



**NOTICE AND AGENDA
SOUTH OGDEN CITY COUNCIL
WORK SESSION**

TUESDAY, JANUARY 17, 2023, 5PM

Notice is hereby given that the South Ogden City Council will hold their regularly scheduled work session at 5 pm Tuesday, January 17, 2023. The meeting will be located at City Hall, 3950 Adams Ave., South Ogden, Utah, 84403, in the EOC. The meeting is open to the public; anyone interested is welcome to attend. No action will be taken on any items discussed during the pre-council work session. Discussion of agenda items is for clarification only. Some members of the council may be attending the meeting electronically.

WORK SESSION AGENDA

I. CALL TO ORDER – Mayor Russell Porter

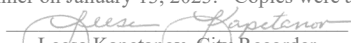
II. REVIEW OF AGENDA

III. DISCUSSION ITEMS

- A.** Maintenance of Alleys
- B.** Review of Audit

IV. ADJOURN

The undersigned, duly appointed City Recorder, does hereby certify that a copy of the above notice and agenda was posted to the State of Utah Public Notice Website, on the City's website (southogdencity.gov) and emailed to the Standard Examiner on January 13, 2023. Copies were also delivered to each member of the governing body.


Leesa Kapetanov, City Recorder

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during the meeting should notify the City Recorder at 801-622-2709 at least 24 hours in advance.



SOUTH OGDEN CITY

BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

Together with Independent Auditor's Report

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CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
South Ogden City, Utah

Report on the Audit of the Financial Statements

Opinions

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 South Ogden City, Utah (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the pension schedule of contributions, the schedule of changes in the total OPEB liability and related ratios, and the notes to required supplementary information, as noted on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 the 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 27, 2022, 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 and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

KYC, CPA₁

Salt Lake City, Utah
December 27, 2022

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

This document is a narrative overview and analysis of the financial activities of South Ogden City for the fiscal year ending June 30, 2022. South Ogden City management encourages readers to consider the information presented here in conjunction with the financial statements which follow this section.

Financial Highlights:

At the close of the most recent fiscal year the assets of South Ogden City exceeded its liabilities by \$64,409,305.

As of June 30, 2022, South Ogden City's governmental funds reported a combined ending fund balance of \$8,426,107. Of this amount, \$1,546,736 is available for spending at the City's discretion, while the remaining balance of \$6,879,371 is classified in accordance with GASB No. 54.

The greatest portion of the City's total long-term debt is comprised of the 2019 Series Sales & Franchise Tax Revenue and Refunding Bonds. This bond issuance was used to refund the 2015 Series. The City also added \$4.3 million to be used to complete the construction of the Burch Creek Park and begin phase I of the construction on the Club Heights Park. The 2012 Series Bonds were fully retired this fiscal year. The total combined principal outstanding as of June 30, 2022 is \$7,350,000; all bonds will be fully retired by 2039.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to South Ogden City's basic financial statements. The City's basic financial statements include three component parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This portion of the audit report also contains required supplementary information, and other supplementary information in addition to the basic financial statements themselves.

1.) Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of South Ogden City's finances in a format similar to what is provided by private-sector businesses.

The Statement of Net Position presents information pertaining to all of South Ogden City's assets and liabilities. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, other non-financial factors need to be considered as well.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year reported. 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, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The City's financial statements are distinguished by two different functions. First, governmental activities are those principally supported by taxes and intergovernmental revenues. Second, City business-type activities are those that recover all or a significant portion of their costs through user fees and charges. The governmental activities of South Ogden City include general government, public safety (police & fire), streets, public works, parks and recreation. The business-type activities of the City include providing water, sewer, solid waste, storm drain, and ambulance service.

2.) Fund financial statements: A fund is defined as a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. South Ogden City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

There are three fund types in which all individual fund classifications can be categorized: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds and permanent 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 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 short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has identified four major governmental funds that are reported separately. They are the general fund, one special revenue fund, a debt service fund and a capital projects fund. There are two non-major funds included within this report.

South Ogden City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with State budget statutes.

Proprietary Funds: Proprietary funds account for the same functions and utilize the same accounting methods reported as business-type activities in the government-wide financial statements. Full accrual accounting methods are used and provide both long and short-term financial information. The City uses enterprise funds, one type of proprietary fund, to account for its business-type activities which, as previously stated, are water, sewer, solid waste, storm drain, and ambulance service. The City has identified five enterprise funds (as determined by generally accepted accounting principles) that meet the criteria for major fund classification. There are not any enterprise funds classified as non-major within this report. Internal Service Funds are also a form of Proprietary Fund and they are used to report activities that provide services and supplies internally for a City. South Ogden City has no Internal Service Funds.

Fiduciary Funds: Fiduciary funds are used to account for assets held by a City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. A City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. There are four fiduciary fund types: Pension (and other employee benefits) Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Custodial Funds. South Ogden City has no fiduciary funds.

3.) Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 27 through 53 of this report.

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. Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements. Those revenues are deferred on the governmental fund statements. Government-wide statements provide users with a broad overview of the City's finances in a fashion similar to a private-sector business.

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

Government-wide Financial Analysis

As previously noted, an increase or decrease in net position, when viewed over a period of time, may serve as a useful indicator of whether the financial position of a City is improving or deteriorating. In the case of South Ogden City, net position was \$64,409,305 at the close of fiscal year 2022, whereas, at the close of fiscal year 2021, the City's net position was \$59,799,587.

The largest portion of South Ogden City's net position is \$50,994,695 in net investment in capital assets. This reflects its investments in land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. South Ogden City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although South Ogden City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

South Ogden City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 18,871,716	\$ 12,532,526	\$ 9,694,534	\$ 7,490,956	\$ 28,566,250	\$ 20,023,482
Capital assets	48,388,080	49,862,259	11,309,444	10,768,041	59,697,524	60,630,300
Total Assets	67,259,796	62,394,785	21,003,978	18,258,997	88,263,774	80,653,782
Deferred Outflows of Resources	1,032,124	843,344	219,132	174,266	1,251,256	1,017,610
Current and other liabilities	4,461,502	3,347,036	1,307,139	1,045,377	5,768,641	4,392,413
Long-term liabilities	8,996,908	11,065,310	536,182	388,350	9,533,090	11,453,660
Total Liabilities	13,458,410	14,412,346	1,843,321	1,433,727	15,301,731	15,846,073
Deferred Inflows of Resources	9,140,084	5,653,416	663,910	372,316	9,803,994	6,025,732
Net position:						
Net investment in capital assets	39,489,604	39,383,630	11,505,091	10,737,519	50,994,695	50,121,149
Restricted	1,493,706	592,422	339,710	108,769	1,833,416	701,191
Unrestricted	4,710,116	3,196,315	6,871,078	5,780,932	11,581,194	8,977,247
Total Net Position	\$ 45,693,426	\$ 43,172,367	\$ 18,715,879	\$ 16,627,220	\$ 64,409,305	\$ 59,799,587

At the end of the fiscal year, the City was able to report positive balances in net position, for total government activities and for the separate governmental and business-type activities.

Governmental Activities: Governmental activities are reflected in the government-wide activities statement. The governmental activities had a increase, including prior period adjustments, in total net position of \$2,521,059 in 2022.

Taxes are the main source of revenue in the General Fund consisting of 74.10% of total revenue in 2022. The City receives six kinds of taxes (property, sales, delinquent property, fee-in-lieu, franchise, and Prop 1 taxes). Current year property taxes and sales tax revenues account for 32.86% and 46.92% respectively of total taxes collected in 2022. The goal of the City's governing body to be more diversified and not overly dependent upon one type of revenue stream. The sales tax revenues of the City have been growing steadily but the City Council has invested a great deal of time and energy in developing an overall sustainability model for the City. Part of that model includes maintaining the certified tax rate at a constant level if possible. However, in doing so, as property values continue to increase it is then considered a property tax increase at the County and State level. The Council feels a small increase annually is much more fiscally responsible versus doing nothing for years and then implementing a very large increase. The majority of residents also are more amicable to such a process as they understand the cost of doing business and providing the high level of service they are accustomed to also goes up a little bit each year. That is the overall

SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

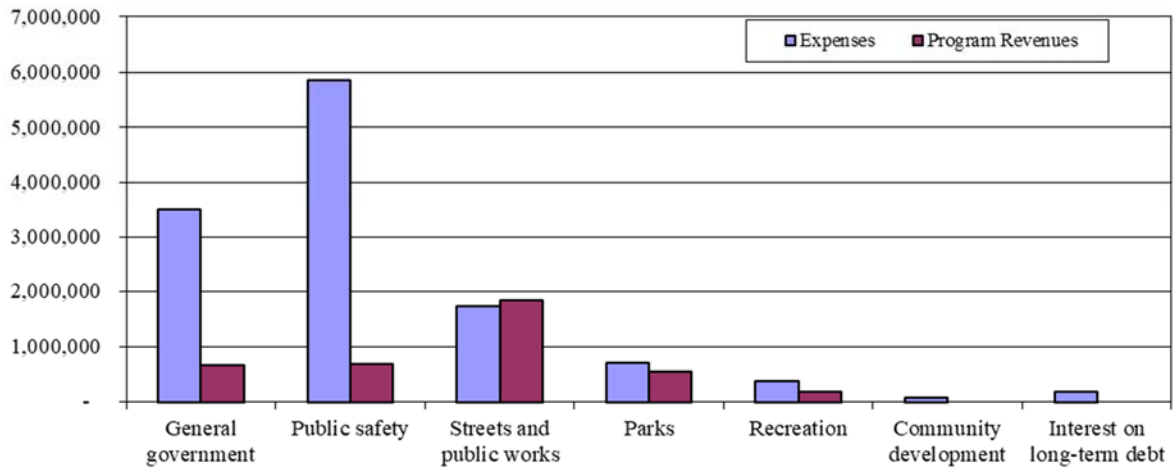
concept, yet the Council is mindful of economic conditions and other factors impacting the residents. A small tax increase was voted in by Council for FY 2022. As mentioned, sales tax revenues continue to increase as local sales continue to be strong and the City is able to add some new businesses. The City also continues to experience a small amount of property tax growth due to new construction. The gap between these two revenues will narrow as the City will again be implementing a small property tax increase as it looks ahead to fiscal year 2023. A new County-wide tax was imposed in 2017 after being voted in by the residents and is referred to as Prop 1 Highway Tax. It is one-tenth of one percent sales tax and is designated to be spent on streets, sidewalks and trails within the City. In fiscal year 2022 the City received \$425,870 of Prop 1 monies.

