

NORTH OGDEN CITY
Financial Statements - June 30, 2015
(With Auditor's Report Thereon)

NORTH OGDEN CITY

Table of Contents

	<u>Page</u>	
Independent Auditor's Report	1-2	
Management's Discussion and Analysis	3-18	
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Position	19	
Statement of Activities	20	
Governmental Funds Statements		
Balance Sheet	21	
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	22	
Statement of Revenue, Expenditures, and Changes in Fund Balances	23	
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	24	
Enterprise Funds Statements		
Statement of Net Position	25	
Statement of Revenue, Expenses, and Changes in Fund Net Position	26	
Statement of Cash Flows	27-28	
Notes to Financial Statements	29-45	
Required Supplemental Information		
Notes to Required Supplementary Information	46	
Budgetary Comparisons - Major Governmental Funds		
General Fund	47-49	
Redevelopment Agency	50	
Aquatic Center	51	
Schedule for Proportionate Share of Net Pension Liability	52	
Schedule for Contributions	53	
Other Information		
Capital Projects Fund		
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual	54	
Internal Service Funds		
Combining Statement of Net Position	55	
Combining Statement of Revenue, Expenses, and Changes in Net Position	56	
Combining Statement of Cash Flows	57	
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 <i>Government Auditing Standards</i>		58
Independent Auditor's Report on Compliance and on Internal Controls Over Compliance in Accordance With the <i>State of Utah Legal Compliance Audit Guide</i>		59-60
State of Utah - Schedule of Expenditures of State Grants, Contracts, and Loan Funds	61	



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, 2015, 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, 2015, 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 budgetary comparison information on pages 3-18 and 46-53 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 54-57 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 23, 2015 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.

Christensen, Palmer & Gombase 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, 2015. 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 \$1,203,315. Net position of governmental activities increased by \$724,919 or 2.6%. Net position of business-type activities increased by \$478,396 or 1.4%.
- The assets and deferred outflows of North Ogden City exceeded its liabilities and deferred inflows by \$62,012,850. Of this amount, \$7,381,072 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 \$2,718,499 at June 30, 2015, a decrease of \$2,578,973 in comparison to the previous year. Of the ending fund balances, \$1,915,317 was unassigned and available for spending at the City's discretion.
- As of June 30, 2015, the enterprise funds of North Ogden City had a net position of \$33,691,046. Of this amount \$27,608,191 is the net amount invested in capital assets. Combined cash from Business-Type Activities in the Enterprise Funds decreased \$395,146.
- During the 2014-2015 Fiscal Year the 2004 Sales Tax Revenue Bond was paid off using the proceeds from the advanced refunding bonds issued in March of 2014. The principal balance of the Sales Tax Revenue Refunding Bonds, Series 2014 began at \$2,550,000. \$3,000 was paid off during the 2015 Fiscal Year leaving principal balance of \$2,547,000 as of June 30, 2015.
- North Ogden has 3 operating leases. The total amount of principal remaining on the 3 leases is \$163,307. The amount paid on principal for the leases in Fiscal Year 2014 was \$89,219. This included making a final payment on a street sweeper.
- 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 \$2,015,109. The amount paid on principal for the agreements for Fiscal Year 2014 was \$56,309.

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 themselves that will help the reader to gain a more in-depth understanding of the City.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

Most of the City's basic services are reported in governmental funds, which use an accounting method called modified accrual accounting. Modified accrual accounting measures cash and all other financial assets that can readily be converted to cash and focus on near-term inflows and outflows of spendable resources. The City maintains a general fund, capital projects fund and redevelopment agency fund as governmental funds.

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

Proprietary Funds

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

Differences between Government-Wide and Fund Statements

- Capital assets and long term debt are included on the government-wide statements but are not reported on the governmental fund statements
- Capital outlays result in capital assets on the government-wide statements but are expenditures on the governmental fund statements.

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

As noted earlier, increases or decreases in net position offers a measuring tool of the overall financial condition. This indicates that the City's overall financial condition has slightly improved over the prior year. The City's net position (formerly net assets) increased \$1,203,315 or 2%. Of that \$724,919 or 2.6 % is the result of Governmental Activities while \$478,396 or 1.4% came from business-type activities.

The largest component of the City's net assets, making up 87% of the total, is the Capital Assets (land, buildings, machinery and equipment, 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 \$700,515 in restricted assets for future capital projects. Unrestricted net assets however may be used at the City's discretion to meet its ongoing obligations to citizens and creditors. The unrestricted net assets decreased by \$1,880,848 and make up 12% of the total net assets. Overall liabilities increased by \$2,280,362. One reason for this increase was mostly due to the implementation of GASB 68 which records the city's portion of the unfunded pension liability administered by the Utah State Retirement System. This is the first year cities were required to account for the liability on financial statements. Another reason is an increase in the Accounts Payable balance as of June 30, 2015. The balance is \$1,268,342 more than it was at the end of the Fiscal Year ending June 30, 2014.

**Statement of Net Position
June 30, 2015**

	Governmental		Business Type Activities		Total	
	Activities					
Assets	2015	2014	2015	2014	2015	2014
Current & Other Assets	6,848,401	8,739,184	6,426,661	6,795,850	13,275,062	15,535,034
Capital Assets (net)	28,924,446	24,037,412	29,732,232	29,057,776	58,656,678	53,095,188
Total Assets	35,772,847	32,776,596	36,158,893	35,853,626	71,931,740	68,630,222
Deferred Outflows	253,370	-	44,030	-	297,400	-
Liabilities	3,640,492	936,226	389,983	460,625	4,030,475	1,396,851
Long Term Debt						
Outstanding	2,339,084	2,601,374	2,089,739	2,180,351	4,428,463	4,781,725
Total Liabilities	5,979,576	3,537,600	2,479,362	2,640,976	8,458,938	6,178,576
Deferred inflow of resources	1,724,837	1,642,111	32,515	-	1,757,352	1,642,111
Net Position:						
Invested in capital assets, net of related debt	26,323,072	21,416,532	27,608,191	26,804,713	53,931,263	48,221,245
Restricted	700,515	3,326,370	-	-	700,515	3,326,370
Unrestricted	1,298,217	2,853,983	6,082,855	6,407,937	7,381,072	9,261,920
Total Net Position	28,321,804	27,596,885	33,691,046	33,212,650	62,012,850	60,809,535

THIS SECTION INTENTIONALLY LEFT BLANK

Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
General Revenues						
Property Tax	1,725,924	1,780,604			1,725,924	1,780,604
Sales Tax	2,221,905	2,039,404			2,221,905	2,039,404
Other Taxes	1,048,424	1,105,379			1,048,424	1,105,379
Interest & Investment	23,993	24,679	30,695	27,861	54,688	52,540
Grants & Contributions	1,667,627	1,202,740	1,074,970	1,023,957	2,742,597	2,226,697
Charges for Services	1,559,990	1,523,947	4,416,434	4,142,272	5,976,424	5,666,219
Sale of Assets	31,152	19,519	(1,066)	2,167	30,086	21,686
Other	38,796	41,433	-	-	38,796	41,433
Total Revenues	8,317,811	7,737,705	5,521,033	5,196,257	13,838,844	12,933,962
Expenses						
General Government	1,404,921	1,299,222			1,404,921	1,299,222
Public Safety	2,318,844	2,185,299			2,318,844	2,185,299
Economic Development	383,091	38,444			383,091	38,444
Streets & public improvements	1,104,672	1,037,292			1,104,672	1,037,292
Parks & Recreation	1,552,652	1,491,412			1,552,652	1,491,412
Interest on Long Term Debt	67,023	132,238			67,023	132,238
Water			1,401,123	1,457,628	1,401,123	1,457,628
Sewer			1,567,418	1,537,331	1,567,418	1,537,331
Storm Water			630,243	639,499	630,243	639,499
Solid Waste			850,736	785,679	850,736	785,679
Total Expenses	6,831,203	6,183,907	4,449,520	4,420,137	11,280,723	10,604,044
Transfers – Internal Activities	392,537	1,242,094	(392,537)	(1,242,094)	-	-
Increase (decrease) in net position	1,879,145	2,795,892	678,976	(465,974)	2,558,121	2,329,918
Net Position—Beginning of Fiscal Year	27,596,885	24,800,993	33,212,650	33,678,624	60,809,535	58,479,616
Prior Period Adjustment -pension	(1,154,226)	-	(200,580)	-	(1,354,806)	-
Net Position – Beginning of Fiscal Year restated	26,442,659	-	33,012,070	-	59,454,729	-
Net Position-Ending of Fiscal Year	28,321,801	27,596,885	33,691,046	33,212,650	62,012,850	60,809,535

Total revenues for governmental activities increased \$580,106 or 7.5%. Grants & Contributions increased by \$464,887 or 38.7% over last year. Sales tax revenues increased \$182,501 or 8.9%. Taxes are the City's main source of revenue, and account for \$4,996,253 or 60% of revenues overall. Expenses for Governmental Activities increased for the year by \$647,296 or 10.4%.

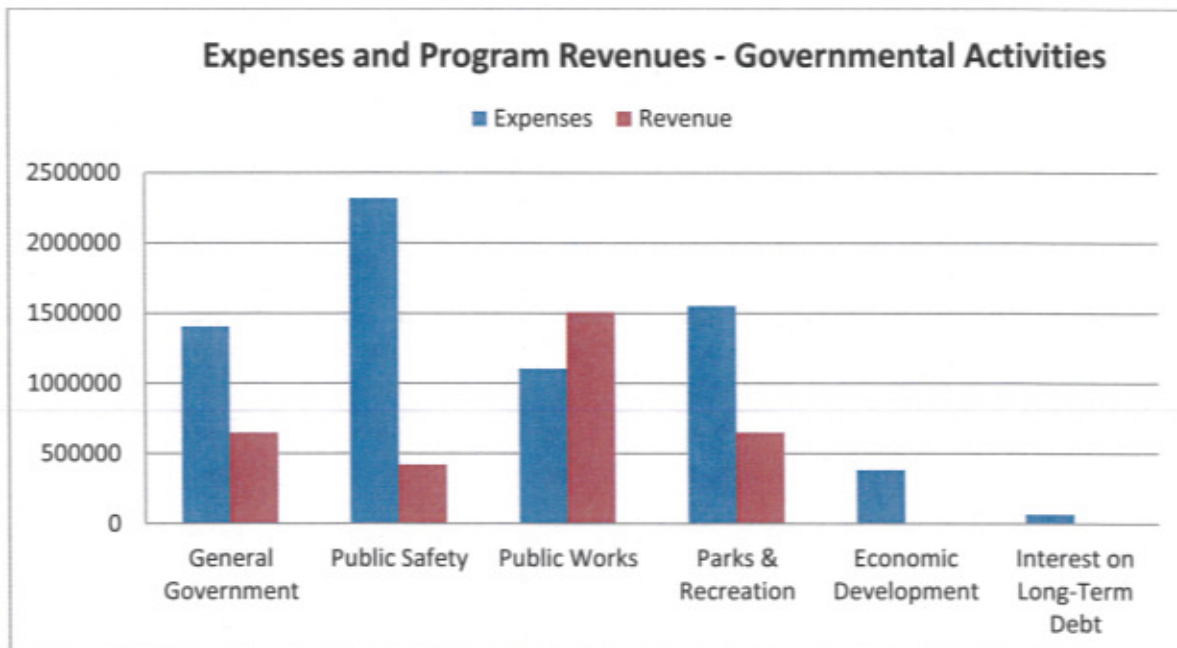
Total revenues for business-type activities increased \$324,776 or 6.25%. This year, charges for services made up 80% of the total revenues for business-type activities. Program revenues include utility fees, connection fees and special fees to builders while other fees include impact fees, gains from the sale of assets and miscellaneous revenue.

