	233,881	291,120	218,391	(72,729)
Materials, supplies, and services	35,190	35,190	26,164	(9,026)
Capital	-	-	-	-
	<u>269,071</u>	<u>326,310</u>	<u>244,555</u>	<u>(81,755)</u>
Animal Control:				
Salaries and benefits	61,260	61,260	61,215	(45)
Materials, supplies, and services	39,736	39,736	36,968	(2,768)
Capital	4,000	4,000	-	(4,000)
	<u>104,996</u>	<u>104,996</u>	<u>98,183</u>	<u>(6,813)</u>
Total Public Safety	<u>\$ 3,092,083</u>	<u>3,156,822</u>	<u>2,885,821</u>	<u>(271,001)</u>

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

Year Ended June 30, 2018

	Budgeted Amounts			Variance from Final Budget
	Original	Final	Actual	
<b>Expenditures - Continued:</b>				
Streets and Highways:				
Salaries and benefits	\$ 352,352	352,352	310,249	(42,103)
Materials, supplies, and services	415,294	415,294	339,562	(75,732)
Capital	-	-	-	-
	<u>767,646</u>	<u>767,646</u>	<u>649,811</u>	<u>(117,835)</u>
Total Streets and Highways	<u>767,646</u>	<u>767,646</u>	<u>649,811</u>	<u>(117,835)</u>
Parks and Recreation:				
Administration:				
Salaries and benefits	122,236	122,236	121,584	(652)
Materials, supplies, and services	117,087	117,087	76,444	(40,643)
Capital	-	-	-	-
	<u>239,323</u>	<u>239,323</u>	<u>198,028</u>	<u>(41,295)</u>
Parks department:				
Salaries and benefits	458,602	458,602	418,520	(40,082)
Materials, supplies, and services	219,738	219,738	218,334	(1,404)
Capital	8,000	8,000	-	(8,000)
	<u>686,340</u>	<u>686,340</u>	<u>636,854</u>	<u>(49,486)</u>
Recreation department:				
Salaries and benefits	127,170	127,170	106,340	(20,830)
Materials, supplies, and services	84,002	84,002	64,303	(19,699)
Capital	-	-	-	-
	<u>211,172</u>	<u>211,172</u>	<u>170,643</u>	<u>(40,529)</u>
Total Community services	<u>1,136,835</u>	<u>1,136,835</u>	<u>1,005,525</u>	<u>(131,310)</u>
Total expenditures	<u>6,539,117</u>	<u>6,610,338</u>	<u>5,995,619</u>	<u>(614,719)</u>
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses).	<u>737,534</u>	<u>737,534</u>	<u>1,569,015</u>	<u>831,481</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(685,926)</u>	<u>(1,571,661)</u>	<u>(1,564,639)</u>	<u>7,022</u>
Total other financing sources (uses)	<u>(685,926)</u>	<u>(1,571,661)</u>	<u>(1,564,639)</u>	<u>7,022</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other (uses).	51,608	(834,127)	4,376	838,503
Fund balance - beginning of year	<u>1,624,291</u>	<u>1,624,291</u>	<u>1,624,291</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,675,899</u>	<u>790,164</u>	<u>1,628,667</u>	<u>838,503</u>

NORTH OGDEN CITY

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

Year Ended June30, 2018

	Budgeted Amount			Variance from Final Budget
	Original	Final	Actual	
Revenue:				
Property taxes	\$ 575,000	575,000	639,584	64,584
Interest income	2,000	2,000	16,457	14,457
Other income	-	-	-	-
Total revenue	<u>577,000</u>	<u>577,000</u>	<u>656,041</u>	<u>79,041</u>
Expenditures:				
Professional Services	30,000	30,000	2,013	27,987
Engineering services	10,000	10,000	-	10,000
Offsite improvements	30,000	30,000	24,819	5,181
Other economic development	-	200,000	200,000	-
Total expenditures	<u>70,000</u>	<u>270,000</u>	<u>226,832</u>	<u>43,168</u>
Other financing sources ( uses):				
Transfers in (out) - net	<u>(300,556)</u>	<u>(300,556)</u>	<u>(307,578)</u>	<u>(7,022)</u>
Total other financing sources(uses)	<u>(300,556)</u>	<u>(300,556)</u>	<u>(307,578)</u>	<u>(7,022)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	206,444	6,444	121,631	115,187
Fund balance - beginning of year	<u>873,840</u>	<u>873,840</u>	<u>873,840</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,080,284</u>	<u>880,284</u>	<u>995,471</u>	<u>115,187</u>