South Ogden City's Changes in Net Position

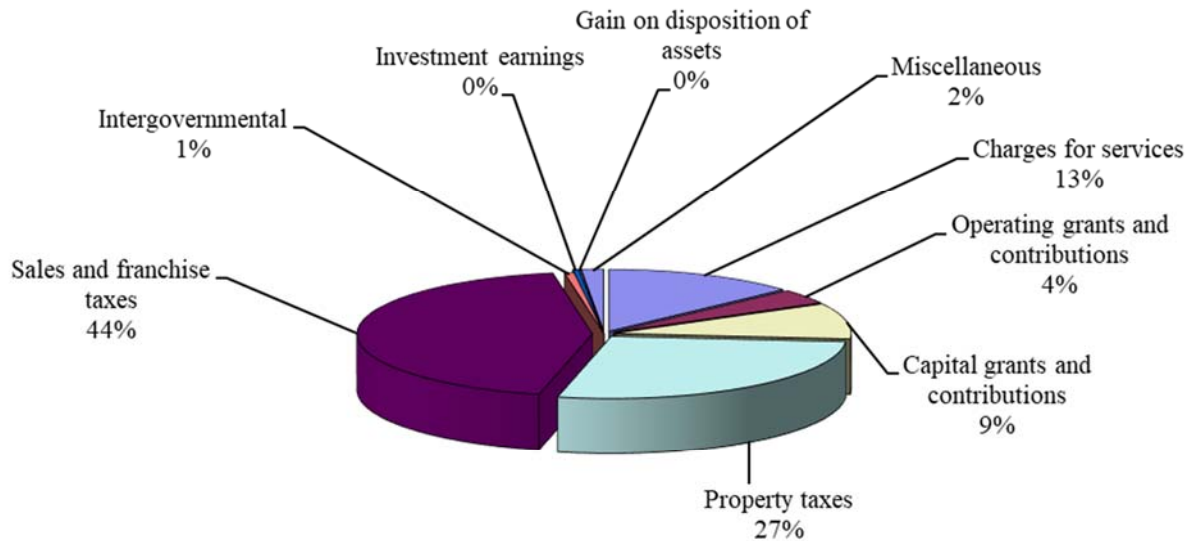
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,972,517	\$ 1,735,600	\$ 7,277,284	\$ 6,910,343	\$ 9,249,801	\$ 8,645,943
Operating grants and contributions	576,241	2,640,565	-	-	576,241	2,640,565
Capital grants and contributions	1,384,342	1,119,714	236,858	108,769	1,621,200	1,228,483
General revenues:						
Property taxes	4,053,765	3,754,735	-	-	4,053,765	3,754,735
Sales and franchise taxes	6,502,202	5,933,087	-	-	6,502,202	5,933,087
Intergovernmental	98,781	100,881	-	-	98,781	100,881
Investment earnings	57,311	63,727	51,669	44,908	108,980	108,635
Gain on disposition of assets	19,853	103,622	86,351	-	106,204	103,622
Miscellaneous	226,361	301,035	62,041	61,412	288,402	362,447
Total Revenues	14,891,373	15,752,966	7,714,203	7,125,432	22,605,576	22,878,398
Expenses:						
General government	3,502,142	3,911,835	-	-	3,502,142	3,911,835
Public safety	5,865,962	5,752,694	-	-	5,865,962	5,752,694
Streets and public works	1,727,062	824,454	-	-	1,727,062	824,454
Parks	698,242	978,370	-	-	698,242	978,370
Recreation	371,042	333,819	-	-	371,042	333,819
Community development	76,407	225,237	-	-	76,407	225,237
Interest on long-term debt	192,160	235,938	-	-	192,160	235,938
Water	-	-	1,423,356	1,168,378	1,423,356	1,168,378
Sewer	-	-	1,790,055	1,888,175	1,790,055	1,888,175
Storm drain	-	-	809,032	754,497	809,032	754,497
Solid waste	-	-	945,043	961,527	945,043	961,527
Ambulance	-	-	595,355	532,464	595,355	532,464
Total Expenses	12,433,017	12,262,347	5,562,841	5,305,041	17,995,858	17,567,388
Change in net position before transfers	2,458,356	3,490,619	2,151,362	1,820,391	4,609,718	5,311,010
Transfers	62,703	347,056	(62,703)	(347,056)	-	-
Change in Net Position	2,521,059	3,837,675	2,088,659	1,473,335	4,609,718	5,311,010
Net Position, Beginning	43,172,367	39,591,418	16,627,220	15,153,885	59,799,587	54,745,303
Prior Period Adjustment	-	(256,726)	-	-	-	(256,726)
Net Position, Ending	<u>\$ 45,693,426</u>	<u>\$ 43,172,367</u>	<u>\$ 18,715,879</u>	<u>\$ 16,627,220</u>	<u>\$ 64,409,305</u>	<u>\$ 59,799,587</u>

SOUTH OGDEN CITY MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2022

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

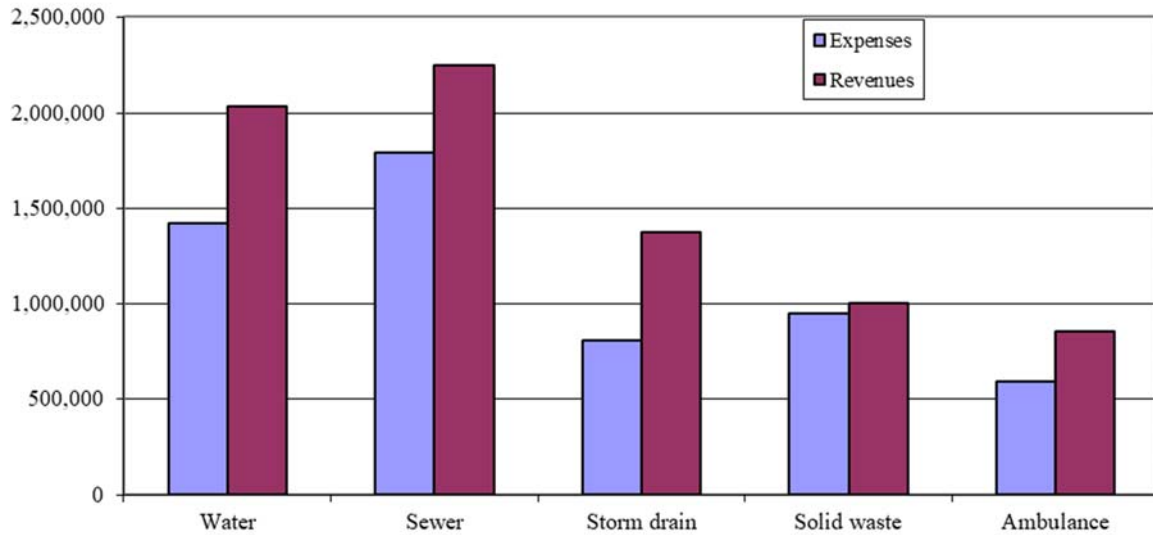


**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

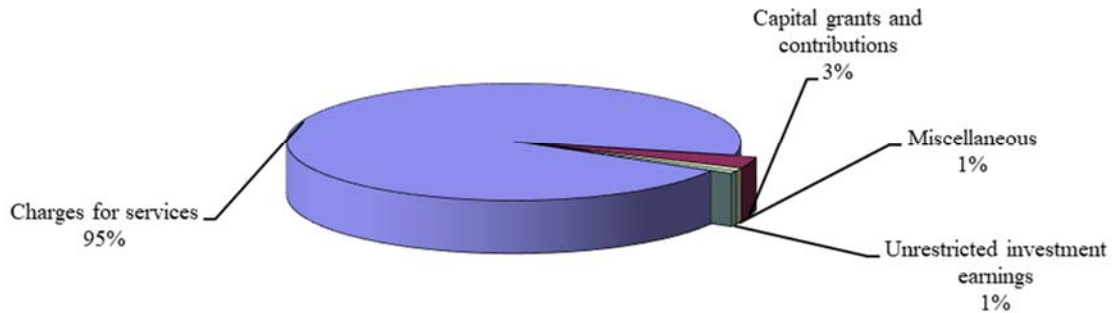
Business-type Activities: Business-type activities have increased, including prior period adjustments, the City's net position by \$2,088,659 during fiscal year 2022.

The majority of revenues in the business-type activities are in charges for services, which account for 89.94% of the revenues for fiscal year 2022.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

Financial Analysis of Governmental Funds:

The focus of the City's governmental funds is to provide information on short-term inflows, outflows and balances of resources available to spend. Such information is useful in assessing the City's financing requirements.

As of June 30, 2022, the City's governmental funds reported a combined ending fund balances of \$8,426,107. The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds, either by state or local ordinance or by a desire to maintain a matching of revenues and expenses, are accounted for in this fund.

As stated earlier, the City maintains several enterprise funds to account for the business-type activities of the City. The separate fund statements included in this report provide the same information for the business-type activities as is provided in the government-wide financial statements. However, the difference is that these fund statements provide more detail.

General Fund Budgetary Highlights:

The original budget adopted in fiscal year 2022 for the general fund totaled \$15,687,728. The City Council approved budget amendments during the year bringing the modified total general fund budget to \$16,335,767.