Governmental Activities

Governmental activities are reflected in the government-wide activities statement. The activities in the governmental funds resulted in an increase in net position of \$1,879,145 or 6.6%. The following table and chart show the relative net uses (expenses less any revenue directly attributed to that particular function) for governmental activities for each of the functions shown on the Statement of Activities.

The table below shows that program generated revenues, (charges for services, operating grants and contributions, and capital grants and contributions), covered \$3,227,617 or 47.2% of the costs of the City's governmental activities.

<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	1,404,921	646,626	-758,295	46%
Public Safety	2,318,844	422,051	-1,896,793	18%
Public Works	1,104,672	1,508,015	403,343	136%
Parks & Recreation	1,552,652	650,925	-901,727	42%
Economic Development	383,091	-0-	-383,091	0%
Interest on long-term debt	67,023	-0-	-67,023	0%
Totals	6,831,203	3,227,617	-3,603,586	47.2%



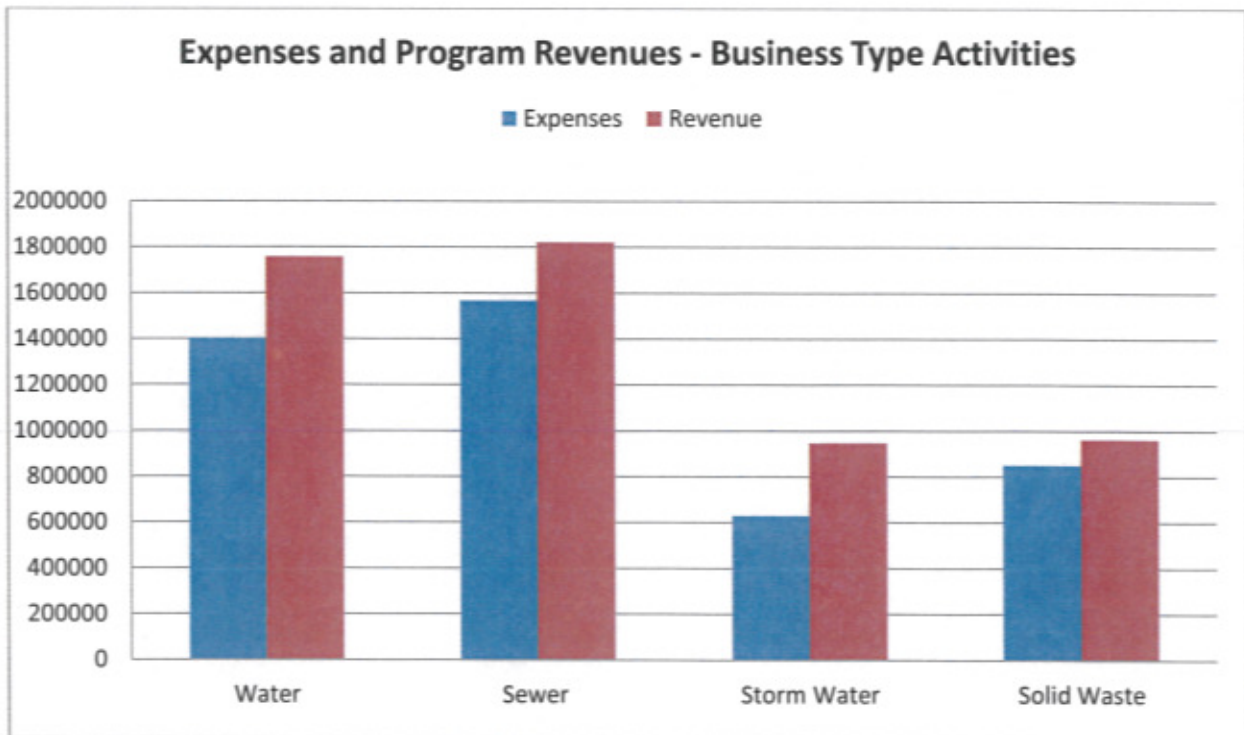
Business-Type Activities

Business-Type activities are also shown in the government-wide activities statement. Activities in the enterprise funds increased the City's net assets by \$678,976.

Two of the four enterprise funds did not have sufficient operating revenues to cover operating expenses. However, when the Capital Grants and Contributions are added in all of the funds show a positive Net Program Cost. The funds that did cover its operating expenses with their operating revenue were the Sanitary Sewer and Solid Waste Funds. Fees were increased as of July 1, 2014 in the Water and Storm Water Funds to try to help those funds cover their program expenses. The fees charged for these activities make up 90.7% of program revenues and 9.3% 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	1,401,123	1,757,566	356,443	125%
Sewer Fund	1,567,418	1,823,193	255,775	116%
Storm Water Fund	630,243	947,527	317,284	150%
Solid Waste Fund	850,736	963,118	112,382	113%
Totals	4,449,520	5,489,404	1,041,884	123%



CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

North Ogden City's governmental funds had an addition of capital assets in the amount of \$4,887,035, net of depreciation during the fiscal year. This is more than the \$825,376 net of depreciation, in new capital assets from last fiscal year and the decrease of \$205,113 the year before that. North Ogden City saw a \$674,459 increase in capital assets net of depreciation from Business –Type Activities. This is change from the \$428,896 reduction last fiscal year and a \$458,365 reduction that Business Type Activities added the year before last.

The following table shows the changes made during this fiscal year in buildings, infrastructure (curb, gutter, sidewalks, roads and parking lot), land and park improvement and machinery and equipment for both governmental and business type activities.

Capital Assets Activity - June 30, 2015

Capital Assets	Governmental Activities			Business-Type Activities		
	Beginning Balance	Additions /Deletion	Ending Balance (net)	Beginning Balance	Additions/ Deletions	Ending Balance (net)
Capital assets not being depreciated:						
Construction in Progress	80,073	(80,073)	-	-	36,434	36,434
Water rights & stock	-	-	-	6,250	-	6,250
Land and improvements	4,050,925	188,056	4,238,981	159,493	-	159,493
Total	4,130,998	107,983	4,238,981	165,743	36,434	202,177
Capital assets being depreciated:						
Buildings & improvements	9,614,918	3,457,984	13,072,902	345,949	-	345,949
Infrastructure	13,067,049	1,037,146	14,104,195	40,883,880	1,059,154	41,943,030
Land & Park improvements	2,709,168	247,003	2,956,171	-	-	-
Machinery & equipment	3,852,967	678,855	4,531,821	2,793,246	682,557	3,475,803
Total	29,244,102	5,927,695	34,665,089	44,023,075	1,741,711	45,764,782
Less accumulated depreciation:						
Buildings & improvements	3,506,277	266,250	3,772,527	246,506	10,780	257,286
Infrastructure	2,356,148	442,109	2,798,257	12,639,613	961,620	13,601,232
Park Improvements	480,937	71,873	552,810	-	-	-
Machinery & equipment	2,994,326	(138,296)	2,856,030	2,244,923	131,286	2,376,209
Total	9,337,688	976,814	9,979,624	15,131,042	1,103,686	16,234,727
Capital asset being depreciated, net	19,906,413	4,779,052	24,685,465	28,892,030	638,025	29,530,055
Governmental activity capital assets, net	24,037,411	4,887,035	28,924,446	29,057,773	674,459	29,732,232

Long Term Debt

As stated in the Financial Highlights section, 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. \$3,000 of the refunding bond principal was paid off in FY2015 leaving an outstanding principal balance of \$2,547,000.

In fiscal year 2008-2009 the City entered into a 10 year, \$310,000 lease purchase agreement to purchase two new dump trucks costing \$155,000 each. These multi-purpose dump trucks are used extensively in the winter to remove snow on the City's steep hillside areas. The City made its fifth payment this fiscal year and reduced the debt by \$33,012 leaving a balance of \$108,748. Four years remain on the lease. The final payment is due June 30, 2018. The lease for one of the dump trucks is serviced by the Storm Water Fund and the other is serviced by the Motor Pool Fund.

In fiscal year ending June 30, 2010 the City entered into a 5 year, \$189,440 lease purchase agreement to purchase a Street Sweeper. The City made its fifth and final payment this fiscal year and paid off the debt of \$39,602. This debt was serviced by the Storm Water Utility Fund.

Also in fiscal year ending June 30, 2010 the City entered into an 8 year \$130,100 lease purchase agreement to purchase a Vacuum Leaf Collector. The City reduced the debt by \$16,604 this year leaving a balance of \$54,558. The final payment is due July 1, 2018. Both the Street Sweeper and the Vacuum Leaf Collector were purchased in an effort to stay ahead of the changes made in Storm Water regulations. This debt is serviced by the Storm Water Utility Fund.

The City's water fund has entered into two agreements with developers to construct various improvements to the water system as part of development of various areas within the City. These agreements have no required repayment terms by date or no interest but rather required the developer to be reimbursed for the cost of these improvements from impact fees charged in the area covered by the agreement. The current debt on these agreements is \$2,015,109 with \$56,309 being retired during the 2014-2015 Fiscal Year.

The following tables show the activity of the City's long-term debt for fiscal year 2014-2015 and ending balances as compared to last year.

THIS SECTION INTENTIONALLY LEFT BLANK

Long Term Debt Activity

June 30, 2015

(detail)

<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	2,550,000	(3,000)	2,547,000	-	-	-
Dump Truck Lease (GA)	70,881	(16,506)	54,375	-	-	-
Dump Truck Lease (BA)	-	-	-	70,881	(16,506)	54,375
Street Sweeper Lease	-	-	-	39,602	(39,602)	-
Leaf Collector Lease System	-	-	-	71,162	(16,604)	54,558
Reimbursements				2,071,418	(56,309)	2,015,109
Total	<u>2,620,881</u>	<u>(19,506)</u>	<u>2,601,375</u>	<u>2,253,062</u>	<u>(129,021)</u>	<u>2,124,042</u>

Long Term Debt Activity

June 30, 2015

(summary)

	Governmental		Business Type		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Ending Balances	<u>2,601,375</u>	<u>2,620,881</u>	<u>2,124,042</u>	<u>2,253,062</u>	<u>4,725,417</u>	<u>4,873,942</u>

THIS SECTION INTENTIONALLY LEFT BLANK

Analysis of Financial Funds

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined fund balance of \$2,718,499, a decrease of \$2,578,973. \$1,915,317 of the total amount (70.5%) 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 \$700,515 which has been assigned to the Capital Projects Fund for future capital projects. Nonspendable fund balance at year end was \$102,667 which was for prepaid expenses. No part of the net position was restricted or committed.

General Fund

The general fund is the chief operating fund of North Ogden City and accounts for all of the general services provided. At June 30, 2015 the unassigned fund balance of the general fund was \$1,469,539.