NORTH OGDEN CITY

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

Year Ended June 30, 2018

	Budgeted Amount		Actual	Variance from Final Budget
	Original	Final		
Revenue:				
Admissions, reservations and lessons	\$ 337,000	344,500	345,063	563
Concessions and merchandise sales	11,500	11,500	10,161	(1,339)
Bowery rentals	2,400	2,400	2,305	(95)
Miscellaneous revenue	9,000	9,000	5,252	(3,748)
Total revenue	<u>359,900</u>	<u>367,400</u>	<u>362,781</u>	<u>(4,619)</u>
Expenditures:				
Salaries and benefits	277,296	284,796	284,046	750
Materials, supplies and services	50,527	48,680	37,484	11,196
Maintenance and repairs	33,500	33,500	32,988	512
Utilities and telephone	60,000	61,850	56,642	5,208
Chemicals	36,000	36,000	28,904	7,096
Capital equipment	3,500	3,500	-	3,500
Bond Principle	259,000	259,000	259,000	-
Bond Interest	44,559	44,556	44,556	-
Total expenditures	<u>764,382</u>	<u>771,882</u>	<u>743,620</u>	<u>28,262</u>
Other financing sources ( uses):				
Transfers in (out) - net	<u>404,482</u>	<u>404,482</u>	<u>404,482</u>	<u>-</u>
Total other financing sources(uses)	<u>404,482</u>	<u>404,482</u>	<u>404,482</u>	<u>-</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	-	-	23,643	23,643
Fund balance (deficit) - beginning of year	<u>31,948</u>	<u>31,948</u>	<u>31,948</u>	<u>-</u>
Fund balance ( deficit) - end of year	<u>\$ 31,948</u>	<u>31,948</u>	<u>55,591</u>	<u>23,643</u>

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 NORTH OGDEN CITY  
 Utah Retirement Systems  
 As of June 2018  
 Last 10 Fiscal Years

		Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	2017	0.1664153%	0.4979801%	0.0656528%	0.2211418%
	2016	0.1602462%	0.4669401%	0.0632419%	0.2481679%
	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)	2017	\$729,115	\$781,161	\$5,788	(\$2,559)
	2016	\$1,028,977	\$947,550	\$7,055	(\$2,154)
	2015	\$923,168	\$801,339	(\$106)	(\$4,461)
	2014	\$722,154	\$536,813	(\$1,155)	(\$5,149)
Covered employee payroll	2017	\$1,323,128	\$731,633	\$642,222	\$233,449
	2016	\$1,315,547	\$688,814	\$518,631	\$205,040
	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	2017	55.11%	106.77%	0.90%	-1.10%
	2016	78.22%	137.56%	1.36%	-1.05%
	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	2017	91.9%	90.2%	97.4%	103.0%
	2016	87.3%	86.5%	95.1%	103.6%
	2015	87.8%	87.1%	100.2%	110.7%
	2014	90.2%	90.5%	103.5%	120.5%

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

SCHEDULE OF CONTRIBUTIONS NORTH OGDEN CITY  
Utah Retirement Systems  
As of June 2018  
Last 10 Fiscal Years