Explanation of variances between original budgeted amounts and final budgeted amounts:

- The variances on the revenue & expenditure side are mostly associated with some additional revenues that were received and the corresponding expenditures that are tied to the new revenues such as:
 - Reimbursement of police overtime
 - Donations received by the City
 - Small grants received & an adjustment to the City's sales tax revenues
 - The City entered into a lease financing obligation
- There was an adjustment made to account for excessive overtime in the fire department.
- The City made an adjustment budgetarily for some inflationary impacts, especially to fuel
- In an effort by the City to help employees financially due to the extreme inflationary impacts they experienced in the inter-mountain west the Council approved a 2% COLA mid-year

Capital Assets and Debt Administration:

As of June 30, 2022, the City has invested \$59,697,524 net of accumulated depreciation in capital assets for its governmental and business-type activities. This amount is \$932,776 less than 2021. The City feels that its ability to increase capital assets will improve moving forward. The City Council put in place for the fiscal year 2023 budget process some significant revenue generating steps to work towards fiscal sustainability. The governing body is committed to continue working towards fiscal sustainability for FY 2023. These new monies will allow for infrastructure projects to be undertaken, heavy equipment and vehicles to be replaced as well as additional resources allocated to the City's streets for repairs and maintenance.

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

South Ogden City's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 11,132,437	\$ 11,132,437	\$ 412,413	\$ 412,413	\$ 11,544,850	\$ 11,544,850
Construction in progress	8,133,073	7,482,226	181,649	53,026	8,314,722	7,535,252
Building and improvements	7,977,347	8,183,543	6,658	8,137	7,984,005	8,191,680
Machinery and equipment	2,819,226	2,951,941	790,302	643,733	3,609,528	3,595,674
Infrastructure	18,325,997	20,112,112	9,918,422	9,650,732	28,244,419	29,762,844
Total Capital Assets	<u>\$ 48,388,080</u>	<u>\$ 49,862,259</u>	<u>\$ 11,309,444</u>	<u>\$ 10,768,041</u>	<u>\$ 59,697,524</u>	<u>\$ 60,630,300</u>

As of June 30, 2022, the City's Governmental Activities had a long-term debt outstanding balance of \$10,775,057. This amount is comprised of the following component parts:

2019 Sales & Franchise Tax Revenue & Refunding Bonds - \$7,350,000 – retires in 2039
 Financed purchases - \$1,453,615
 Compensated absences - \$701,301
 Other post-employment benefits - \$994,989
 Weber School District Property Lease - \$275,152

As of June 30, 2022, the City's Business-type Activities had a long-term debt outstanding balance of \$751,155. This amount is comprised of the following component parts:

Compensated absences - \$71,114
 Other post-employment benefits - \$199,702
 Financed purchases - \$480,339

South Ogden City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds payable	\$ 8,005,770	\$ 9,144,270	\$ -	\$ -	\$ 8,005,770	\$ 9,144,270
Notes payable	275,152	325,469	-	-	275,152	325,469
Financed purchases	1,441,426	1,366,839	480,340	200,645	1,921,766	1,567,484
Compensated absences	701,300	645,595	71,114	64,450	772,414	710,045
Total	<u>\$ 10,423,648</u>	<u>\$ 11,482,173</u>	<u>\$ 551,454</u>	<u>\$ 265,095</u>	<u>\$ 10,975,102</u>	<u>\$ 11,747,268</u>

Economic Factors and Next Year's Budget and Rates:

Economic indicators for the state are currently stabilizing. Construction of commercial buildings as well as single and multi-family dwellings is still moving at a brisk pace. The State continues to work through the COVID-19 recovery process but has seen some significant signs of improvement. But, there are some strong headwinds that the City is facing. Primarily the impact of unprecedented inflation, higher interest rates and difficulties in recruiting new employees as job vacancies are harder and harder to fill. Utah's June 2022 unemployment rate was 2.0%, one of the lowest in the country. Utah has recently been ranked as one of the top states in the nation for businesses.

The City's budget for fiscal year 2023 will be aggressive yet cautious. The City has a number of projects that have been started in FY 2022 and the construction will be finished in FY 2023. There are also some new projects that have been saved up for and will be undertaken as well. The City is still being very cautious, yet optimistic, as we continue to navigate the stormy waters created by the COVID-19 pandemic and the hurdles created by the higher prices attached to almost everything. Elected officials and City staff are taking all health recommendations and necessary protocols very seriously as we strive to move the City forward in a very productive, safe and responsible manner.

**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

The Council continues to be proactive in maintaining and growing the City's revenue streams in an effort to aggressively undertake infrastructure projects. The development of the 12.74-acre Burch Creek Park will be completed in FY 2023 and phase II of the Club Heights Park project will be completed as well. The City has been working hard on an in-depth fiscal sustainability analysis and inventory of the needs for street repairs and utility infrastructure and put in to place some funding sources to continue the sustainability process. During the fiscal year 2023 budget process the City Council voted to only increase garbage & recycling fees by 3%, all other utility fees remained constant. Both the Council and the residents of the City are committed to maintaining and improving the services provided and the quality of life that South Ogden City provides for its residents.

Request for Information:

This financial report is designed to provide a general overview of South Ogden City's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

South Ogden City
Finance Director
3950 Adams Avenue Suite #1
South Ogden, UT 84403

BASIC FINANCIAL STATEMENTS

SOUTH OGDEN CITY
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 7,167,177	\$ 6,168,163	\$ 13,335,340
Accounts receivable - net	183,081	1,147,328	1,330,409
Due from other governmental units	232,593	-	232,593
Taxes receivable	5,314,803	-	5,314,803
Prepaid expenses	94,395	97,482	191,877
Lease receivable	1,307,727	-	1,307,727
Internal Balances	(570,434)	570,434	-
Restricted cash and cash equivalents	2,639,054	1,194,893	3,833,947
Capital assets, not being depreciated:			
Land	11,132,437	412,413	11,544,850
Construction in progress	8,133,073	181,649	8,314,722
Capital assets, net of accumulated depreciation:			
Buildings and improvements	7,977,347	6,658	7,984,005
Machinery and equipment	2,819,226	790,302	3,609,528
Infrastructure	18,325,997	9,918,422	28,244,419
Net pension asset	2,503,320	516,234	3,019,554
Total Assets	67,259,796	21,003,978	88,263,774
Deferred Outflows of Resources:			
Pensions	980,399	191,348	1,171,747
Other post employment benefits	51,725	27,784	79,509
Total Deferred Outflows of Resources	1,032,124	219,132	1,251,256
Total Assets and Deferred Outflows of Resources	\$ 68,291,920	\$ 21,223,110	\$ 89,515,030

The notes to the financial statements are an integral part of this statement

SOUTH OGDEN CITY
STATEMENT OF NET POSITION (Continued)
June 30, 2022

	Governmental Activities	Business-type Activities	Total
Liabilities			
Accounts payable	\$ 580,147	\$ 181,364	\$ 761,511
Accrued liabilities	437,466	55,618	493,084
Accrued interest payable	75,276	-	75,276
Unearned revenue	1,131,956	-	1,131,956
Payable from restricted assets:			
Accounts payable	110,687	852,283	962,970
Developer and customer deposits	11,905	2,900	14,805
Noncurrent liabilities:			
Due within one year	2,114,065	214,974	2,329,039
Due in more than one year	8,996,908	536,182	9,533,090
Total Liabilities	13,458,410	1,843,321	15,301,731
Deferred Inflows of Resources:			
Deferred property tax revenue	4,362,401	-	4,362,401
Leases	1,307,727	-	1,307,727
Pensions	3,387,250	632,353	4,019,603
Other post employment benefits	82,706	31,557	114,263
Total Deferred Inflows of Resources	9,140,084	663,910	9,803,994
Net Position:			
Net investment in capital assets	39,489,604	11,505,091	50,994,695
Restricted for:			
Roads	342,039	-	342,039
Impact fees	807,397	320,198	1,127,595
Debt service	319	-	319
Unspent debt proceeds	342,388	19,512	361,900
State grants	1,563	-	1,563
Unrestricted	4,710,116	6,871,078	11,581,194
Total Net Position	45,693,426	18,715,879	64,409,305
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 68,291,920	\$ 21,223,110	\$ 89,515,030

The notes to the financial statements are an integral part of this statement

SOUTH OGDEN CITY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 3,502,142	\$ 546,503	\$ 110,867	\$ -	\$ (2,844,772)	\$ -	\$ (2,844,772)
Public safety	5,865,962	657,643	20,554	-	(5,187,765)	-	(5,187,765)
Streets and public works	1,727,062	595,735	425,870	829,666	124,209	-	124,209
Parks	698,242	3,275	-	554,676	(140,291)	-	(140,291)
Recreation	371,042	169,361	18,950	-	(182,731)	-	(182,731)
Community development	76,407	-	-	-	(76,407)	-	(76,407)
Interest on long-term debt	192,160	-	-	-	(192,160)	-	(192,160)
Total Governmental Activities	12,433,017	1,972,517	576,241	1,384,342	(8,499,917)	-	(8,499,917)
Business-type Activities:							
Water	1,423,356	1,914,378	-	118,187	-	609,209	609,209
Sewer	1,790,055	2,246,434	-	-	-	456,379	456,379
Storm drain	809,032	1,261,727	-	118,671	-	571,366	571,366
Solid waste	945,043	1,002,060	-	-	-	57,017	57,017
Ambulance	595,355	852,685	-	-	-	257,330	257,330
Total Business-type Activities	5,562,841	7,277,284	-	236,858	-	1,951,301	1,951,301
Total Government	\$ 17,995,858	\$ 9,249,801	\$ 576,241	\$ 1,621,200	(8,499,917)	1,951,301	(6,548,616)
General Revenues:							
Property taxes					4,053,765	-	4,053,765
Sales taxes					5,318,956	-	5,318,956
Franchise taxes					1,183,246	-	1,183,246
Intergovernmental					98,781	-	98,781
Interest					57,311	51,669	108,980
Gain on disposal of assets					19,853	86,351	106,204
Miscellaneous					226,361	62,041	288,402
Transfers					62,703	(62,703)	-
Total General Revenues and Transfers					11,020,976	137,358	11,158,334
Change in Net Position					2,521,059	2,088,659	4,609,718
Net Position, Beginning					43,172,367	16,627,220	59,799,587
Net Position, Ending					\$ 45,693,426	\$ 18,715,879	\$ 64,409,305