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

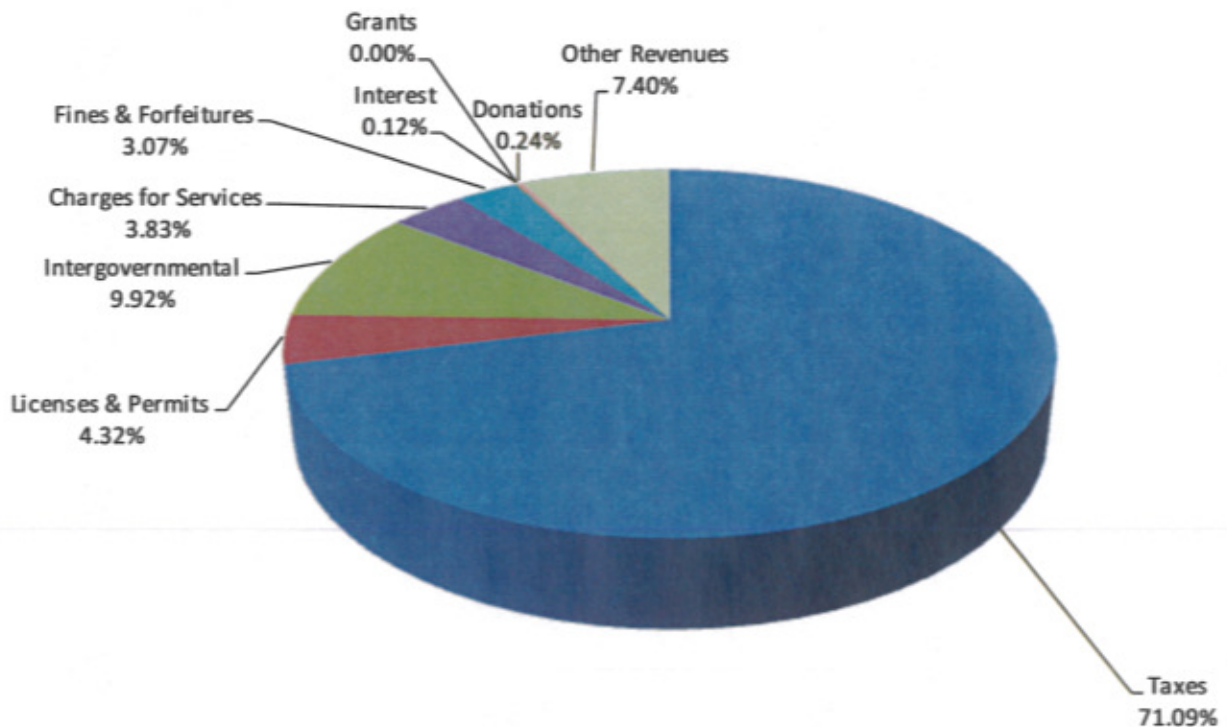
THIS SECTION INTENTIONALLY LEFT BLANK

General Fund Revenues

(prior year comparison)

Revenues	<u>2015</u>	<u>2014</u>	<u>\$ Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>2015 Percent of Total</u>
Taxes	\$4,551,856	\$4,396,529	\$155,327	3.53%	71.09%
Licenses & Permits	\$276,790	\$256,697	\$20,093	7.83%	4.32%
Intergovernmental	\$635,428	\$612,601	\$22,827	3.73%	9.92%
Charges for Services	\$245,462	\$668,731	-\$423,269	-63.29%	3.83%
Fines & Forfeitures	\$196,637	\$154,510	\$42,127	27.26%	3.07%
Interest	\$7,432	\$6,787	\$645	9.50%	0.12%
Grants	\$0	\$0	\$0	0.00%	0.00%
Donations	\$15,655	\$7,780	\$7,875	101.22%	0.24%
Other Revenues	\$474,060	\$479,177	-\$5,117	-1.07%	7.40%
Total Revenue	<u>\$6,403,320</u>	<u>\$6,582,812</u>	<u>-\$179,492</u>	<u>-2.73%</u>	

Governmental Funds Revenue Sources

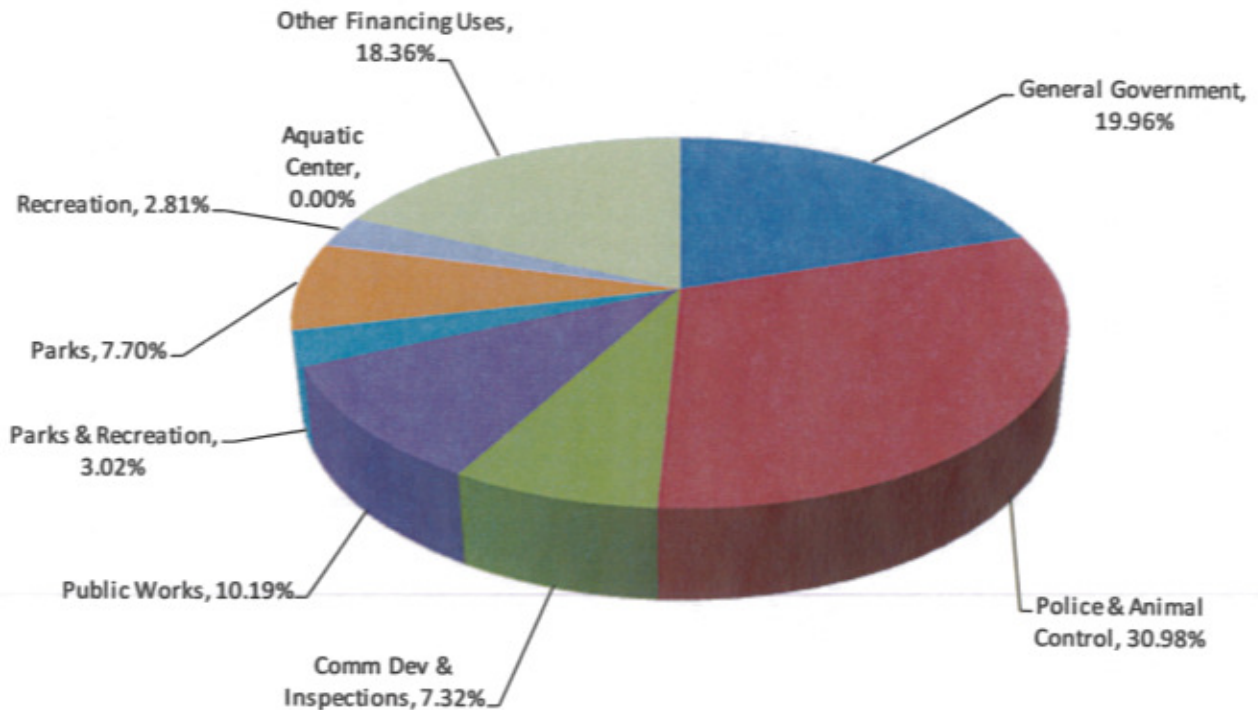


General Fund Expenditures

(prior year comparison)

Expenditures	2015	2014	\$ Increase/ (Decrease)	% Increase/ (Decrease)	2015 Percent of Total
General Government	\$1,278,374	\$1,239,863	\$38,511	3.11%	19.96%
Police & Animal Control	\$1,983,774	\$1,764,685	\$219,089	12.42%	30.98%
Comm Dev & Inspections	\$468,539	\$397,145	\$71,394	17.98%	7.32%
Public Works	\$652,567	\$588,432	\$64,135	10.90%	10.19%
Parks & Recreation	\$193,291	\$192,718	\$573	0.30%	3.02%
Parks	\$492,832	\$416,197	\$76,635	18.41%	7.70%
Recreation	\$179,900	\$172,468	\$7,432	4.31%	2.81%
Aquatic Center	\$0	\$412,024	-\$412,024	-100.00%	0.00%
Other Financing Uses	\$1,175,523	\$2,161,564	-\$986,041	-45.62%	18.36%
Total Revenue	\$6,424,800	\$7,345,096	-\$920,296	-12.53%	

Governmental Funds Expenditures



Other Governmental Funds

The fund balance in the Redevelopment Agency fund increased by \$55,575 during the year, bringing the fund balance from \$495,465 in 2014 to \$551,040 in 2015. Property tax increment revenues decreased from \$528,858 in 2014 to 508,897 due to a haircut increment by the school district.

The Capital Projects fund balance decreased by \$2,613,108 bringing the fund balance to \$713,262 at the end of the Fiscal Year. The main reason for this was the construction of a new Public Works Building which was mostly completed during the 2015 Fiscal Year.

Enterprise Funds

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

This year the Water Fund had an operating loss of \$90,230, the Sewer Fund had an operating loss of \$1,071, the Storm Water Fund had an operating loss of \$54,167 and the Solid Waste Fund had an operating profit of \$112,382.

The Internal Service Fund which is responsible for the repair, maintenance and purchase of the City's vehicles and equipment, had an operating profit of \$15,497. Funding for the internal service fund comes from the departments, both in the general and enterprise funds that are serviced by the fund.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget for expenditures and transfers was amended from \$6,068,845 to a final budget total of \$6,749,799, an increase of \$680,954. Actual expenditures and transfers were \$6,424,800 and were \$324,999 less than the final budget.

Economic Factors

Fiscal Year 2015 showed a strong economy as indicated by two of the leading economic based revenues. Sales tax revenues were up 8.71 % and revenues relating to new housing construction permits were up 8%.

According to the Utah Department of Workforce Services, the unemployment rate for Weber County (of which North Ogden is the 3rd largest) is 3.9%. This rate is more than the state unemployment rate of 3.6% but below the National average of 5%. The previous year's rates were 4%, 3.6% and 5.8% respectively.

Request for Information

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

NORTH OGDEN CITY

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 4,885,541	5,998,160	10,883,701
Restricted cash with agent	-	-	-
Accounts receivable	1,854,822	422,972	2,277,794
Prepaid items	102,667	4,596	107,263
Pension asset	5,371	933	6,304
Capital assets:			
Land and related non-depreciable assets	4,238,981	159,493	4,398,474
Construction in process	-	36,434	36,434
Water stock and rights	-	6,250	6,250
Buildings	13,072,902	345,949	13,418,851
Depreciable infrastructure and improvements	14,104,195	41,943,030	56,047,225
Park improvements	2,956,171	-	2,956,171
Machinery and equipment	4,531,821	3,475,803	8,007,624
Less accumulated depreciation	(9,979,624)	(16,234,727)	(26,214,351)
Total capital assets	<u>28,924,446</u>	<u>29,732,232</u>	<u>58,656,678</u>
Total assets	<u>35,772,847</u>	<u>36,158,893</u>	<u>71,931,740</u>
Deferred outflows of resources			
Pension related	<u>253,370</u>	<u>44,030</u>	<u>297,400</u>
Liabilities:			
Accounts payable and accrued liabilities	1,956,509	5,161	1,961,670
Compensated absences payable	198,907	24,950	223,857
Accrued interest payable on bonds	9,795	-	9,795
Due to other governments	-	93,320	93,320
Performance bonds and deposits	140,414	45,500	185,914
Net pension liability	1,072,577	186,390	1,258,967
Noncurrent liabilities:			
Amount due within one year	262,290	34,662	296,952
Due in more than one year	<u>2,339,084</u>	<u>2,089,379</u>	<u>4,428,463</u>
Total liabilities	<u>5,979,576</u>	<u>2,479,362</u>	<u>8,458,938</u>
Deferred inflows of resources:			
Unearned property tax revenue	1,537,730	-	1,537,730
Pension related	<u>187,107</u>	<u>32,515</u>	<u>219,622</u>
Total deferred inflows of resources	<u>1,724,837</u>	<u>32,515</u>	<u>1,757,352</u>
Net position:			
Net investment in capital assets	26,323,072	27,608,191	53,931,263
Restricted for:			
Capital projects	700,515	-	700,515
Unrestricted	<u>1,298,217</u>	<u>6,082,855</u>	<u>7,381,072</u>
Total net position	<u>\$28,321,804</u>	<u>33,691,046</u>	<u>62,012,850</u>