	As of fiscal year ended June 30	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered Employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 235,539	\$ 235,539	\$ -	\$ 1,414,290	16.65%
	2015	\$ 245,610	\$ 245,610	\$ -	\$ 1,391,385	17.65%
	2016	\$ 233,522	\$ 233,522	\$ -	\$ 1,330,911	17.55%
	2017	\$ 235,424	\$ 235,424	\$ -	\$ 1,330,504	17.69%
	2018	\$ 230,882	\$ 230,882	\$ -	\$ 1,333,107	17.32%
Public Safety System	2014	\$ 184,402	\$ 184,402	\$ -	\$ 603,659	30.55%
	2015	\$ 204,537	\$ 204,537	\$ -	\$ 644,757	31.72%
	2016	\$ 206,900	\$ 206,900	\$ -	\$ 655,343	31.50%
	2017	\$ 226,756	\$ 226,756	\$ -	\$ 715,974	31.67%
	2018	\$ 237,534	\$ 237,534	\$ -	\$ 728,521	32.60%
Tier 2 Public Safety Employees System*	2014	\$ 27,326	\$ 27,326	\$ -	\$ 195,322	13.99%
	2015	\$ 36,188	\$ 36,188	\$ -	\$ 242,222	14.94%
	2016	\$ 57,781	\$ 57,781	\$ -	\$ 388,167	14.89%
	2017	\$ 88,842	\$ 88,842	\$ -	\$ 596,662	14.89%
	2018	\$ 107,562	\$ 107,562	\$ -	\$ 711,861	15.11%
Tier 2 Public Safety and Firefighter System	2014	\$ 33,152	\$ 33,152	\$ -	\$ 148,198	22.37%
	2015	\$ 38,270	\$ 38,270	\$ -	\$ 161,406	23.71%
	2016	\$ 42,978	\$ 42,978	\$ -	\$ 181,644	23.66%
	2017	\$ 54,393	\$ 54,393	\$ -	\$ 229,895	23.66%
	2018	\$ 60,905	\$ 60,905	\$ -	\$ 256,659	23.73%
Tier 2 Public Employees DC Only System*	2014	\$ 2,942	\$ 2,942	\$ -	\$ 52,727	5.58%
	2015	\$ 6,563	\$ 6,563	\$ -	\$ 97,671	6.72%
	2016	\$ 8,242	\$ 8,242	\$ -	\$ 123,199	6.69%
	2017	\$ 8,482	\$ 8,482	\$ -	\$ 126,787	6.69%
	2018	\$ 10,480	\$ 10,480	\$ -	\$ 156,650	6.69%

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

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



NORTH OGDEN CITY

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

Year Ended June 30, 2018

	Budgeted Amount		Actual	Variance from Final Budget
	Original	Final		
<b>Revenue:</b>				
Grant- Weber County	\$ 3,298,750	3,298,750	929,809	(2,368,941)
RAMP grants recognized	320,600	320,600	717,972	397,372
RAMP grant municipalities	18,000	18,000	18,791	791
Other grants received	70,000	70,000	96,875	26,875
Transportation sales tax	-	-	-	-
Park impact fees	395,780	480,780	458,952	(21,828)
Transportation impact fees	-	-	-	-
Donations	-	-	-	-
Interest	1,000	1,000	8,906	7,906
Sale of assets	-	-	12,710	12,710
Sale of easement	-	-	-	-
Donations	-	-	-	-
Miscellaneous revenue	-	-	2,060	2,060
<b>Total revenue</b>	<u>4,104,130</u>	<u>4,189,130</u>	<u>2,246,075</u>	<u>(1,943,055)</u>
<b>Expenditures:</b>				
Monroe Boulevard	951,210	951,210	209,872	(741,338)
Street and road improvements	500,000	500,000	500,870	870
2600 N Intersection project	1,630,000	1,630,000	684,529	(945,471)
400/450 intersection project	1,417,540	1,417,540	55,856	(1,361,684)
Barker park- Amphitheater project	844,000	2,062,390	2,005,976	(56,414)
Skate park construction	-	142,987	143,267	280
Building improvements and construction	147,903	179,362	145,656	(33,706)
City lighting project	278,000	278,000	298,616	20,616
Capital facilities / Impact fee	18,600	18,600	-	(18,600)
	-	-	-	-
<b>Total expenditures</b>	<u>5,787,253</u>	<u>7,180,089</u>	<u>4,044,642</u>	<u>(3,135,447)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures before other uses	<u>(1,683,123)</u>	<u>(2,990,959)</u>	<u>(1,798,567)</u>	<u>1,192,392</u>
<b>Other financing sources ( uses):</b>				
Transfers in (out)	1,282,000	2,184,735	1,484,735	(700,000)
Sale of assets	-	-	-	-
<b>Total other financing sources(uses)</b>	<u>1,282,000</u>	<u>2,184,735</u>	<u>1,484,735</u>	<u>(700,000)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	<u>(401,123)</u>	<u>(806,224)</u>	<u>(313,832)</u>	<u>492,392</u>
Fund balance - beginning of year	<u>1,492,805</u>	<u>1,492,805</u>	<u>1,492,805</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,091,682</u>	<u>686,581</u>	<u>1,178,973</u>	<u>492,392</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2018