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Special Revenue CDRA	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,176,281	\$ 412,252	\$ 4,294,490	\$ 284,154	\$ 7,167,177
Taxes receivable	5,129,062	185,741	-	-	5,314,803
Due from other governmental units	232,593	-	-	-	232,593
Accounts receivable	128,285	-	-	54,797	183,082
Prepaid items	94,395	-	-	-	94,395
Lease receivable	1,307,727	-	-	-	1,307,727
Due from other funds	238,100	-	-	-	238,100
Restricted cash and cash equivalents	1,798,970	-	839,765	319	2,639,054
Total Assets	\$ 11,105,413	\$ 597,993	\$ 5,134,255	\$ 339,270	\$ 17,176,931
Liabilities:					
Accounts payable	\$ 524,834	\$ 5,899	\$ 19,542	\$ 29,873	\$ 580,148
Accrued liabilities	437,466	-	-	-	437,466
Payable from restricted assets:					
Accounts payable	78,319	-	32,368	-	110,687
Developer deposits	11,905	-	-	-	11,905
Unearned revenue	1,131,956	-	-	-	1,131,956
Due to other funds	407,077	401,457	-	-	808,534
Total Liabilities	2,591,557	407,356	51,910	29,873	3,080,696
Deferred Inflows of Resources					
Deferred property tax revenue	4,177,707	184,694	-	-	4,362,401
Leases	1,307,727	-	-	-	1,307,727
Total Deferred Inflows of Resources	5,485,434	184,694	-	-	5,670,128
Fund Balances:					
Nonspendable:					
Prepaid items	94,395	-	-	-	94,395
Restricted:					
Class "C" roads	342,039	-	-	-	342,039
Impact fees	-	-	807,397	-	807,397
Debt service	-	-	-	319	319
Unspent debt proceeds	342,388	-	-	-	342,388
State grants	1,563	-	-	-	1,563
Community development	-	5,943	-	-	5,943
Committed:					
Special revenue funds	-	-	-	100,140	100,140
Employee benefits	701,301	-	-	-	701,301
Assigned:					
Debt service	-	-	-	208,938	208,938
Capital projects	-	-	4,274,948	-	4,274,948
Unassigned	1,546,736	-	-	-	1,546,736
Total Fund Balances	3,028,422	5,943	5,082,345	309,397	8,426,107
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,105,413	\$ 597,993	\$ 5,134,255	\$ 339,270	\$ 17,176,931

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2022

**Amounts reported for governmental activities in the Statement of Net Position
are different because:**

Total Fund Balances - Governmental Funds	\$ 8,426,107
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	48,388,080
The net pension asset resulting from pension assets exceeding pension liabilities is not an available resource and, therefore, is not reported in the funds.	2,503,320
Deferred outflows of resources related to pensions and other postemployment benefits are not an available resource and, therefore, are not reported in the funds.	1,032,124
Deferred inflows of resources related to pensions and other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(3,469,956)
Interest expense is not due and payable in the current period and, therefore, is not recorded in the funds.	(75,276)
Long-term liabilities, including bonds, capital leases, net pension, and net other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(11,110,973)
Total Net Position - Governmental Activities	<u><u>\$ 45,693,426</u></u>

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General	Special Revenue	Capital	Nonmajor	Total
	Fund	CDRA	Projects	Governmental	Governmental
				Funds	Funds
Revenues:					
Property taxes	\$ 4,027,592	\$ 26,173	\$ -	\$ -	\$ 4,053,765
Sales taxes	5,271,883	47,073	-	-	5,318,956
Franchise taxes	1,183,246	-	-	-	1,183,246
Licenses and permits	449,129	-	-	-	449,129
Intergovernmental	1,259,717	98,781	-	-	1,358,498
Charges for services	381,648	-	-	591,142	972,790
Fines and forfeitures	377,917	-	-	-	377,917
Impact Fees	-	-	675,276	-	675,276
Interest	45,478	9,095	10,761	469	65,803
Miscellaneous	265,391	-	-	23,045	288,436
Total Revenues	13,262,001	181,122	686,037	614,656	14,743,816
Expenditures:					
Current:					
General government	1,940,939	-	-	86,349	2,027,288
Public safety	6,365,743	-	-	-	6,365,743
Streets and public works	764,054	-	-	-	764,054
Parks	641,403	-	-	-	641,403
Recreation	298,505	-	-	-	298,505
Community development	-	76,407	-	-	76,407
Debt service:					
Principal	500,424	-	-	941,000	1,441,424
Interest	60,696	8,492	-	350,853	420,041
Capital outlay	486,108	-	1,052,654	-	1,538,762
Total Expenditures	11,057,872	84,899	1,052,654	1,378,202	13,573,627
Excess (deficiency) of revenues over (under) expenditures	2,204,129	96,223	(366,617)	(763,546)	1,170,189
Other Financing Sources (Uses):					
Proceeds from financed purchase	524,694	-	-	-	524,694
Sale of capital assets	19,853	500,000	-	-	519,853
Transfers in	464,160	-	1,609,639	1,557,336	3,631,135
Transfers out	(2,380,904)	(401,457)	(200,000)	(586,071)	(3,568,432)
Total Other Financing Sources (Uses)	(1,372,197)	98,543	1,409,639	971,265	1,107,250
Net Change in Fund Balances	831,932	194,766	1,043,022	207,719	2,277,439
Fund Balance, Beginning	2,196,490	(188,823)	4,039,323	101,678	6,148,668
Fund Balance, Ending	\$ 3,028,422	\$ 5,943	\$ 5,082,345	\$ 309,397	\$ 8,426,107

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 2,277,439
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets with an initial cost of more than \$1,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(1,474,179)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:	1,114,230
In the statement of activities, accrued interest on debt is recorded.	21,889
In the statement of activities, current changes to the net pension asset account to decrease pension expense. The Governmental Funds do not adjust pension contribution expense.	1,910,361
In the statement of activities, current changes to the net pension liability account to increase pension expense. The Governmental Funds do not adjust pension contribution expense.	706,237
In the statement of activities, the current year's pension contributions from January to June are removed from pension expense and shown on the statement of net position as deferred outflows of resources - pensions. The Governmental Funds do not adjust pension contribution expense.	145,979
In the statement of activities, the differences between expected and actual results and changes in assumptions decrease pension expense and are shown on the statement of net position as deferred inflows of resources - pensions. The Governmental Funds do not adjust for these differences.	(1,621,599)
Some expenses (accrued leave, other post employment benefits) reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(59,298)
Revenue not received within the availability period is deferred to the period it is available in at the fund level and recognized in revenue when it is earned on the statement of activities.	(500,000)
Changes in net position of governmental activities	<u>\$ 2,521,059</u>

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ 4,051,929	\$ 4,051,929	\$ 4,027,592	\$ (24,337)
Sales taxes	4,372,797	4,372,797	5,271,883	899,086
Franchise taxes	1,120,231	1,120,231	1,183,246	63,015
Licenses and permits	223,222	223,222	449,129	225,907
Intergovernmental	1,543,692	1,571,596	1,259,717	(311,879)
Charges for services	152,058	198,172	381,648	183,476
Fines and forfeitures	396,848	396,848	377,917	(18,931)
Interest	58,622	58,622	45,478	(13,144)
Miscellaneous	180,858	214,339	265,391	51,052
Total Revenues	<u>12,100,257</u>	<u>12,207,756</u>	<u>13,262,001</u>	<u>1,054,245</u>
Expenditures:				
General government:				
City council	92,339	94,939	90,437	4,502
Legal	119,443	119,443	97,936	21,507
Municipal court	398,721	409,177	348,314	60,863
Administrative	20,602	77,786	53,301	24,485
Non-departmental	1,289,893	1,068,185	854,047	214,138
Building and grounds	259,403	461,408	379,061	82,347
Planning and zoning	88,967	127,390	117,843	9,547
Public safety:				
Police	3,554,237	3,652,555	3,590,039	62,516
Fire	2,360,879	2,600,126	2,556,642	43,484
Inspection and planning	142,459	188,288	219,062	(30,774)
Streets and public works	1,128,190	1,216,495	764,054	452,441
Parks	810,829	819,353	641,403	177,950
Recreation	258,875	292,375	298,505	(6,130)
Debt service:				
Principal	242,570	745,916	500,424	245,492
Interest	14,978	66,920	60,696	6,224
Capital Outlay	974,632	999,132	486,108	513,024
Total Expenditures	<u>11,757,017</u>	<u>12,939,488</u>	<u>11,057,872</u>	<u>1,881,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>343,240</u>	<u>(731,732)</u>	<u>2,204,129</u>	<u>2,935,861</u>
Other Financing Sources (Uses):				
Proceeds from financed purchase	583,900	583,900	524,694	(59,206)
Sale of capital assets	-	-	19,853	19,853
Transfers in	476,709	476,709	464,160	(12,549)
Transfers out	(2,381,127)	(2,398,127)	(2,380,904)	17,223
Total Other Financing Sources (Uses)	<u>(1,320,518)</u>	<u>(1,337,518)</u>	<u>(1,372,197)</u>	<u>(34,679)</u>
Net Change in Fund Balance	<u>\$ (977,278)</u>	<u>\$ (2,069,250)</u>	<u>831,932</u>	<u>\$ 2,901,182</u>
Fund Balance, Beginning			<u>2,196,490</u>	
Fund Balance, Ending			<u>\$ 3,028,422</u>	