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

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
(758,295)	-	(758,295)
(1,896,793)	-	(1,896,793)
403,343	-	403,343
(901,727)	-	(901,727)
(383,091)	-	(383,091)
(67,023)	-	(67,023)
-	-	-
<u>(3,603,586)</u>	<u>-</u>	<u>(3,603,586)</u>
-	356,443	356,443
-	255,775	255,775
-	317,284	317,284
-	<u>112,382</u>	<u>112,382</u>
-	<u>1,041,884</u>	<u>1,041,884</u>
<u>(3,603,586)</u>	<u>1,041,884</u>	<u>(2,561,702)</u>
1,725,924	-	1,725,924
2,221,905	-	2,221,905
<u>1,048,424</u>	-	<u>1,048,424</u>
<u>4,996,253</u>	-	<u>4,996,253</u>
23,993	30,695	54,688
38,796	-	38,796
31,152	(1,066)	30,086
<u>392,537</u>	<u>(392,537)</u>	-
<u>462,485</u>	<u>(393,603)</u>	<u>68,882</u>
<u>5,482,731</u>	<u>(362,908)</u>	<u>5,119,823</u>
1,879,145	678,976	2,558,121
<u>27,596,885</u>	<u>33,212,650</u>	<u>60,809,535</u>
(1,154,226)	(200,580)	(1,354,806)
<u>26,442,659</u>	<u>33,012,070</u>	<u>59,454,729</u>
<u>\$28,321,801</u>	<u>33,691,046</u>	<u>62,012,850</u>

NORTH OGDEN CITY

Balance Sheet
Governmental Funds

June 30, 2015

	General Fund	RDA Fund	Aquatic Center	Capital Projects	Total Government Fund
Assets:					
Equity in pooled cash and investments	\$ 2,967,825	597,576	4,241	869,397	4,439,039
Accounts Receivable	1,400,264	428,464	-	-	1,828,728
Prepaid items	89,920	-	-	12,747	102,667
Total assets	<u>4,458,009</u>	<u>1,026,040</u>	<u>4,241</u>	<u>882,144</u>	<u>6,370,434</u>
Deferred outflows of resources	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 4,458,009</u>	<u>1,026,040</u>	<u>4,421</u>	<u>882,144</u>	<u>6,370,434</u>
Liabilities					
Accounts Payable	\$ 1,800,708	-	4,201	168,882	1,973,791
Performance bonds and deposits	140,414	-	-	-	140,414
Total Liabilities	<u>1,941,122</u>	<u>-</u>	<u>4,201</u>	<u>168,882</u>	<u>2,114,205</u>
Deferred inflows of resources:					
Unearned property tax revenue	1,062,730	475,000	-	-	1,537,730
Fund balances:					
Nonspendable:					
Prepays	89,920	-	-	12,747	102,667
Assigned	-	-	-	700,515	700,515
Unassigned	1,364,237	551,040	40	-	1,915,317
Total fund balance	<u>1,454,157</u>	<u>551,040</u>	<u>40</u>	<u>713,262</u>	<u>2,718,499</u>
Total liabilities, deferred inflows, of resources, and fund balances	<u>\$ 4,458,009</u>	<u>1,026,040</u>	<u>4,241</u>	<u>882,144</u>	<u>6,370,434</u>

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

NORTH OGDEN CITY

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

June 30, 2015

Total fund balance - governmental funds		\$ 2,718,499
Amount reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported as assets in governmental funds. These assets consist of:		
Land and related non-depreciable assets	\$ 4,238,981	
Buildings	12,735,337	
Depreciable infrastructure and improvements	14,104,195	
Depreciable park improvement	2,956,171	
Vehicles and equipment	1,416,466	
Accumulated depreciation	<u>(8,055,751)</u>	
Total capital assets		27,395,399
The pension asset is not an available resource and, therefore, is not reported in government funds.		
		5,135
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of those internal service funds that primarily benefit governmental entities are included with governmental activities in the statement of net position.		
		1,893,549
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Bonds payable	(2,547,000)	
Interest payable	(9,795)	
Compensated absences and benefits	(171,939)	
Net pension liability	<u>(1,025,391)</u>	
Total long-term debt		(3,754,125)
Deferred inflows for pension(credits), (178,876) and deferred outflows for pension (charges) 242,223 are not reflected in the funds statements but are reported as part of the entity-wide statement of activities.		
		<u>63,347</u>
Total net position - governmental activities		<u>\$28,321,804</u>

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

NORTH OGDEN CITY

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

Year Ended June 30, 2015

	General Fund	RDA Fund	Aquatic Center	Capital Projects	Total Government Funds
Revenue:					
Taxes	\$ 4,551,856	444,397	-	-	4,996,253
Licenses and permits	276,790	-	-	-	276,790
Intergovernmental	635,428	-	-	228,970	864,398
Charges for services	245,462	-	368,215	-	613,677
Fines and forfeitures	196,637	-	-	-	196,637
Interest	7,432	3,726	-	9,649	20,807
Rents	24,338	-	2,360	-	26,698
Donations from private sources	15,655	-	-	-	15,655
Traffic school	40,505	-	-	-	40,505
Sale of assets	874	-	-	-	874
Impact fees	-	-	-	176,682	176,682
Administrative fee from utility funds	401,624	-	-	-	401,624
Other revenue	6,719	-	5,379	15,102	27,200
Total revenue	<u>6,403,320</u>	<u>448,123</u>	<u>375,954</u>	<u>430,403</u>	<u>7,657,800</u>
Expenditures:					
General government	1,278,374	-	-	98,320	1,376,694
Public safety	2,452,313	-	-	-	2,452,313
Streets and highways	652,567	-	-	598,655	1,251,222
Parks and recreation	866,023	-	-	270,478	1,136,501
Aquatic center	-	-	407,897	-	407,897
Economic development	-	383,091	-	-	383,091
Public works constructions in process	-	-	-	3,375,617	3,375,617
Bond retirement	-	-	3,000	-	3,000
Interest on bonds	-	-	70,957	-	70,957
Total expenditures	<u>5,249,277</u>	<u>383,091</u>	<u>481,854</u>	<u>4,343,070</u>	<u>10,457,292</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,154,043</u>	<u>65,032</u>	<u>(105,900)</u>	<u>(3,912,667)</u>	<u>(2,799,492)</u>
Other financing sources (uses):					
Proceeds from bond issue (net)	-	-	-	-	-
Deposit to bond refunding escrow	-	-	-	-	-
Bond issue costs	-	-	-	-	-
Transfers from (to) other funds	<u>(1,175,523)</u>	<u>(9,457)</u>	<u>105,940</u>	<u>1,299,559</u>	<u>220,519</u>
Total other financing sources (Uses)	<u>(1,175,523)</u>	<u>(9,457)</u>	<u>105,940</u>	<u>1,299,559</u>	<u>220,519</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	(21,480)	55,575	40	(2,613,108)	(2,578,973)
Fund balance - beginning of year	<u>1,475,637</u>	<u>495,465</u>	<u>-</u>	<u>3,326,370</u>	<u>5,297,472</u>
Fund balance - end of year	<u>\$ 1,454,157</u>	<u>551,040</u>	<u>40</u>	<u>713,262</u>	<u>2,718,499</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2015

Net change in fund balance - total governmental funds	\$ (2,578,973)
Amount reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures (\$4,302,751). However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$834,692). Capital outlays exceeded depreciation for the period.	3,468,059
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.	3,000
Contributions of infrastructure to governmental funds do not provide current financial resources but are reported in the statement of activities.	626,547
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities in the statement of activities.	220,979
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.	(10,939)
Changes in accrued interest expense used in government activities are not payable from current resources and are therefore not reported in governmental funds.	3,934
Some reductions of expense reported in the statement of activities do not use current financial resources and therefore are not in governmental funds.	<u>146,538</u>
Changes in net position of governmental activities	<u>\$ 1,879,145</u>

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

NORTH OGDEN CITY

Statement of Net Position
Enterprise Funds

June 30, 2015

	Business-Type Activities - Enterprise Funds					Governmental
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	Activities - Internal Service Funds
Current assets:						
Cash and cash equivalents	\$ 2,281,976	1,481,985	2,006,684	227,515	5,998,160	446,502
Accounts receivable	72,296	189,734	60,133	100,809	422,972	26,094
Prepaid items	-	-	4,596	-	4,596	-
Total current assets	<u>2,354,272</u>	<u>1,671,719</u>	<u>2,071,413</u>	<u>328,324</u>	<u>6,425,728</u>	<u>472,596</u>
Capital assets:						
Land	60,510	-	98,983	-	159,493	-
Buildings and structures	345,949	-	-	-	345,999	337,565
Construction in process	36,434	-	-	-	36,434	-
Systems	23,876,132	8,731,321	9,341,827	-	41,949,280	-
Vehicles and Equipment	<u>1,156,459</u>	<u>347,643</u>	<u>883,909</u>	<u>1,087,792</u>	<u>3,475,803</u>	<u>3,115,355</u>
Total Capital Assets	25,475,484	9,078,964	10,324,719	1,087,792	45,966,959	3,452,920
Accumulated depreciation	<u>(8,745,088)</u>	<u>(2,965,119)</u>	<u>(3,570,491)</u>	<u>(954,029)</u>	<u>(16,234,727)</u>	<u>(1,923,873)</u>
Net capital assets	<u>16,730,396</u>	<u>6,113,845</u>	<u>6,754,228</u>	<u>133,763</u>	<u>29,732,232</u>	<u>1,529,047</u>
Pension asset	452	197	181	103	933	236
Total Noncurrent items	<u>16,730,848</u>	<u>6,114,042</u>	<u>6,754,409</u>	<u>133,866</u>	<u>29,733,165</u>	<u>1,529,283</u>
Total assets	<u>19,085,120</u>	<u>7,785,761</u>	<u>8,825,822</u>	<u>462,190</u>	<u>36,158,893</u>	<u>2,001,879</u>
Deferred outflows of resources						
Pension related	<u>21,341</u>	<u>9,291</u>	<u>8,547</u>	<u>4,851</u>	<u>44,030</u>	<u>11,147</u>
Current liabilities:						
Current portion of lease obligation payable	-	-	34,662	-	34,662	17,290
Accounts payable	-	-	-	-	-	-
Wages and benefits payable	2,401	1,167	705	887	5,160	1,402
Compensated absences payable	5,039	5,823	7,622	6,466	24,950	8,284
Accrued interest payable on leases	-	-	1	-	1	-
Impact fees payable	-	93,320	-	-	93,320	-
Deposits	<u>45,500</u>	-	-	-	<u>45,500</u>	-
Total current liabilities	<u>52,940</u>	<u>100,310</u>	<u>42,990</u>	<u>7,353</u>	<u>203,593</u>	<u>26,976</u>
Non-current liabilities:						
Net Pension Liability	90,343	39,330	36,183	20,534	186,390	47,186
System reimbursement agreements payable	2,015,109	-	-	-	2,015,109	-
Lease obligation payable	-	-	108,932	-	108,932	54,374
Current portion of lease obligation payable	-	-	(34,662)	-	(34,662)	(17,290)
Total non-current liabilities	<u>2,105,452</u>	<u>39,330</u>	<u>110,453</u>	<u>20,534</u>	<u>2,275,769</u>	<u>84,270</u>
Total liabilities	<u>2,158,392</u>	<u>139,640</u>	<u>153,443</u>	<u>27,887</u>	<u>2,479,362</u>	<u>111,246</u>
Deferred inflows of resources						
Pension related	<u>15,760</u>	<u>6,861</u>	<u>6,312</u>	<u>3,582</u>	<u>32,515</u>	<u>8,231</u>
Net position:						
Net investment in capital assets	14,715,287	6,113,845	6,645,296	133,763	27,608,191	1,474,673
Unrestricted	<u>2,217,022</u>	<u>1,534,706</u>	<u>2,029,318</u>	<u>301,809</u>	<u>6,082,855</u>	<u>418,876</u>
Total net position	<u>\$16,932,309</u>	<u>7,648,551</u>	<u>8,674,614</u>	<u>435,572</u>	<u>33,691,046</u>	<u>1,893,549</u>