	Budgeted Amount		Actual	Variance from Final Budget
	Original	Final		
<b>Revenue:</b>				
Transportation fees	\$ 225,000	225,000	219,592	(5,408)
Transportation impact fees	325,737	325,737	418,592	92,855
Transportation sales tax	156,000	156,000	191,429	35,429
Rental income	60,000	117,000	123,530	6,530
Interest	1,200	1,200	22,425	21,225
Total revenue	<u>767,937</u>	<u>824,937</u>	<u>975,568</u>	<u>150,631</u>
<b>Expenditures:</b>				
Rental property expenses	20,000	60,000	58,526	1,474
Miscellaneous expenses	-	-	17	(17)
Total expenditures	<u>20,000</u>	<u>60,000</u>	<u>58,543</u>	<u>1,457</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures before other uses	<u>747,937</u>	<u>764,937</u>	<u>917,025</u>	<u>149,174</u>
<b>Other financing sources ( uses):</b>				
Transfers in (out)	(700,000)	(717,000)	(17,000)	700,000
Sale of assets	-	-	-	-
Total other financing sources(uses)	<u>(700,000)</u>	<u>(717,000)</u>	<u>(17,000)</u>	<u>700,000</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	47,937	47,937	900,025	849,174
Fund balance - beginning of year	<u>971,455</u>	<u>971,455</u>	<u>971,455</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,019,392</u>	<u>1,019,392</u>	<u>1,871,480</u>	<u>849,174</u>

NORTH OGDEN CITY

Combining Statement of Net Position  
Internal Service Funds

Year Ended June 30, 2018

	Motor Pool	Police Motor Pool	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 230,042	80,605	310,647
Accounts receivable	180	-	180
Prepaid expenses	3,726	-	3,726
Total current revenue	<u>233,948</u>	<u>80,605</u>	<u>314,553</u>
<b>Expenditures:</b>			
Buildings and structures	337,565	-	337,565
Vehicles and equipment	2,879,086	926,554	3,805,640
Total capital assets	3,216,651	926,554	4,143,205
Accumulated depreciation	1,571,979	575,472	2,147,451
Net capital assets	<u>1,644,672</u>	<u>351,082</u>	<u>1,995,754</u>
Pension asset	79	-	79
Total non-current assets	<u>1,644,751</u>	<u>351,082</u>	<u>1,995,833</u>
Total assets	<u>1,878,699</u>	<u>431,687</u>	<u>2,310,386</u>
<b>Deferred outflows of resources</b>			
Pension related	52,811	-	52,811
Total assets and derred outflows of resources	<u>1,931,510</u>	<u>431,687</u>	<u>2,363,197</u>
<b>Current liabilities:</b>			
Current portion of lease obligations payable	36,280	-	36,280
Accounts payable	-	-	-
Accrued interest payable	2,554	-	2,554
Compensated absences payable	8,181	-	8,181
Wages and benefits payable	3,559	-	3,559
Total current liabilities	<u>50,574</u>	<u>-</u>	<u>50,574</u>
<b>Non-current liabilities:</b>			
Net pension liability	58,866	-	58,866
Lease obligations payable	188,616	-	188,616
Lease obligations payable - current portion	(36,280)	-	(36,280)
Total non-current liabilities	<u>211,202</u>	<u>-</u>	<u>211,202</u>
Total liabilities	<u>261,776</u>	<u>-</u>	<u>261,776</u>
<b>Deferred inflows of resources:</b>			
Pension related	39,588	-	39,588
Total liabilities and derred inflows of resources	<u>301,364</u>	<u>-</u>	<u>301,364</u>
<b>Net position:</b>			
Net investment in captial assets	1,456,056	351,082	1,807,138
Unrestricted	174,090	80,605	254,695
Total net position	<u>\$ 1,630,146</u>	<u>431,687</u>	<u>2,061,833</u>