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – COMMUNITY DEVELOPMENT
AND RENEWAL AGENCY – SPECIAL REVENUE FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ 26,173	\$ 26,173
Sales taxes	140,650	130,800	47,073	(83,727)
Intergovernmental	101,000	110,850	98,781	(12,069)
Interest	7,600	7,600	9,095	1,495
Total Revenues	<u>249,250</u>	<u>249,250</u>	<u>181,122</u>	<u>(68,128)</u>
Expenditures:				
Community development	175,250	187,750	76,407	111,343
Debt Service:				
Principal	71,000	71,000	-	71,000
Interest	3,000	3,000	8,492	(5,492)
Total Expenditures	<u>249,250</u>	<u>261,750</u>	<u>84,899</u>	<u>176,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(12,500)</u>	<u>96,223</u>	<u>108,723</u>
Other Financing Sources (Uses):				
Sale of capital assets	-	-	500,000	500,000
Transfers in	-	12,500	-	(12,500)
Transfers out	-	-	(401,457)	(401,457)
Total Other Financing Sources (Uses)	<u>-</u>	<u>12,500</u>	<u>98,543</u>	<u>86,043</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>194,766</u>	<u>\$ 194,766</u>
Fund Balance, Beginning			<u>(188,823)</u>	
Fund Balance, Ending			<u>\$ 5,943</u>	

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
June 30, 2022

	Business-type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 2,810,535	\$ 1,664,255	\$ 1,419,081	\$ 274,237	\$ 55	\$ 6,168,163
Accounts receivable, net	293,889	344,944	174,801	99,742	233,952	1,147,328
Prepays	89,382	-	-	-	8,100	97,482
Due from other funds	392,217	293,470	122,847	-	-	808,534
Total Current Assets	3,586,023	2,302,669	1,716,729	373,979	242,107	8,221,507
Noncurrent Assets:						
Restricted cash and cash equivalents	230,847	788,684	154,950	20,412	-	1,194,893
Capital assets not being depreciated:						
Land	295,405	16,274	100,734	-	-	412,413
Construction in progress	166,719	14,087	843	-	-	181,649
Capital assets, net of accumulated depreciation:						
Buildings and improvements	6,658	-	-	-	-	6,658
Machinery and equipment	514,252	9,916	141,273	58,362	66,499	790,302
Infrastructure	4,849,926	2,006,644	3,061,852	-	-	9,918,422
Net pension asset	96,988	139,378	137,858	-	142,010	516,234
Total Noncurrent Assets	6,160,795	2,974,983	3,597,510	78,774	208,509	13,020,571
Total Assets	9,746,818	5,277,652	5,314,239	452,753	450,616	21,242,078
Deferred Outflows of Resources:						
Pensions	41,570	59,739	59,088	-	30,951	191,348
Other post employment benefits	21,338	6,446	-	-	-	27,784
Total Deferred Outflows of Resources	62,908	66,185	59,088	-	30,951	219,132
Total Assets and Deferred Outflows of Resources	\$ 9,809,726	\$ 5,343,837	\$ 5,373,327	\$ 452,753	\$ 481,567	\$ 21,461,210

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
June 30, 2022

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	Total
Liabilities:						
Current Liabilities:						
Accounts payable	\$ 49,686	\$ 17,858	\$ 11,577	\$ 88,436	\$ 13,807	\$ 181,364
Accrued wages & benefits	14,031	12,809	16,432	-	12,346	55,618
Payable from restricted assets:						
Accounts payable	63,599	788,684	-	-	-	852,283
Customer deposits	2,000	-	-	900	-	2,900
Compensated absences	14,784	19,123	21,975	-	-	55,882
Financed purchases	72,788	-	47,446	20,006	-	140,240
Other post employment benefits	12,863	5,989	-	-	-	18,852
Due to other funds	-	-	-	-	238,100	238,100
Total Current Liabilities	229,751	844,463	97,430	109,342	264,253	1,545,239
Noncurrent Liabilities:						
Compensated absences	7,707	-	7,526	-	-	15,233
Financed purchases	200,014	-	91,304	48,781	-	340,099
Other post employment benefits	41,224	64,798	74,828	-	-	180,850
Total Noncurrent Liabilities	248,945	64,798	173,658	48,781	-	536,182
Total Liabilities	478,696	909,261	271,088	158,123	264,253	2,081,421
Deferred Inflows of Resources:						
Pensions	139,873	201,006	198,815	-	92,659	632,353
Other post employment benefits	11,127	10,895	9,535	-	-	31,557
Total Deferred Inflows of Resources	151,000	211,901	208,350	-	92,659	663,910
Net Position:						
Net investment in capital assets	5,729,934	2,186,299	3,351,256	29,093	208,509	11,505,091
Restricted for impact fees	165,248	-	154,950	-	-	320,198
Unspent debt proceeds	-	-	-	19,512	-	19,512
Unrestricted	3,284,848	2,036,376	1,387,683	246,025	(83,854)	6,871,078
Total Net Position	9,180,030	4,222,675	4,893,889	294,630	124,655	18,715,879
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 9,809,726	\$ 5,343,837	\$ 5,373,327	\$ 452,753	\$ 481,567	\$ 21,461,210

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION – PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	Total
Operating Revenues:						
Charges for services	\$ 1,914,378	\$ 2,246,434	\$ 1,261,727	\$ 1,002,060	\$ 852,685	\$ 7,277,284
Miscellaneous	33,979	6,000	2,002	2,045	18,015	62,041
Total Operating Revenues	1,948,357	2,252,434	1,263,729	1,004,105	870,700	7,339,325
Operating Expenses:						
Personnel services	328,704	282,816	386,664	-	238,679	1,236,863
Contractual services	580,938	1,304,400	188,100	915,130	205,506	3,194,074
Materials and supplies	234,063	82,781	126,975	11,920	118,541	574,280
Depreciation	276,796	120,058	105,280	16,424	32,629	551,187
Total Operating Expenses	1,420,501	1,790,055	807,019	943,474	595,355	5,556,404
Operating Income (Loss)	527,856	462,379	456,710	60,631	275,345	1,782,921
Nonoperating Revenues (Expenses):						
Interest income	23,494	16,694	9,917	1,554	10	51,669
Interest expense	(2,855)	-	(2,013)	(1,569)	-	(6,437)
Gain on sale of capital assets	21,120	-	54,781	-	10,450	86,351
Total Nonoperating Revenues (Expenses)	41,759	16,694	62,685	(15)	10,460	131,583
Income (Loss) Before Capital Contributions and Transfers	569,615	479,073	519,395	60,616	285,805	1,914,504
Capital Contributions:						
Impact fees	118,187	-	118,671	-	-	236,858
Transfers In	166,063	112,547	122,847	-	-	401,457
Transfers Out	(168,297)	(144,890)	(90,774)	(60,199)	-	(464,160)
Change in Net Position	685,568	446,730	670,139	417	285,805	2,088,659
Net Position, Beginning	8,494,462	3,775,945	4,223,750	294,213	(161,150)	16,627,220
Net Position, Ending	\$ 9,180,030	\$ 4,222,675	\$ 4,893,889	\$ 294,630	\$ 124,655	\$ 18,715,879

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	Total
Cash Flows From Operating Activities:						
Receipts from customers	\$ 1,859,314	\$ 2,221,258	\$ 1,182,738	\$ 996,741	\$ 903,753	\$ 7,163,804
Receipts of customer deposits	1,200	-	-	600	-	1,800
Payments to suppliers	(555,292)	(712,455)	(434,339)	(814,955)	(257,833)	(2,774,874)
Payments to employees and related benefits	(380,132)	(361,582)	(443,203)	-	(270,859)	(1,455,776)
Payments for interfund services used	(268,668)	(230,820)	(188,100)	(97,704)	(66,564)	(851,856)
Net cash provided (used) by operating activities	656,422	916,401	117,096	84,682	308,497	2,083,098
Cash Flows From Non-Capital Financing Activities:						
Payments (to) from other funds	71,320	57,056	-	-	(336,900)	(208,524)
Transfers (to) from other funds	(110,629)	(133,847)	(74,824)	(60,199)	-	(379,499)
Net cash provided (used) by non-capital financing activities	(39,309)	(76,791)	(74,824)	(60,199)	(336,900)	(588,023)
Cash Flows From Capital and Related Financing Activities:						
Purchase of capital assets	(520,084)	(125,930)	(446,576)	-	-	(1,092,590)
Proceeds from sale of capital assets	21,120	-	54,781	-	10,450	86,351
Proceeds from financed purchases	207,480	-	113,314	19,512	-	340,306
Principal paid on financed purchases	(27,107)	-	(17,670)	(15,834)	-	(60,611)
Interest paid on financed purchases	(2,855)	-	(2,013)	(1,569)	-	(6,437)
Impact fees	118,187	-	118,671	-	-	236,858
Net cash provided (used) by capital and related financing activities	(203,259)	(125,930)	(179,493)	2,109	10,450	(496,123)
Cash Flows From Investing Activities:						
Interest on investments	23,494	16,694	9,917	1,554	10	51,669
Net cash provided by investing activities	23,494	16,694	9,917	1,554	10	51,669
Net Increase (Decrease) In Cash	437,348	730,374	(127,304)	28,146	(17,943)	1,050,621
Cash and Cash Equivalents, Beginning	2,604,034	1,722,565	1,701,335	266,503	17,998	6,312,435
Cash and Cash Equivalents, Ending	\$ 3,041,382	\$ 2,452,939	\$ 1,574,031	\$ 294,649	\$ 55	\$ 7,363,056