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

NORTH OGDEN CITY

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

Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Storm Water Fund	Solid Waste Fund	Total Enterprise Funds	
Operating revenue:						
Charges for services	\$ 1,242,400	1,561,595	576,076	940,567	4,320,638	535,451
Connection fees	21,354	3,752	-	-	25,106	-
Special fees to builders	-	-	-	11,010	11,010	-
Sale of materials and supplies	-	-	-	-	-	28,276
Miscellaneous	47,139	1,000	-	11,541	59,680	-
Total operating revenue	<u>1,310,893</u>	<u>1,566,347</u>	<u>576,076</u>	<u>963,118</u>	<u>4,416,434</u>	<u>563,727</u>
Operating expenses:						
Salaries and benefits	295,101	134,084	130,775	71,741	631,701	159,093
Sewer fees	-	1,018,937	3,701	-	1,022,638	-
Transfer station fees - Weber County	-	-	-	225,735	225,735	-
Contract service - Waste Management	-	-	-	389,064	389,064	-
Materials, supplies and services	291,311	97,190	64,745	37,645	490,891	247,015
Motor pool rents	71,550	42,209	45,273	5,945	164,977	-
Depreciation	626,304	173,739	284,490	38,357	1,122,890	142,122
Administrative services fee	116,857	101,259	101,259	82,249	401,624	-
Total operating expenses	<u>1,401,123</u>	<u>1,567,418</u>	<u>630,243</u>	<u>850,736</u>	<u>4,449,520</u>	<u>548,230</u>
Operating income (loss)	<u>(90,230)</u>	<u>(1,071)</u>	<u>(54,167)</u>	<u>112,382</u>	<u>(33,086)</u>	<u>15,497</u>
Non-operating revenue (expenses):						
Impact fees	226,832	40,858	123,225	-	390,915	-
Gain(loss) from sale of assets	-	-	(1,066)	-	(1,066)	30,278
Transfer to capital projects fund	(129,864)	(128,558)	(134,115)	-	(392,537)	172,018
Interest received	12,596	7,694	9,292	1,113	307,951	3,186
Total non-operating revenue (expenses)	<u>109,564</u>	<u>(80,006)</u>	<u>(2,664)</u>	<u>1,113</u>	<u>28,007</u>	<u>205,482</u>
Capital contribution - builders and developers	<u>219,841</u>	<u>215,988</u>	<u>248,226</u>	<u>-</u>	<u>684,055</u>	<u>-</u>
Change in net position	239,175	134,911	191,395	113,495	678,976	220,979
Net position - beginning of year	16,790,355	7,555,965	8,522,156	344,174	33,212,650	1,723,348
Prior year adjustment - pension related	(97,221)	(42,325)	(38,937)	(22,097)	(200,580)	(50,778)
Net position - beginning of year as adjusted	<u>16,693,134</u>	<u>7,513,640</u>	<u>8,483,219</u>	<u>322,077</u>	<u>33,012,070</u>	<u>1,6725,570</u>
Net position - end of year	<u>\$16,932,309</u>	<u>7,648,551</u>	<u>8,674,614</u>	<u>435,572</u>	<u>33,691,046</u>	<u>1,893,549</u>

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

NORTH OGDEN CITY

Statement of Cash Flows
Enterprise Funds

Year Ended June 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>	
Cash flows from operating activities:						
Cash received from customers	\$ 1,241,899	1,557,844	566,778	933,689	4,300,210	563,727
Cash received from other activities	68,493	4,752	-	22,551	95,796	-
Cash payments for payroll and benefits	(310,321)	(140,026)	(135,838)	(69,923)	(656,108)	(164,123)
Cash payments for goods and services	(534,192)	(1,259,595)	(221,051)	(740,638)	(2,755,476)	(250,355)
Net payments of impact fees collected for other governments	-	(79,322)	-	-	(79,322)	-
Payment of deposits for services	1,200	-	-	-	1,200	-
Net cash provided (used) by operating activities	<u>467,079</u>	<u>83,653</u>	<u>209,889</u>	<u>145,679</u>	<u>906,300</u>	<u>149,249</u>
Cash flows from capital and related financing activities:						
Cash payments for property and equipment	(932,492)	(196,428)	(36,000)	(38,325)	(1,203,245)	(1,106,380)
Proceeds from capital assets sales	-	-	1,748	-	1,748	179,354
Impact fee collections for capital projects	226,832	40,858	123,225	-	390,915	-
Principal payments on lease financing	-	-	(72,713)	-	(72,713)	(16,506)
Payments on system reimbursement agreements	(56,309)	-	-	-	(56,309)	-
Net cash provided (used) by capital and related financing activities	<u>(761,969)</u>	<u>(155,570)</u>	<u>16,260</u>	<u>(38,325)</u>	<u>(939,604)</u>	<u>(943,532)</u>
Cash flows from non-capital financing activities:						
Transfer from (to) other funds	(129,864)	(128,558)	(134,115)	-	(392,537)	172,018
Net cash used by non-capital financing activities	<u>(129,864)</u>	<u>(128,558)</u>	<u>(134,115)</u>	<u>-</u>	<u>(392,537)</u>	<u>172,018</u>
Cash flows from investing activities:						
Interest received	12,596	7,694	9,292	1,113	30,695	3,186
Net cash provided by investing activities	<u>12,596</u>	<u>7,694</u>	<u>9,292</u>	<u>1,113</u>	<u>30,695</u>	<u>3,186</u>
Net increase (decrease) in cash and cash equivalents	(412,158)	(192,781)	101,326	108,467	(395,146)	(619,079)
Cash and cash equivalents - beginning of year	<u>2,694,134</u>	<u>1,674,766</u>	<u>1,905,358</u>	<u>119,048</u>	<u>6,393,306</u>	<u>1,065,581</u>
Cash and cash equivalents - end of year	<u>\$ 2,281,976</u>	<u>1,481,985</u>	<u>2,006,684</u>	<u>227,515</u>	<u>5,998,160</u>	<u>446,502</u>

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

NORTH OGDEN CITY

Statement of Cash Flows - Continued
Enterprise Funds

Year Ended June 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (90,230)	(1,071)	(54,167)	112,382	(33,086)	15,497
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	626,304	173,739	284,490	284,490	1,122,890	142,122
Decrease (increase) in receivables	(501)	(3,751)	(9,298)	(6,878)	(20,428)	(3,340)
Decrease (increase) in prepaid items	-	-	(4,596)	-	(4,596)	-
Pension related items	(12,911)	(5,621)	(5,170)	(2,935)	(26,637)	(6,744)
(Decrease) increase in compensated absences or accounts payable	(56,783)	(79,643)	(1,370)	4,753	(133,043)	1,714
Increase in deposits for services	1,200	-	-	-	1,200	-
Total adjustments	<u>557,309</u>	<u>84,724</u>	<u>264,056</u>	<u>33,297</u>	<u>939,386</u>	<u>133,752</u>
Net cash provided (used) by operating activities	\$ <u>467,079</u>	<u>83,653</u>	<u>209,889</u>	<u>145,679</u>	<u>906,300</u>	<u>149,249</u>
Noncash investing, capital and financing activities:						
Capital contributions by developers	<u>219,841</u>	<u>215,988</u>	<u>248,226</u>	<u>-</u>	<u>684,055</u>	<u>-</u>
Total noncash investing, capital and financing activities	\$ <u>219,841</u>	<u>215,988</u>	<u>248,226</u>	<u>-</u>	<u>684,055</u>	<u>-</u>

NORTH OGDEN CITY

Notes to Financial Statements

June 30, 2015

(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, 2015

(1) Summary of Significant Accounting Policies - Continued

Governmental Fund Types:

The City reports the following major governmental funds:

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

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

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

Proprietary Fund Types:

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(1) Summary of Significant Accounting Policies - Continued

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

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

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

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

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

Cash, Deposits, and Investments

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

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

Receivables and Payables

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

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

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

Inventories and Prepaid Items

All inventories are valued at cost and accounted for on the first-in, first-out method (FIFO). Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. No material inventories were on hand at June 30, 2015.

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, 2015

(1) Summary of Significant Accounting Policies - Continued

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

Water Rights and Stock

The City does not place a limitation on the life of the water rights, an intangible capital asset, and does not expect to cease utilizing the water rights in the foreseeable future. The water rights are recorded at historical cost and are considered to have an indefinite useful life. The total book value for water rights for the Water Utility Fund is \$6,250 at June 30, 2015.

Compensated Absences

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

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

Long-Term Obligations

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

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

June 30, 2015

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

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

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

Net Position/Fund Balances

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

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

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

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

F. Pensions

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

G. Budgets

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

During the year, five supplemental amendments were made to the City's general fund budget increasing total revenue \$86,444 and total expenditures \$ 680,954, including transfers to other funds.

NORTH OGDEN CITY

Notes to Financial Statements - Continued
June 30, 2015

(1) Summary of Significant Accounting Policies - Continued

H. Non-spendable Fund Balance/Retained Earnings

Non-spendable fund balance at June 30, 2015 is comprised of prepaids of \$89,920 in the general fund, and \$12,747 in the capital projects fund.

I. Commitment of Fund Balance

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

J. Assignment of Fund Balance

Assignment of fund balance is comprised of \$700,515 in the capital projects fund for planned projects including a new public works facility.

K. Cash and Cash Equivalents

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

L. Use of Estimates

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

(2) Deposits and Investments

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

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of City funds to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the commissioner of Financial Institutions as meeting the requirement of the Act and adhering to the rules of the Utah Money Management Council. The City's deposits in banks in excess of the insured amount are uninsured and are not collateralized, nor do state statutes require them to be. The City's deposits at the banks and credit unions at June 30, 2015 were \$1,718,516, of which \$469,668 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, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Quality Ratings</u>
PTIF Investments	\$ 9,044,361	65 days*	not rated

*Weighted-average maturity

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(2) Deposits and Investments - Continued

C. Interest Rate Risk

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

D. Concentration of Credit Risk

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

Components of cash including interest bearing deposits at June 30, 2015 are as follows:

Cash on hand and deposit:	
Cash on hand	\$ 7,475
Cash on deposit	832,303
Money market deposits	999,562
PTIF deposit	<u>9,044,361</u>
	<u>\$10,883,701</u>

(3) Accounts Receivable

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

	General Fund	Special Revenue Fund	Water Utility Enterprise Fund	Sewer Utility Enterprise Fund	Storm Water Utility Enterprise Fund	Internal Service Fund	Total
Taxes	\$ 1,063,020	428,464	-	-	-	-	1,491,484
Utilities	-	-	72,296	189,734	60,133	-	422,972
Intergovernmental	280,611	-	-	-	-	-	280,611
Other	56,633	-	-	-	-	26,094	472,596
	<u>1,400,264</u>	<u>428,464</u>	<u>72,296</u>	<u>189,734</u>	<u>60,133</u>	<u>26,094</u>	<u>2,277,794</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	\$ 1,391,142	1,391,142
Property taxes received not yet due	-	146,588
	<u>\$ 1,391,142</u>	<u>1,537,730</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(4) Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Construction in process	\$ 80,073	-	80,073	-
Land and land improvements	4,050,925	188,056	-	4,238,981
Total	<u>4,130,998</u>	<u>-</u>	<u>80,073</u>	<u>4,238,981</u>
Capital assets being depreciated:				
Buildings and improvements	9,614,918	3,462,819	4,835	13,072,902
Infrastructure	13,067,049	1,037,146	-	14,104,195
Park improvements	2,709,168	247,003	-	2,956,171
Machinery and equipment	3,852,966	1,180,727	501,872	4,531,821
Total	<u>29,244,101</u>	<u>5,927,695</u>	<u>506,707</u>	<u>34,665,089</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,506,277)	(271,085)	(4,835)	(3,772,527)
Infrastructure	(2,356,148)	(442,109)	-	(2,798,257)
Park improvements	(480,937)	(71,873)	-	(552,810)
Machinery and equipment	(2,994,326)	(191,747)	(330,043)	(2,856,030)
Total	<u>(9,337,688)</u>	<u>(976,814)</u>	<u>(334,878)</u>	<u>(9,979,624)</u>
Capital assets being depreciated, net	<u>19,906,413</u>	<u>4,950,881</u>	<u>171,829</u>	<u>24,685,465</u>
Governmental activity capital assets, net	<u>\$24,037,411</u>	<u>5,138,937</u>	<u>251,902</u>	<u>28,924,446</u>

Capital assets in the statement of net position also includes the equipment and other depreciable assets, net of accumulated depreciation, for the internal service fund of \$1,529,047.