NORTH OGDEN CITY

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

Year Ended June 30, 2018

	Motor Pool	Police Motor Pool	Total
<b>Revenue:</b>			
General Fund	\$ 187,958	275,237	463,195
Utility Fund	307,963	-	307,963
Total rentals	<u>495,921</u>	<u>275,237</u>	<u>771,158</u>
Operating charge - police motorpool	192,477	(192,477)	-
Sale of materials and supplies	4,958	-	4,958
Miscellaneous income	3,204	-	3,204
Total revenue	<u>696,560</u>	<u>82,760</u>	<u>779,320</u>
<b>Expenses:</b>			
Salaries and benefits	205,575	-	205,575
Materials, supplies and services	186,034	15,126	201,160
Fuel	111,188	-	111,188
Interest on capital leases	3,455	-	3,455
Depreciation	121,673	99,981	221,654
Net capital assets	<u>627,925</u>	<u>115,107</u>	<u>743,032</u>
Income (loss) from operations:	<u>68,635</u>	<u>(32,347)</u>	<u>36,288</u>
<b>Other non-operating revenue (expense):</b>			
Gain from sale of assets	29,294	16,768	46,062
Interest earned	3,140	1,491	4,631
Transfers from (to) other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total other non-operating revenue (expenses)	<u>32,434</u>	<u>18,259</u>	<u>50,693</u>
Capital asset contributions - General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	101,069	(14,088)	86,981
Net position - beginning of year	<u>1,529,077</u>	<u>445,775</u>	<u>1,974,852</u>
Net position - end of year	<u>\$ 1,630,146</u>	<u>431,687</u>	<u>2,061,833</u>

NORTH OGDEN CITY

Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2018

	Motor Pool	Police Motor Pool	Total
Cash flows from operating activities:			
Cash received from vehicle rent from:			
General Fund	\$ 187,958	275,237	463,195
Utility Fund	307,963	-	307,963
Operating charge - police motorpool	192,477	(192,477)	-
Sale of material, supplies, and services	4,958	-	4,958
Other operating income	3,204	-	3,204
Payments for payroll and related benefits	(208,239)	-	(208,239)
Payments for goods and services	(299,321)	(15,126)	(314,447)
Net cash provided (used) by operating activities	<u>189,000</u>	<u>67,634</u>	<u>256,634</u>
Cash flows from capital and related financing activities:			
Payments to purchase vehicles and equipment	(461,395)	(66,732)	(528,127)
Proceeds from capital lease financing	188,616	-	188,616
Proceeds from the sale of capital assets	65,900	38,100	104,000
Principle payments on lease financing	(18,972)	-	(18,972)
Net cash used by capital and related financing activities	<u>(225,851)</u>	<u>(28,632)</u>	<u>(254,483)</u>
Cash flows from non-capital financing activities:			
Net cash provided ( used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest received	<u>3,140</u>	<u>1,491</u>	<u>4,631</u>
Net cash provided ( used) by investing activities	<u>3,140</u>	<u>1,491</u>	<u>4,631</u>
Net increase (decrease) in cash and equivalents	(33,711)	40,493	6,782
Cash and cash equivalents - beginning of year	<u>263,753</u>	<u>40,112</u>	<u>303,865</u>
Cash and cash equivalents - end of year	<u>230,042</u>	<u>80,605</u>	<u>310,647</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	68,635	(32,347)	36,288
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	121,673	99,981	221,654
Decrease (increase) in receivables	(180)	-	(180)
Decrease (increase) in prepaid expenses	(1,018)	-	(1,018)
Decrease (increase) in interest payable	2,554	-	2,554
Increase (decrease) in compensated absences and wages and benefits payable	(3,615)	-	(3,615)
Pension related items	951	-	951
Total adjustments	<u>120,365</u>	<u>135,754</u>	<u>974,684</u>
Net cash provided (used) by operating activities	<u>189,000</u>	<u>83,879</u>	<u>216,305</u>
Non-cash 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, 2018, 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 December 28, 2018.

**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.*





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, 2018.

General state compliance requirements were tested for the year ended June 30, 2018 in the following areas:

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

North Ogden City received state funding from the following programs classified as major programs for the year ended June 30, 2018:

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, 2018.

## 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.

### *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.

*Christman, Palmer & Gombase P.C.*

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