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 527,856	\$ 462,379	\$ 456,710	\$ 60,631	\$ 275,345	\$ 1,782,921
Adjustments to reconcile operating income (loss) to net cash from (used) by operating activities:						
Depreciation	276,796	120,058	105,280	16,424	32,629	551,187
Enterprise services not billed	(57,668)	(11,043)	(15,950)	-	-	(84,661)
(Increase) decrease in assets:						
Accounts receivable	(31,375)	(20,133)	(65,041)	(7,364)	33,053	(90,860)
Prepays	(2,708)	-	-	-	942	(1,766)
Net pension asset	(96,988)	(139,378)	(137,858)	-	(76,126)	(450,350)
Deferred outflows	(18,224)	(14,348)	(7,816)	-	(4,478)	(44,866)
Increase (decrease) in liabilities:						
Accounts payable	(6,251)	443,906	(307,364)	14,391	(1,292)	143,390
Accrued liabilities	10,509	(2,937)	3,949	-	2,457	13,978
Customer deposits	1,200	-	-	600	-	1,800
Net OPEB liability	409	1,709	10,028	-	-	12,146
Net pension liability	(10,456)	(15,026)	(14,863)	-	(1,070)	(41,415)
Deferred inflows	63,322	91,214	90,021	-	47,037	291,594
Net cash provided (used) by operating activities	\$ 656,422	\$ 916,401	\$ 117,096	\$ 84,682	\$ 308,497	\$ 2,083,098

The notes to the financial statements are an integral part of this statement.

SOUTH OGDEN CITY NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

South Ogden City (the City) was incorporated in July 1936. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police, fire, inspection and animal control), streets and highways, public utilities (water, sewer, storm water, solid waste, and ambulance), parks, recreation, and general administrative services. The financial statements of South Ogden City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

(A) The Reporting Entity

As required by generally accepted accounting principles, these financial statements present South 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 its operation or financial relationships with the City.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the related GASB Statement No. 14, *The Financial Reporting Entity*, as amended. The basic, but not the only, criterion for including a potential component unit within the reporting agency is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability of fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

The City is not a component unit of any other entity. The City's basic financial statements include all City operations.

(B) Blended Component Unit

The South Ogden City Community Development and Renewal Agency (CDRA) serves all the citizens of the City and is governed by the Mayor and City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government. The CDRA's sole purpose is to redevelop areas within the City thereby generating additional property tax and sales tax revenue. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the CDRA have been included in the financial reporting entity as a blended component unit. No separate financial statements are available for the CDRA.

(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. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(C) Government-Wide and Fund Financial Statements (Continued)

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 and interfund services provided.

The Statement of Net Position presents the City's assets and liabilities, with the difference reported as net position. Net Position is restricted when constraints placed upon it 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 is 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 operation or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial 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 soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are shown as assets in the government-wide financial statements, rather than reported as expenditures in the governmental fund financial statements. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source in the governmental fund financial statements. Amounts paid to reduce long-term debt in the government-wide financial statements are reported as a reduction of the related liability, rather than expenditures in the governmental fund statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The emphasis of the governmental fund financial statements is on major funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter (generally within sixty days) to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under the accrual method of accounting. However, debt service expenditures, as well as expenditure related to compensated absences and claims and judgments are recorded when payment is due.

Sales and use taxes, franchise taxes and earned but not yet 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 and available only when cash is received by the county treasurer prior to the City's fiscal year end and remitted to the City within sixty days of its fiscal year end.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(D) Measurement Focus and Basis of Accounting (Continued)

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources of the City not accounted for by a separate, specialized fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for specified purposes. The City has one major special revenue funds, the Community Development and Renewal Agency (CDRA) Fund. The CDRA Fund is used to report revenues and expenses related to the CDRA's redevelopment activities.

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays. The City accounts for various projects in a capital project fund.

The City reports the following major proprietary funds:

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business. The intent of the governing body is that the costs of providing goods and services be financed and recovered primarily through user charges. The City operates Water, Sewer, Storm Drain, Garbage, and Ambulance Funds as Enterprise Funds.

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues are the sales of goods and services to the customers, while the principal expenses 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 nonoperating revenues and expenses.

(E) Budgetary Data

Annual budgets are prepared and adopted before June 30 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, capital projects and debt service funds are legally required and 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 unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(E) Budgetary Data (Continued)

Utah State law prohibits the appropriation of the sum of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated fund balance categories is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Utah State law also prohibits the accumulation of the stated fund balance categories in any amount greater than 35% of the current year's budgeted revenues.

(F) Taxes

The City's tax rate is adopted before June 30, or September 1 if there is a rate increase, and the City is to certify the tax rate to the County Auditor before June 30 (September 1). Budgets for the general, special revenue, debt service and capital projects funds are adopted in accordance with generally accepted accounting principles (GAAP). The above procedures are authorized by the Utah code Sections 10-6-109 through 10-6-135.

All property taxes levied by the City are collected by Weber County. Tax liens are attached as of January 1, are levied as of October 1, and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid, a lien is attached to the property, and the amount of taxes and penalties bears interest until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County monthly.

(G) Capital Assets

Capital assets, which include land, buildings, 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 \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at acquisition value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Depreciation of these assets is computed by the use of the straight-line method over their estimated useful lives as follows:

Buildings and improvements	10-50 Years
Sewer collection system	50 Years
Water distribution systems	50 Years
Infrastructure and improvements	10-30 Years
Machinery and equipment	4-15 Years
Other improvements	10-40 Years

(H) Long-term Obligations

In the government-wide financial statements and proprietary fund types, 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 premiums, discounts, and gain or loss on refunding are deferred and amortized over the life of the applicable debt.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Cash and cash equivalents

For purposes of the Statement of Cash Flows, the City considered all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(J) 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.

(K) Equity Classifications

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

- (1) Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (2) Restricted net position – consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- (3) Unrestricted net position – All other net position that do not meet the definition of “restricted” or “Net investment in capital assets”.

The City collects impact fees to offset the costs of improvements to the City’s infrastructure as a result of new development. Impact fees are imposed through the passing of legislation by the City Council and can only be used for the specific infrastructure projects outlined in the respective Capital Facilities Plan. As of June 30, 2022, the portion of restricted net position that was due to enabling legislation was \$1,127,595.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned.

- (1) Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
- (2) Restricted fund balance classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditor, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- (3) Committed fund balance classification include those funds that can only be used for specific purpose pursuant to constraints imposed by formal action (City Resolution) of the city council, which is government’s highest level of decision-making authority.
- (4) Assigned fund balance classification includes amounts that are constrained by the government’s intent to use the funds for specific purposes, but are neither restricted nor committed, as established by the Finance Director. It also includes all remaining amounts that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, nor committed and are intended to be used for specific purposes.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) Equity Classifications (Continued)

(5) Unassigned fund balance classification is for all other spendable amounts.

Proprietary Fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the city's policy to use committed resources first, followed by assigned resources, then unassigned resources as they are needed.

(L) Pensions

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

(M) Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions and other post-employment benefits in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows related to pensions, other post-employment benefits, leases, and deferred revenue from property taxes in this category.

(N) Change in accounting principle

For 2022, the City implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, *Leases*, which enhances the relevance and consistency of information of a government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements but no adjustment was made to beginning net position since the deferred inflow of resources equals the amount of the lease receivable.

NOTE 2 CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the City's funds.

SOUTH OGDEN CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

The City's deposit and investment policy is to follow the Utah Money Management Act; however, the City does not have a separate deposit and investment policy that addresses specific types of deposit and investment risks to which the City is exposed. Components of cash and investments (including interest earning deposits) at June 30, 2022 are as follows:

Cash on hand and on deposit:	
Petty Cash	\$ 450
Cash on Deposit	841,065
PTIF Investment	<u>16,327,772</u>
Total cash and investments	<u>\$ 17,169,287</u>
 Cash and investments are included in the accompanying combined statement of net position as follows:	
Cash and cash equivalents	\$ 13,335,340
Restricted cash and cash equivalents	<u>3,833,947</u>
Total cash and investments	<u>\$ 17,169,287</u>

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

Custodial credit risk – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2022, \$790,671 of the City's \$1,265,725 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risks of investments is to comply with the Utah 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 and Poor's; banker acceptance 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 as defined by the Act.

Interest rate risk is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing mainly in the Utah Public Treasurer's Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

SOUTH OGDEN CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 CASH AND INVESTMENTS (Continued)

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 investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

The City invests in the Public Treasurer's Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Additional information is available at the Utah State Treasurer's Office.