NORTH OGDEN CITY

Notes to Financial Statements - Continued
June 30, 2015

(4) Capital Assets - Continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in process	-	36,434	-	36,434
Water rights and stock	\$ 6,250	-	-	6,250
Land and land improvements	159,493	-	-	159,493
Total	<u>165,743</u>	<u>36,434</u>	<u>-</u>	<u>202,177</u>
Capital assets being depreciated:				
Buildings and improvements	345,949	-	-	345,949
Infrastructure	40,883,876	1,059,154	-	41,943,030
Machinery and equipment	2,793,246	704,577	22,020	3,475,803
Total	<u>44,023,071</u>	<u>1,763,731</u>	<u>22,020</u>	<u>45,764,782</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (246,506)	(10,780)	-	(257,286)
Infrastructure	(12,639,612)	(961,620)	-	(13,601,232)
Machinery and equipment	(2,244,923)	(150,490)	(19,204)	(2,376,209)
Total	<u>(15,131,041)</u>	<u>(1,122,890)</u>	<u>(19,204)</u>	<u>(16,234,727)</u>
Capital assets being depreciated, net	<u>28,892,030</u>	<u>640,841</u>	<u>2,816</u>	<u>29,530,055</u>
Business-type activities capital assets, net	<u>\$29,057,773</u>	<u>677,275</u>	<u>2,816</u>	<u>29,732,232</u>

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

Government activities:	
General government	\$ 62,934
Public safety	105,995
Public works, including depreciation of general infrastructure	500,242
Parks and recreation	307,643
	<u>976,814</u>
Business activities:	
Water	626,304
Sewer	173,739
Storm water	284,490
Solid waste	38,357
	<u>1,122,890</u>
	<u>\$ 2,099,704</u>

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

Activity with long-term liabilities including capital leases for the year ending June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Sales Tax Revenue Refunding Bond	2,550,000	-	3,000	2,547,000	245,000
Dump truck lease	70,880	-	16,506	54,374	17,290
Total	<u>\$ 2,620,880</u>	<u>-</u>	<u>19,506</u>	<u>2,601,374</u>	<u>262,290</u>
Business-type activities:					
System reimbursement agreements	\$ 2,071,418	-	56,309	2,015,109	-
Dump truck lease	70,880	-	16,506	54,374	17,291
Street sweeper lease	39,602	-	39,602	-	-
Leaf collection truck	71,162	-	16,604	54,558	17,371
Total	<u>\$ 2,253,062</u>	<u>-</u>	<u>129,021</u>	<u>2,124,041</u>	<u>34,662</u>

For the current year ended June 30, 2015, interest of \$67,023 was charged to expenses by Governmental Activities and \$5,545 by business-type activities. No interest was capitalized during the year by either type of activity.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

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

For the current year ended June 30, 2015, interest of \$132,238 was charged to expenses by governmental activities and \$12,634 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 are considered defeased by the issuance of a refunding bond in 2014 and the liability for these bonds is removed from the statement of net position.

Refunding - The City issued \$2,550,000 in Sales Tax Revenue Bonds with an interest rate of 2.32%. The proceeds were used to advance refund \$2,475,000 of outstanding 2004 Sales Tax Revenue Bonds with interest ranging from 2.00% to 5.00%. The net proceeds of \$2,529,962 (including \$20,038 in bond issuance costs) were deposited in an irrevocable trust account with an escrow agent to provide for the payment of the refunded bonds on November 1, 2014. As a result the liability for 2004 Sales Tax Revenue Bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$54,962. This amount was treated as interest in the current period. Unamortized premium of the old issue in the amount of \$52,777 was also included as a reduction in current interest for the year. The City advance refunded the 2004 Sale Tax Revenue Bonds to reduce its total debt service payments over 10 years by \$228,151 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$225,773.

At June 30, 2014, the balance of the trust asset for the refunded bonds was \$2,529,969 and the unpaid liability was \$2,475,000. The balance of the trust asset and liability are not included in the City's June 30, 2015 financial statements.

The debt maturities are as follows:

Year Ended <u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 245,000	56,249	301,249
2017	252,000	50,483	302,483
2018	259,000	44,556	303,566
2019	265,000	38,477	303,477
2020	251,000	32,492	283,492
2021-2025	<u>1,275,000</u>	<u>71,630</u>	<u>1,346,630</u>
	<u>\$ 2,547,000</u>	<u>293,887</u>	<u>2,840,887</u>

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

The debt on these agreements is as follows:

Agreement 1	\$ 1,552,379
Agreement 2	<u>462,730</u>
	<u>\$ 2,015,109</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(7) Capital Leases

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

On June 13, 2008 the City entered into two lease purchase agreements. The proceeds of these two lease purchases are to acquire two new dump trucks with snow plow equipment and one mower. The lease purchase contracts carry interest rates of 4.75% and 3.50% and are fully paid in 2018 and 2012 respectively. The contract for the mower was completed during 2012.

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

On May 24, 2010 the City entered into a lease purchase contract to purchase a new street sweeper. The contract has an interest rate of 3.89% and was fully paid in July of 2014. This obligation was of the City's storm water utility and will be paid from service fees.

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

Future minimum lease payments together with the present value of the net minimum lease payments under these capital lease obligations at June 30, 2014 are as follows:

Year Ended June 30,	Governmental Activities			Business Type Activities			
	Motor Pool			Storm Water Utility			
	Mower	Dump Truck	Total	Dump Truck	Street Sweeper	Leaf Collector	Total
2016	-	19,873	19,873	19,873	-	19,892	39,765
2017	-	19,873	19,873	19,873	-	19,892	39,765
2018	-	19,873	19,873	19,873	-	19,891	39,764
2019	-	-	-	-	-	-	-
Total lease payments		59,619	59,619	59,619	-	59,675	119,294
Less amounts representing interest	-	5,245	5,245	5,245	-	5,117	10,362
Present value of minimum lease payments		54,374	54,374	54,374		54,558	108,932
Less current portion	-	17,290	17,290	17,291	-	17,371	34,662
Portion of obligations under capital lease due after one year	\$ -	37,084	37,084	37,083	-	37,187	74,270

(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, 2015, all interfund receivables and payables had been paid.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(9) Retirement Plans

General Information about the Pension Plan

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:

- Public Employees Noncontributory Retirement System (Noncontributory System); Public Employees Contributory Retirement System (Contributory System); Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employees, retirement systems.
- 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); and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employees, retirement systems.

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

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

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

Summary of Benefits by System

<u>System</u>	<u>Final Average Salary</u>	<u>Years of Service Required and/or Age Eligible for Benefit</u>	<u>Benefit Percent Per Year Service</u>	<u>COLA**</u>
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% 4% depending on the employer

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(9) Retirement Plans - Continued

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

*With actuarial reductions.

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

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

Utah Retirement Systems

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>
Contributory System			
11 - Local Governmental Division Tier 1	N/A	6.000%	14.460%
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
75 - Other Division A Noncontributory Tier 1	N/A	N/A	35.710%
122 - Other Division A Contributory Tier 2	N/A	N/A	23.710%

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

At December 31, 2014, we reported a net pension asset of \$6,304 and a net pension liability of \$1,258,967.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.1663092 %	\$ -	722,154
Public Safety System	0.4268607 %	-	536,813
Tier 2 Public Employees System	0.0380994 %	1,115	-
Tier 2 Public Safety and Firefighter System	0.3480897 %	5,149	-
Total Net Pension Asset/Liability		<u>\$ 6,304</u>	<u>1,258,967</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(9) Retirement Plans - Continued

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$505,522. At December 31, 2014, 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	\$ 168	76,360
Changes in assumptions	-	143,262
Net difference between projected and actual earnings on pension plan investments	29,426	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>267,805</u>	<u>-</u>
Total	<u>\$ 297,399</u>	<u>219,622</u>

\$267,805 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, 2014. 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>
2015	\$ (52,483)
2016	(52,483)
2017	(52,483)
2018	(31,124)
2019	(217)
Thereafter	(1,237)

Actuarial assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Educators:

Men EDUM (90%)
Women EDUF (100%)

Public Safety and Firefighters:

Men RP 2000mWC (100%)
Women EDUF (120%)

Local Government, Public Employees:

Men RP 2000mWC (100%)
Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given Percentage.

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(9) Retirement Plans - Continued

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

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

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

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

Discount rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Proportionate share of Net pension (asset)/liability	\$ 3,105,187	1,252,663	(273,177)

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

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(10) 401K Defined Contribution Plan

North Ogden City maintains a 401K Defined Contribution Pension Plan established July 1, 1993 to provide additional retirement benefits for its employees. At June 30, 2015, there were forty-six Plan members. Plan members make elective contributions to the Plan of 3% to 13% subject to certain limitations. The City makes a matching contribution up to 3%. The City makes an elective contribution each year as established by the City's Council. Prior to July 1, 2012, the City made an elective contribution of 3.00%. However, due to budget constraints for 2015, that elective contribution was discontinued. Plan provision and contribution requirements are established and may be amended by the City Council.

Plan members and the City's contributions are recognized in the period the contributions are due. Required contributions for the year were made.

(11) 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 \$253,370 and business-type activities of \$44,030.

The City has Deferred Inflows of Resources relating to its pension activities of governmental activities of \$187,107 and business-type activities of \$32,575. The City also has Unearned revenue from property taxes received in the fiscal year which will be used to finance 2015 - 2016 fiscal year expenditures of \$1,537,730.

Unearned revenue is comprised of the following:

2015 property taxes received in the fiscal year which will be used to finance the 2014-2015 fiscal year expenditures	
General fund	\$ 1,062,730
RDA fund	475,000
	<u>\$ 1,537,730</u>

(12) North Ogden Redevelopment Agency

The redevelopment agency (RDA) collected tax increments of \$444,397 and interest of \$3,726 for the year ended June 30, 2015, 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 balance of the 2004 bond refunded was \$2,475,000 and was completely paid in November of 2014. 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, 2014. The RDA has borrowed \$-0- from the general fund. The RDA received \$64,500 from the general funds as a transfer for the City's property tax increment and transferred 73,957 for payments on the \$2,550,000 bond issue.

During the year the RDA incurred the following expenditures:

Pay agent and other professional fees and service	\$ 33,178
Engineering services	3,913
Off site improvements	346,000
Transfer to Aquatic Center for interest on debt service	73,957
Total expenditures	<u>\$ 457,048</u>

(13) Interfund Transfers

Transfers during the year end June 30, 2014 were as follows:

Transfer from general fund	\$ 1,175,523
Transfer from RDA	9,457
Transfer to Aquatic Center	(105,940)
Transfer to capital projects fund	(1,299,559)
Transfer to motor pool	(172,018)
Transfer from water utility	129,864
Transfer from sewer utility	128,558
Transfer from storm water utility	134,115
	<u>\$ -</u>

NORTH OGDEN CITY

Notes to Financial Statements - Continued

June 30, 2015

(14) Deficit Fund Balances and Budgetary Compliance

None of the City's general fund departments exceeded the budgeted expenditures. No fund has a deficit balance.

(15) 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.

(16) 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.

(17) 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, 2015, there were no outstanding claims or judgements against the City. Settlements did not exceed insurance coverage for each of the past three years.