For the year ended June 30, 2022, the City had investments of \$16,327,772 with the PTIF. This investment matures in less than one year and is not rated.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2022, the City had the following cash and investments:

	<u>Carrying Value</u>	<u>Fair Value Factor</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Avg. Maturity (Years)</u>
Cash on hand and on deposit:					
Cash on hand	\$ 450	1	\$ 450	N/A	N/A
Cash on deposit	841,065	1	841,065	N/A	N/A
Utah State Public Treasurer's Investment Fund accounts	<u>16,327,772</u>	0.995869	<u>16,260,315</u>	N/A	< 3 mos.
Total cash on hand and deposit	<u><u>\$17,169,287</u></u>		<u><u>\$17,101,830</u></u>		

The City's PTIF investments is classified as level 2 and is calculated by applying the June 30, 2022 fair value factor, as calculated by the Utah State Treasurer, to the City's balance in the fund.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 RESTRICTED CASH AND CASH EQUIVALENTS

Certain assets are restricted as follows as of June 30, 2022:

	Amount
Impact fees	\$ 1,127,595
Debt service	319
Unspent debt proceeds	361,900
Central Weber Sewer Improvement District impact fees payable	788,684
Developer and customer deposits	14,805
Road funds	342,039
State liquor allotment	1,563
Retainage payable	174,286
Unearned revenue	1,022,756
Total restricted cash and cash equivalents	\$ 3,833,947

NOTE 4 CAPITAL ASSETS

The Governmental Activities property, plant and equipment consist of the following at June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,132,437	\$ -	\$ -	\$ 11,132,437
Construction in progress	7,482,226	650,847	-	8,133,073
Total capital assets, not being depreciated	18,614,663	650,847	-	19,265,510
Capital assets, being depreciated:				
Buildings and improvements	12,264,990	37,272	-	12,302,262
Machinery and equipment	8,751,262	504,195	(30,954)	9,224,503
Infrastructure	52,708,133	-	-	52,708,133
Total capital assets, being depreciated	73,724,385	541,467	(30,954)	74,234,898
Less accumulated depreciation for:				
Buildings and improvements	(4,081,447)	(243,468)	-	(4,324,915)
Machinery and equipment	(5,799,321)	(636,910)	30,954	(6,405,277)
Infrastructure	(32,596,021)	(1,786,115)	-	(34,382,136)
Total accumulated depreciation	(42,476,789)	(2,666,493)	30,954	(45,112,328)
Total capital assets, net of accumulated depreciation	31,247,596	(2,125,026)	-	29,122,570
Governmental activities capital assets, net	\$ 49,862,259	\$ (1,474,179)	\$ -	\$ 48,388,080

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS (Continued)

Governmental activities depreciation expense was charged to functions/programs as follows:

Governmental activities

General government	\$ 2,083,033
Public Safety	297,721
Streets and public works	147,612
Parks	133,275
Recreation	<u>4,852</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,666,493</u></u>

The Business-type Activities property, plant and equipment consist of the following at June 30, 2022:

Business-type Activities:	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated:				
Land and water rights	\$ 412,413	\$ -	\$ -	\$ 412,413
Construction in progress	<u>53,026</u>	<u>150,325</u>	<u>(21,702)</u>	<u>181,649</u>
Total capital assets, not being depreciated	<u>465,439</u>	<u>150,325</u>	<u>(21,702)</u>	<u>594,062</u>
Capital assets, being depreciated:				
Buildings and improvements	105,563	-	-	105,563
Machinery and equipment	2,602,358	330,393	(203,475)	2,729,276
Infrastructure	<u>16,884,339</u>	<u>633,574</u>	<u>-</u>	<u>17,517,913</u>
Total capital assets, being depreciated	<u>19,592,260</u>	<u>963,967</u>	<u>(203,475)</u>	<u>20,352,752</u>
Less accumulated depreciation for:				
Buildings and improvements	(97,426)	(1,479)	-	(98,905)
Machinery and equipment	(1,958,625)	(183,824)	203,475	(1,938,974)
Infrastructure	<u>(7,233,607)</u>	<u>(365,884)</u>	<u>-</u>	<u>(7,599,491)</u>
Total accumulated depreciation	<u>(9,289,658)</u>	<u>(551,187)</u>	<u>203,475</u>	<u>(9,637,370)</u>
Total capital assets, net of accumulated depreciation	<u>10,302,602</u>	<u>412,780</u>	<u>-</u>	<u>10,715,382</u>
Business-type activities capital assets, net	<u><u>\$ 10,768,041</u></u>	<u><u>\$ 563,105</u></u>	<u><u>\$ (21,702)</u></u>	<u><u>\$ 11,309,444</u></u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 CAPITAL ASSETS (Continued)

The Business-type activities depreciation consists of the following at June 30, 2022:

Business-type activities

Water	\$ 276,796
Sewer	120,058
Storm Drain	105,280
Solid Waste	16,424
Ambulance	32,629
Total depreciation expense - business-type activities	\$ 551,187

NOTE 5 ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of the allowance for doubtful accounts. As of June 30, 2022, the reported receivables are net allowances of \$7,273 for the water fund, \$8,117 for the sewer fund, \$4,302 for the storm drain fund, \$4,758 for the solid waste fund, and \$309,959 for the ambulance fund.

NOTE 6 LESSOR AGREEMENTS

The City, as a lessor, has entered into four lease agreements with various companies, as lessees, to lease land for the construction and operation of telecommunication towers. The leases call for initial terms of 5 years and automatically renew for three to five five-year terms, depending on the lease. In accordance with the provisions of GASBS No. 87, the lease was retroactively measured as of the inception of each lease, with lease terms of 20 to 30 years, and an interest rate of 3%, which is approximately the rate at which the City would be able to issue debt.

Rent of \$1,200 to \$3,365 is payable monthly, with 2 percent annual increases or a ten percent increase for each five-year renewal term, depending on the lease. The City collected \$74,024 from the lessees and recognized rent revenue of \$88,242 related to these leases for the year ended June 30, 2022.

NOTE 7 LONG-TERM LIABILITIES

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2022:

	June 30, 2021	Additions	Deletions	June 30, 2022	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 8,055,000	\$ -	\$ (705,000)	\$ 7,350,000	\$ 740,000
Unamortized Premium	853,270	-	(197,500)	655,770	-
Revenue bonds from direct placements	236,000	-	(236,000)	-	-
Notes payable from direct borrowings	325,469	-	(50,317)	275,152	51,826
Financed purchases from direct borrowings	1,366,839	524,694	(450,107)	1,441,426	889,008
Compensated absences	645,595	495,545	(439,840)	701,300	378,309
Other post employment benefits	639,196	72,832	(24,703)	687,325	54,922
Net pension liability	706,237	-	(706,237)	-	-
Governmental activities long-term liabilities	\$ 12,827,606	\$ 1,093,071	\$ (2,809,704)	\$ 11,110,973	\$ 2,114,065

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 LONG-TERM LIABILITIES (Continued)

	June 30, 2021	Additions	Deletions	June 30, 2022	Due Within One Year
Business-type Activities:					
Financed purchases from direct borrowings	\$ 200,645	\$ 340,306	\$ (60,611)	\$ 480,340	\$ 140,240
Compensated absences	64,450	71,243	(64,579)	71,114	55,882
Other post employment benefits	187,556	19,276	(7,130)	199,702	18,852
Net pension liability	41,415	-	(41,415)	-	-
Business-type activities long-term liabilities	494,066	430,825	(173,735)	751,156	214,974
	<u>\$ 13,321,672</u>	<u>\$ 1,523,896</u>	<u>\$ (2,983,439)</u>	<u>\$ 11,862,129</u>	<u>\$ 2,329,039</u>

Compensated absences, other postemployment benefits and the net pension liability for governmental activities are liquidated by the general fund.

Revenue Bonds

Series 2019 Sales and Franchise Tax Revenue and Refunding Bonds, original issue of \$9,500,000 with a net premium of \$1,175,040, principal due in annual installments beginning May 2019, interest at 2.00% to 5.00% due in semi-annual installments beginning May 2019, with the final payment due May 2029. The bonds were issued to refund the Series 2009 and Series 2015 Sales and Excise Tax Revenue Bonds and to finance the construction of park improvements. Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the City may be required to make monthly deposits into the bond fund.

	\$ 7,350,000
Unamortized premium	<u>655,770</u>
Total Revenue Bonds - Governmental Activities	<u>\$ 8,005,770</u>

Notes Payable from Direct Borrowings

Weber School District note, original issue of \$247,500, interest at 3.00%, principal and interest due in annual installments beginning July 2017, with the final payment due July 2026. The note was issued to finance the acquisition of land. The note is secured by land with a carrying value of \$203,969. Contains a provision that in the event the City does not budget and appropriate funds for the required annual payments, lender may begin non-judicial foreclosure proceedings against any interest the City has in the land.

\$ 132,878

Weber School District note, original issue of \$265,000, interest at 3.00%, principal and interest due in annual installments beginning July 2017, with the final payment due July 2026. The note was issued to finance the acquisition of land. The note is secured by land with a carrying value of \$399,900. Contains a provision that in the event the City does not budget and appropriate funds for the required annual payments, lender may begin non-judicial foreclosure proceedings against any interest the City has in the land.

142,274

Total Notes Payable from Direct Borrowings - Governmental Activities	<u>\$ 275,152</u>
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SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 LONG-TERM LIABILITIES (Continued)

Financed Purchases from Direct Borrowings

In February 2013, the City entered into an agreement to finance the purchase of street lights for the principal amount of \$308,675. Quarterly principal and interest payments began in December 2013 and are required until maturity in August 2022 at an interest rate of 3.34%.

\$ 11,747

In July 2018, the City entered into an agreement to finance the purchase of vehicles and equipment for the principal amount of \$1,900,000. Annual principal and interest payments began in October 2018 and are required until maturity in October 2022 at an interest rate of 2.83%. Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the vehicles and equipment may be repossessed.

753,568

In December 2019, the City entered into an agreement to finance the purchase of vehicles and equipment for the principal amount of \$480,000. Annual principal and interest payments began in November 2019 and are required until maturity in November 2024 at an interest rate of 2.41%. Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the vehicles and equipment may be repossessed.

291,451

In October 2021, the City entered into an agreement to finance the purchase of vehicles and equipment for the principal amount of \$865,000. Annual principal and interest payments will begin in October 2022 and are required until maturity in October 2026 at an interest rate of 1.46%. Significant events of default consist of (a) failure to pay principal or interest when due; (b) failure to fulfill all obligations; and (c) bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings. Upon the occurrence of an event of default, the vehicles and equipment may be repossessed.