(18) Prior Period Adjust ment

The City implemented the provisions of GASB Statement Number 68 during the year. This implementation required an adjustment to the beginning net position of the governmental activities of \$1,154,226 and the beginning net position of the business-type activities of \$220,580.

(19) Subsequent Events

Management has evaluated subsequent events through December 23, 2015, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

NORTH OGDEN CITY

Notes to Required Supplementary Information

June 30, 2015

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.

NORTH OGDEN CITY

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

Year Ended June 30, 2015

Revenue	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Taxes:				
General property taxes	\$ 1,042,111	1,106,611	1,132,112	25,501
Delinquent property taxes	35,000	35,000	26,930	(8,070)
Motor vehicle tax	122,500	122,500	122,485	(15)
General sales and use tax	2,080,789	2,080,789	2,221,905	141,116
Utility franchise tax	<u>1,063,148</u>	<u>1,063,148</u>	<u>1,048,424</u>	<u>(14,724)</u>
Total taxes	<u>4,343,548</u>	<u>4,408,048</u>	<u>4,551,856</u>	<u>143,808</u>
Licenses and permits:				
Business licenses	45,000	45,000	52,070	7,070
Building permits	150,000	150,000	207,820	57,820
Animal licenses	<u>15,000</u>	<u>20,500</u>	<u>16,900</u>	<u>(3,600)</u>
Total licenses and permits	<u>210,000</u>	<u>215,500</u>	<u>276,790</u>	<u>61,290</u>
Intergovernmental:				
Class C road allotment	565,000	565,000	589,622	24,622
State liquor allotment	12,500	12,500	13,067	567
Weber County	16,500	16,500	16,828	328
Grants	-	9,649	15,911	6,262
Total intergovernmental	<u>594,000</u>	<u>603,649</u>	<u>635,428</u>	<u>31,779</u>
Charges for services:				
Aquatic center and recreation fees	77,500	77,500	76,638	(862)
Building plan/development fees	56,500	56,500	96,988	40,488
Zoning and subdivision fees	6,000	7,795	14,031	6,236
Cherry Days	32,500	32,500	36,211	3,711
Credit card fees	8,000	8,000	8,803	803
Youth council projects	2,000	2,000	-	(2000)
Other charges and fees	<u>6,000</u>	<u>6,000</u>	<u>12,791</u>	<u>6,791</u>
Total charges for services	<u>188,500</u>	<u>190,295</u>	<u>245,462</u>	<u>55,167</u>
Fines and forfeitures	<u>145,000</u>	<u>145,000</u>	<u>196,637</u>	<u>51,637</u>
Other revenue:				
Interest	6,000	6,000	7,432	1,432
Rents	24,000	24,000	24,338	338
Traffic school	32,500	32,500	40,505	8,005
Donations	-	5,000	15,655	10,655
Administrative service fee to utility funds	401,624	401,624	401,624	-
Sale of assets	-	-	874	874
Miscellaneous	<u>8,300</u>	<u>8,300</u>	<u>6,719</u>	<u>(1,581)</u>
Total other revenue	<u>472,424</u>	<u>477,424</u>	<u>497,147</u>	<u>19,723</u>
Total revenue	<u>5,953,472</u>	<u>6,039,916</u>	<u>6,403,320</u>	<u>363,404</u>
Expenditures				
General Government				
Legislative:				
Salaries and benefits	\$ 35,960	101,460	73,490	27,970
Materials, supplies and services	<u>27,050</u>	<u>27,050</u>	<u>33,097</u>	<u>(6,047)</u>
	<u>63,010</u>	<u>128,510</u>	<u>106,587</u>	<u>21,923</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2015

Expenditures - Continued	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
<u>General Government</u>				
Judicial:				
Salaries and benefits	\$ 109,395	111,622	115,267	(3,645)
Materials, supplies and services	33,170	33,170	25,756	7,414
Capital	-	-	3,309	(3,309)
	<u>142,565</u>	<u>144,792</u>	<u>144,332</u>	<u>460</u>
Finance:				
Salaries and benefits	236,522	242,098	233,742	8,356
Materials, supplies and services	45,744	45,744	45,852	(108)
Capital	-	-	-	-
	<u>282,266</u>	<u>287,842</u>	<u>279,594</u>	<u>8,248</u>
Administrative:				
Salaries and benefits	312,389	314,461	264,795	49,666
Materials, supplies and services	55,180	55,180	55,453	(273)
Capital	-	-	1,787	(1,787)
	<u>367,569</u>	<u>369,641</u>	<u>322,035</u>	<u>47,606</u>
Non-Departmental:				
Salaries and benefits	2,000	2,000	51	1,949
Materials, supplies and services	326,100	326,100	307,974	18,126
	<u>328,100</u>	<u>328,100</u>	<u>308,025</u>	<u>20,075</u>
Elections:				
Materials, supplies and services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General government buildings:				
Salaries and benefits	25,000	25,000	22,945	2,055
Materials, supplies and services	93,792	98,323	94,856	3,467
Capital	-	-	-	-
	<u>118,792</u>	<u>123,323</u>	<u>117,801</u>	<u>5,522</u>
Total general government	<u>1,302,302</u>	<u>1,382,208</u>	<u>1,278,374</u>	<u>103,834</u>
<u>Public Safety</u>				
Police service:				
Salaries and benefits	1,596,674	1,605,960	1,575,586	30,374
Materials, supplies and services	285,469	309,668	258,720	50,948
Capital	-	-	52,744	(52,744)
	<u>1,882,143</u>	<u>1,915,628</u>	<u>1,887,050</u>	<u>28,578</u>
Planning:				
Salaries and benefits	88,687	91,379	84,406	6,973
Materials, supplies and services	82,090	106,090	104,628	1,462
Capital	-	-	992	(992)
	<u>170,777</u>	<u>197,469</u>	<u>190,026</u>	<u>7,443</u>
Inspection:				
Salaries and benefits	239,042	268,855	256,024	12,831
Materials, supplies and services	26,525	26,525	22,489	4,036
Capital	-	-	-	-
	<u>265,567</u>	<u>295,380</u>	<u>278,513</u>	<u>16,867</u>
Animal control:				
Salaries and benefits	59,251	60,543	62,765	(2,222)
Operating	34,400	34,400	33,959	441
	<u>93,651</u>	<u>94,943</u>	<u>96,724</u>	<u>(1,781)</u>
Total public safety	<u>2,412,138</u>	<u>2,503,420</u>	<u>2,452,313</u>	<u>51,107</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2015

<u>Expenditures - Continued</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Streets and Highways</u>				
Salaries and benefits	\$ 305,388	309,593	266,029	43,564
Materials, supplies and services	416,337	438,132	379,790	58,342
Capital	-	-	6,748	(6,748)
	<u>721,725</u>	<u>747,725</u>	<u>652,567</u>	<u>95,158</u>
Total streets and highways	<u>721,725</u>	<u>747,725</u>	<u>652,567</u>	<u>95,158</u>
<u>Community Services</u>				
Administration:				
Salaries and benefits	107,931	109,006	101,623	7,383
Materials, supplies and services	72,481	92,481	88,623	3,858
Capital	-	-	3,045	(3,045)
	<u>180,412</u>	<u>201,487</u>	<u>193,291</u>	<u>8,196</u>
Parks department:				
Salaries and benefits	317,660	321,692	319,874	1,818
Materials, supplies and services	159,625	171,388	165,829	5,559
Capital	-	-	7,129	(7,129)
	<u>477,285</u>	<u>493,080</u>	<u>492,832</u>	<u>248</u>
Recreation department:				
Salaries and benefits	109,889	110,785	111,900	(1,115)
Materials, supplies and services	71,987	72,987	67,454	5,533
Capital Expenditures	-	-	546	(546)
	<u>181,876</u>	<u>183,772</u>	<u>179,900</u>	<u>3,872</u>
Total community services	<u>839,573</u>	<u>878,339</u>	<u>866,023</u>	<u>12,316</u>
Total expenditures	<u>5,275,738</u>	<u>5,511,692</u>	<u>5,249,277</u>	<u>262,415</u>
Excess (deficiency) of revenue over (under) expenditures before other financing sources (uses)	<u>677,734</u>	<u>944,361</u>	<u>1,154,043</u>	<u>209,682</u>
Other financing sources (uses):				
Operating transfers (out)	<u>(793,107)</u>	<u>(1,238,107)</u>	<u>(1,175,523)</u>	<u>62,584</u>
Total other financing sources (uses)	<u>(793,107)</u>	<u>(1,238,107)</u>	<u>(1,175,523)</u>	<u>62,584</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	<u>(115,373)</u>	<u>(293,746)</u>	<u>(21,480)</u>	<u>272,266</u>
Fund balance - beginning of year	<u>1,475,637</u>	<u>1,475,637</u>	<u>1,475,637</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,360,264</u>	<u>1,181,891</u>	<u>1,454,157</u>	<u>272,266</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenue:				
Property taxes	\$ 600,000	534,600	444,397	(90,203)
Interest income	1,000	1,000	3,726	2,726
Total revenue	<u>601,000</u>	<u>535,600</u>	<u>448,123</u>	<u>(87,477)</u>
Expenditures:				
Professional services - pay agent	30,000	55,000	33,178	21,822
Engineering services	10,000	10,000	3,913	6,087
Offsite improvements	-	346,000	346,000	-
Bond retirement	-	-	-	-
Total expenditures	<u>40,000</u>	<u>411,000</u>	<u>383,091</u>	<u>27,909</u>
Excess (deficiency) of revenue over (under) expenditures	<u>561,000</u>	<u>124,600</u>	<u>65,032</u>	<u>(59,568)</u>
Other financing sources (uses):				
Transfer in(out) - net	(70,908)	(5,508)	(9,457)	(3,949)
Proceeds from refunding bond issue	-	-	-	-
Total other financing sources (uses)	<u>(70,908)</u>	<u>(5,508)</u>	<u>(9,457)</u>	<u>(3,949)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	490,092	119,092	55,575	(63,517)
Fund balance - beginning of year	<u>495,465</u>	<u>495,465</u>	<u>495,465</u>	-
Fund balance - end of year	<u>\$ 985,557</u>	<u>614,557</u>	<u>551,040</u>	<u>(63,517)</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance From Final Budget
	Original	Final		
Revenue:				
Admissions, reservations and lessons	\$ 338,000	338,000	356,691	18,691
Concessions and merchandise sales	8,500	8,500	11,524	3,024
Bowery rentals	2,000	2,000	2,360	360
Miscellaneous revenue	4,000	4,000	5,379	1,379
Interest	-	-	-	-
Total revenue	<u>352,500</u>	<u>352,500</u>	<u>375,954</u>	<u>23,454</u>
Expenditures:				
Salaries and benefits	254,458	254,458	246,977	7,481
Materials, supplies and services	51,408	51,408	33,781	17,627
Maintenance and repairs	33,664	33,664	22,957	10,707
Utilities	54,000	54,000	67,985	(13,985)
Chemicals	36,000	36,000	31,501	4,499
Capital Equipment	-	-	4,696	(4,696)
Bond Principle	-	-	3,000	(3,000)
Bond Interest	70,908	70,908	70,957	(49)
Total expenditures	<u>500,438</u>	<u>500,438</u>	<u>481,854</u>	<u>18,584</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(147,938)</u>	<u>(147,938)</u>	<u>(105,900)</u>	<u>42,038</u>
Other financing sources (uses):				
Transfer in(out) - net	<u>147,937</u>	<u>147,938</u>	<u>105,940</u>	<u>(42,998)</u>
Total other financing sources (uses)	<u>147,938</u>	<u>147,938</u>	<u>105,940</u>	<u>(41,998)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	-	-	40	40
Fund balance (deficit) - beginning of year	-	-	-	-
Fund balance (deficit) - end of year	<u>\$ -</u>	<u>-</u>	<u>40</u>	<u>40</u>

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

NORTH OGDEN CITY

Utah Retirement Systems

As of December 31, 2014

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)	0.1663092%	0.4268607%	0.0380994%	0.3480897%
Proportionate share of the net pension liability (asset)	\$722,154	\$536,813	(\$1155)	(\$5,149)
Covered employee payroll	\$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	50.9%	86.2%	-0.6%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	90.5%	103.5%	120.5%

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

SCHEDULE OF CONTRIBUTIONS
 NORTH OGDEN CITY
 Utah Retirement Systems
 As of December 31, 2014
 Last 10 Fiscal Years

	Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Contractually required contribution	\$261,391	\$210,252	\$15,719	\$15,685
Contributions in relation to the contractually required contribution	(\$261,391)	(\$210,252)	(\$15,719)	(\$15,685)
Contribution deficiency (excess)	-	-	-	-
Covered employee payroll	\$1,417,455	\$622,523	\$186,997	\$143,783
Contributions as a percentage of covered-employees payroll**	18.41%	33.77%	8.41%	10.91%

* Amounts presented were determined as of calendar year January 1- December 31. The City will be required to prospectively develop this table in future years to show 10-years of information. The schedule above is only for the current year.

** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

OTHER INFORMATION

NORTH OGDEN CITY

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

Year Ended June 30, 2015

Variance	Budgeted Amounts		Actual	From Final Budget
	Original	Final		
Revenue:				
Grant - Weber County Monroe Blvd	-	300,000	188,056	(111,944)
RAMP grants recognized	\$ 113,000	113,000	38,714	(74,286)
Grants received	-	-	2,200	2,200
Park impact fees	90,000	90,000	176,682	86,682
Developer Fees	-	-	15,102	15,102
Interest	5,000	5,000	9,649	4,649
Total revenue	<u>208,000</u>	<u>508,000</u>	<u>430,403</u>	<u>(77,597)</u>
Expenditures:				
Park improvements and construction	2,267,000	2,315,500	2,477,003	(15,503)
Monroe Boulevard	-	300,000	188,056	111,944
Building improvements and construction	7,000	7,000	4,575	2,425
Equipment purchases	180,515	180,515	-	180,515
Street and road improvement and construction	425,135	665,135	410,599	254,536
Public works building	3,349,439	3,384,439	3,375,617	8,822
Municipalities grant projects	18,000	18,000	18,709	(709)
Website redesign	25,000	25,000	19,928	5,072
General plan update	75,000	75,000	78,392	(3,392)
Capital facilities impact fee study	30,000	30,000	191	28,809
Total expenditures	<u>4,336,089</u>	<u>4,916,589</u>	<u>4,343,070</u>	<u>573,519</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(4,128,089)</u>	<u>(4,408,589)</u>	<u>(3,912,667)</u>	<u>495,922</u>
Other financing sources (uses):				
Transfers in (out)	<u>1,091,077</u>	<u>1,506,577</u>	<u>1,299,559</u>	<u>(207,018)</u>
Total other financing sources (uses)	<u>1,091,077</u>	<u>1,506,577</u>	<u>1,299,559</u>	<u>(207,018)</u>
Excess (deficiency) of revenue and other financing sources over (under) expenditures and other uses	<u>(3,037,012)</u>	<u>(2,902,012)</u>	<u>(2,613,108)</u>	<u>288,904</u>
Fund balance - beginning of year	<u>3,326,370</u>	<u>3,326,370</u>	<u>3,326,370</u>	<u>-</u>
Fund balance - end of year	<u>\$ 289,358</u>	<u>424,358</u>	<u>713,262</u>	<u>288,904</u>

NORTH OGDEN CITY
Combining Statement of Net Position
Internal Service Funds
Year Ended June 30, 2015

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 338,083	108,419	446,502
Accounts receivable	<u>22,754</u>	<u>3,340</u>	<u>26,094</u>
Total current assets	<u>360,837</u>	<u>111,759</u>	<u>472,596</u>
Capital assets:			
Buildings and structures	337,565	-	337,565
Vehicles and equipment	<u>2,382,121</u>	<u>733,234</u>	<u>3,115,355</u>
Total capital assets	2,719,686	733,234	3,452,920
Accumulated depreciation	<u>1,485,691</u>	<u>438,182</u>	<u>1,923,873</u>
Net capital assets	<u>1,233,995</u>	<u>295,052</u>	<u>1,529,047</u>
Pension asset	<u>236</u>	-	<u>236</u>
Total noncurrent assets	<u>1,234,231</u>	<u>295,052</u>	<u>1,529,283</u>
Total assets	<u>1,595,068</u>	<u>406,811</u>	<u>2,001,879</u>
Deferred outflows of resources			
Pension related	<u>11,147</u>	-	<u>11,147</u>
Total assets and deferred outflows of resources	<u>1,606,215</u>	<u>406,811</u>	<u>2,013,026</u>
Current Liabilities:			
Current portion of lease obligations payable	17,290	-	17,290
Accounts payable	-	-	-
Compensated absences payable	8,284	-	8,284
Wages and benefits payable	<u>1,402</u>	-	<u>1,402</u>
Total current liabilities	<u>26,976</u>	-	<u>26,976</u>
Non-current liabilities:			
Net pension liability	47,186	-	47,186
Lease obligations payable	54,374	-	54,374
Lease obligations payable - current portion	<u>(17,290)</u>	-	<u>(17,290)</u>
Total non-current liabilities	<u>84,270</u>	-	<u>84,270</u>
Total liabilities	<u>111,246</u>	-	<u>111,246</u>
Deferred inflows of resources			
Pension related	<u>8,231</u>	-	<u>8,231</u>
Total liabilities and deferred inflows of resources	<u>119,477</u>	-	<u>119,477</u>
Net position:			
Net investment in capital assets	1,179,621	295,052	1,474,673
Unrestricted	<u>307,117</u>	<u>111,759</u>	<u>418,876</u>
Total net position	<u>\$ 1,486,738</u>	<u>406,811</u>	<u>1,893,549</u>

NORTH OGDEN CITY

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

Year Ended June 30, 2015

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Revenue:			
Rentals:			
General fund	\$ 203,573	166,901	370,474
Utility funds	<u>164,977</u>	<u>-</u>	<u>164,977</u>
Total rentals	368,550	166,901	535,451
Operating charge - police motorpool	73,680	(73,680)	-
Sale of materials and supplies	<u>24,547</u>	<u>3,729</u>	<u>28,276</u>
Total revenue	<u>466,777</u>	<u>96,950</u>	<u>563,727</u>
Expenses:			
Salaries and benefits	159,093	-	159,093
Materials, supplies and services	102,977	20,652	123,629
Fuel	120,019	-	120,019
Interest on capital leases	3,367	-	3,367
Depreciation	<u>76,496</u>	<u>65,626</u>	<u>142,122</u>
Total expenses	<u>461,952</u>	<u>86,278</u>	<u>548,230</u>
Income (loss) from operations	<u>4,825</u>	<u>10,672</u>	<u>15,497</u>
Other non-operating revenue (expenses):			
Gain from sale of assets	27,554	2,724	30,278
Interest earned	2,719	467	3,186
Transfers from (to) other funds	<u>172,018</u>	<u>-</u>	<u>172,018</u>
Total other non-operating revenue (expenses)	<u>202,291</u>	<u>3,191</u>	<u>205,482</u>
Capital asset contribution - General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	207,116	13,863	220,979
Net position - beginning of year	1,330,400	392,948	1,723,348
Prior period adjustment - pensions	<u>(50,778)</u>	<u>-</u>	<u>(50,778)</u>
Net position - beginning of year as adjusted	<u>1,279,622</u>	<u>392,948</u>	<u>1,672,570</u>
Net position - end of year	<u>\$ 1,486,738</u>	<u>406,811</u>	<u>1,893,549</u>

NORTH OGDEN CITY
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2015

	<u>Motor Pool</u>	<u>Police Motor Pool</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from vehicle rent from:			
General fund	\$ 203,573	166,901	370,474
Utility funds	164,977	-	164,977
Sale of material, supplies, and services	24,547	3,729	28,276
Operating charge - police motorpool	73,680	(73,680)	-
Payments for payroll and related benefits	(164,123)	-	(164,123)
Payments for goods and services	<u>(226,363)</u>	<u>(23,992)</u>	<u>(250,355)</u>
Net cash provided (used) by operating activities	<u>76,291</u>	<u>72,958</u>	<u>149,249</u>
Cash flows from capital and related financing activities:			
Payments to purchase vehicles and equipment	(970,586)	(135,794)	(1,106,380)
Proceeds from the sale of capital assets	167,486	11,868	179,354
Principal payments on lease financing	<u>(16,506)</u>	<u>-</u>	<u>(16,506)</u>
Net cash used by capital and related financing activities	<u>(819,606)</u>	<u>(123,926)</u>	<u>(943,532)</u>
Cash flows from non-capital financing activities:			
Transfer from (to) other funds	<u>172,018</u>	<u>-</u>	<u>172,018</u>
Net cash provided (used) by non-capital financing activities	<u>172,018</u>	<u>-</u>	<u>172,018</u>
Cash flows from investing activities:			
Interest received	<u>2,719</u>	<u>467</u>	<u>3,186</u>
Net cash provided (used) by investing activities	<u>2,719</u>	<u>467</u>	<u>3,186</u>
Net increase (decrease) in cash and equivalents	(568,578)	(50,501)	(619,079)
Cash and cash equivalents - beginning of year	<u>906,661</u>	<u>158,920</u>	<u>1,065,581</u>
Cash and cash equivalents - end of year	<u>\$ 338,083</u>	<u>108,419</u>	<u>446,502</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income	4,825	10,672	15,497
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	76,496	65,626	142,122
Increase in receivables	-	(3,340)	(3,340)
Increase in compensated absences and wages and benefits payable	1,714	-	1,714
Pension related items	<u>(6,744)</u>	<u>-</u>	<u>(6,744)</u>
Total adjustments	<u>71,466</u>	<u>62,286</u>	<u>133,752</u>
Net cash provided (used) by operating activities	<u>\$ 76,291</u>	<u>72,958</u>	<u>149,249</u>
Noncash investing, capital and financing activities:	<u>\$ -</u>	<u>-</u>	<u>-</u>



Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and City Council
North Ogden City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Ogden City as of and for the year ended June 30, 2015, 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 23, 2015.

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.

December 23, 2015



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 applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on North Ogden City or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Transfers from Utility Enterprise Funds
- Open and Public Meetings Act
- Government Records Access Management Act
- Conflicts of Interest
- Nepotism

North Ogden City received state funding from the following programs classified as major programs for the year ended June 30, 2015:

B & C Roads

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, North Ogden City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on North Ogden City or on each of its major state programs for the year ended June 30, 2015.

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 & Ambrose P.C.

State of Utah
 Schedule of Expenditures of State Grants, Contracts, and Loan Funds
 For the Year Ended June 30, 2015

Grant Name/Department	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
State of Utah			
DUI Overtime Grant/UHP - Public Safety			1,177
Emergency Medical Services Grant/UHP - Public Safety			2,149
Justice Assistance Grant/Commission on Criminal & Juvenile Justice			7,500
Public Safety Equipment Grant/UHP - Public Safety			4,795
Class C Road Funds/UDOT		06-30-15	589,622
State Liquor Grant (Beer Tax)/Utah Substance Abuse Advisory Council			13,067
Subtotal – State of Utah			\$ 618,310
Weber County Grants			
RAMP - Easy Grant			4,000
RAMP - Municipalities Grant			34,714
Tobacco Compliance			291
Monroe Boulevard Corridor Preservation Grant			188,055
School Resource Officer			16,828
Subtotal – Weber County			\$ 243,888
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			\$ 862,197