865,000

Total Financed Purchases from Direct Borrowings

\$ 1,921,766

Financed Purchases from Direct Borrowings - Governmental Activities

\$ 1,441,426

Financed Purchases from Direct Borrowings - Business-type Activities

480,340

\$ 1,921,766

The City's Revenue Bonds are payable solely by a pledge and assignment of their associated revenue sources. The current revenue recognized during the period for Revenue bonds was \$5,566,992 compared to principal and interest of \$1,288,853. Principal and interest are 23.2% of pledged revenues for the year ended June 30, 2022.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 LONG-TERM LIABILITIES (Continued)

The annual debt service requirements to maturity, including principal and interest for long-term debt, as of June 30, 2022, are as follows:

Year Ending June 30,	Governmental Activities			
	Revenue Bonds		Notes Payable from Direct Borrowings	
	Principal	Interest	Principal	Interest
2023	\$ 740,000	\$ 307,706	\$ 51,826	\$ 8,255
2024	780,000	270,706	53,381	6,700
2025	630,000	231,706	54,982	5,098
2026	655,000	200,206	56,632	3,449
2027	695,000	167,456	58,331	1,750
2028-2032	2,140,000	390,613	-	-
2033-2037	1,190,000	164,881	-	-
2038-2039	520,000	21,588	-	-
	<u>\$ 7,350,000</u>	<u>\$ 1,754,862</u>	<u>\$ 275,152</u>	<u>\$ 25,252</u>

Year Ending June 30,	Financed Purchases from Direct Borrowings			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 889,008	\$ 32,900	\$ 140,240	\$ 7,972
2024	168,530	9,297	100,169	5,591
2025	169,436	6,218	100,842	3,815
2026	106,449	3,131	69,040	2,031
2027	108,003	1,577	70,049	1,023
	<u>\$ 1,441,426</u>	<u>\$ 53,123</u>	<u>\$ 480,340</u>	<u>\$ 20,432</u>

NOTE 8 COMPENSATED ABSENCES

Accumulated unpaid vacation, compensatory leave pay and other employee benefit amounts are accrued when incurred in proprietary funds (using the accrual basis of accounting). The total compensated absences are reported in the government-wide financial statements as part of long-term liabilities in accordance with the *Governmental Accounting Standards*. Based off historical experience, the City estimates that \$434,191 of the compensated absences balance will be due in the next year.

NOTE 9 OTHER POST EMPLOYMENT BENEFITS

Plan Description

In addition to providing pension benefits through the Utah Retirement Systems (URS), the City provides other postemployment benefits (OPEB) through a single-employer defined benefit OPEB plan (the plan) that is administered by the City. The benefits, benefits levels, employee contributions and employer contributions were adopted by the City Council and can be amended by the City Council at any time.

SOUTH OGDEN CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Employees of the City hired before February 18, 1997, who meet the conditions for retirement as determined by the City-sponsored retirement plan may elect to receive City-paid medical, dental and/or pension benefits for a period of five years from retirement or until age 65 in the case of health benefits. The plans are closed to new entrants.

Public Safety Employees

Public safety employees with at least 20 years of safety employment with the City but fewer than 25 years of service under the URS Public Safety Retirement Program have the option of receiving either (i) a pension equal to 10 percent of the employee's highest annual base salary for the last five years of City employment, to be paid for five years after retirement, or (ii) medical and dental insurance for retiree and covered dependents for the lesser of five years or until age 65.

Public safety employees with at least 20 years of safety employment with the City and at least 25 years of service under the URS Public Safety Retirement Program may receive both benefits described in the preceding paragraph.

Public Employees

Public employees of the City other than public safety employees who have been employed for at least 25 years with the City, who retire under the URS Public Employee Retirement Program, and who exercise their rights under URS to buy additional credit to qualify for a 30-year retirement under URS, may receive both the 10 percent pension and the medical and dental benefits described above for public safety employees. Pension benefits continue for five years from retirement and health benefits continue for the lesser of five years or until age 65.

The plan does not issue a separate report. The activity of the plan is reported in the City's financial statements.

Funding Policy

The funding policy for this benefit is a "pay-as-you-go" method. The City will fund benefit payments at the time they are required and no assets are accumulated in a trust.

Net OPEB liability, deferred outflow and deferred inflows of resources related to OPEB and OPEB expense

At June 30, 2022 the City did not have a net asset because of its funding method. The City reported a net OPEB liability of \$887,027, which was measured as June 30, 2022 by an actuarial valuation using generally accepted actuarial procedures.

At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,299	\$ 68,835
Changes in assumptions	9,210	45,428
	<u>\$ 79,509</u>	<u>\$ 114,263</u>

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

The amounts reported as deferred outflows of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (10,789)
2024	(11,505)
2025	(13,986)
2026	1,526
	<u>\$ (34,754)</u>

For the year ending June 30, 2022, the City recognized an actuarially calculated OPEB expense of \$32,610.

OPEB plan covered employees

As of June 30, 2022, the City had seven inactive employees receiving benefits, no inactive employees entitled to but not receiving benefits, and eight active employees in the plan.

Actuarial Assumptions

The actuarial valuation calculating the total net OPEB liability as of June 30, 2022 was determined using the following actuarial assumptions with a measurement date of June 30, 2022.

Inflation rate	2.50%
Discount Rate	3.54%
Health Care Trend Rate	4.00%

Mortality rates were based on the Society of Actuaries' Pub-2010 Mortality for Active Employees with MP-2019 Projection to 2025.

Discount rate

The discount rate used to measure the total OPEB liability was 3.54 percent. This rate was based on Bond Buyer 20-Bond General Obligation Index

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability calculated using the discount rate of 3.54 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate:

	<u>1% Decrease (2.54%)</u>	<u>Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Net OPEB liability as June 30, 2022	\$ 914,824	\$ 887,027	\$ 858,139

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the net OPEB liability to changes in the health care trend rate

The following presents the net OPEB liability calculated using the health care trend rate of 4.00 percent, as well as what the net OPEB liability would be if it were calculated using a health care trend rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate range:

	<u>1% Decrease (3.00%)</u>	<u>Current Rates (4.00%)</u>	<u>1% Increase (5.00%)</u>
Net OPEB liability as June 30, 2022	\$ 845,742	\$ 887,027	\$ 931,354

Net OPEB liability

The following is the schedule of changes in the OPEB liability for the actuarial measurement date of June 30, 2022:

Total OPEB Liability (TOL)

Service cost at beginning of year	\$ 25,658
Interest on TOL plus service cost, less 1/2 benefit payments	17,741
Difference between actual and expected experience	88,941
Changes of assumptions	(35,607)
Benefit payments	<u>(36,458)</u>

Net Change in Total OPEB Liability	60,275
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Total OPEB Liability, Beginning	<u>826,752</u>
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Total OPEB Liability, Ending	<u><u>\$ 887,027</u></u>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the actuarially determined contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NOTE 10 COMMITMENTS AND CONTINGENCIES

The City believes that possible contingencies (contingencies incurred but not reported) where the loss cannot be reasonably estimated are immaterial to the financial statements of the City. The City has \$1,020 in outstanding construction commitments at June 30, 2022.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS

Plan description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); and Firefighters Retirement System (Firefighters System) are multiple-employer, cost-sharing public employee retirement systems.
- The Public Safety Retirement System (Public Safety System) is a multiple-employer, cost-sharing, public 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 employee 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 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the 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/general/publications.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS (Continued)

Benefits provided

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

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	COLA**
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 Years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Firefighters 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 4%
Tier 2 Public Employees System	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 to June 30, 2020 2.0% per year thereafter	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.

Contribution Rate Summary

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 cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS (Continued)

Contribution rates as of June 30, 2022 are as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Contributory System:			
111 Local Government Div - Tier 2	N/A	16.07%	62.00%
Noncontributory System			
15 Local Government Div - Tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	2.27%	26.99%	N/A
Noncontributory			
75 Other Div A with 4% COLA	N/A	35.71%	N/A
Firefighters Retirement System			
31 Other Division A	15.05%	4.61%	N/A
132 Tier 2 DB Hybrid Firefighters	2.27%	14.08%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%
222 Public Safety	N/A	12.99%	14.00%
232 Firefighters	N/A	0.08%	14.00%

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

For fiscal year ended June 30, 2022, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 276,655	N/A
Public Safety System	352,891	-
Firefighters System	38,422	-
Tier 2 Public Employees System	98,643	-
Tier 2 Public Safety and Firefighter	189,612	21,626
Tier 2 DC Only System	9,379	N/A
Tier 2 DC Public Safety and Firefighter System	16,168	N/A
Total Contributions	\$ 981,770	\$ 21,626

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

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS (Continued)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Relating to Pensions

At June 30, 2022, we reported a net pension asset of \$3,019,554 and a net pension liability of \$0.

Measurement Date: December 31, 2021					
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2020	Change (Decrease)
Noncontributory System	\$ 990,610	\$ -	0.1729686%	0.2025944%	-0.0296258%
Public Safety System	584,093	-	0.7192005%	0.7311213%	-0.0119208%
Firefighters System	1,414,047	-	2.4245671%	2.3562083%	0.0683588%
Tier 2 Public Employees System	12,394	-	0.0292827%	0.0293082%	-0.0000255%
Tier 2 Public Safety and Firefighter	18,410	-	0.3642543%	0.3624619%	0.0017924%
	<u>\$ 3,019,554</u>	<u>\$ -</u>			

The net pension asset and liability were measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022, we recognized pension expense of \$(384,818).

At June 30, 2022 we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 274,604	\$ 17,270
Changes in assumptions	366,600	15,858
Net difference between projected and actual earnings on pension plan investments	-	3,872,360
Changes in proportion and differences between contributions and proportionate share of contributions	32,451	114,115
Contributions subsequent to the measurement date	498,092	-
	<u>\$ 1,171,747</u>	<u>\$ 4,019,603</u>

\$498,092 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, 2021.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS (Continued)

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>Net Deferred Outflows (Inflows) of Resources</u>
2022	\$ (685,758)
2023	(1,185,362)
2024	(910,669)
2025	(611,020)
2026	9,194
Thereafter	<u>37,667</u>
	<u>\$ (3,345,948)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 – 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

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 and is applied consistently to each defined benefit pension plan. 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.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS (Continued)

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

Asset Class	Target Asset Allocation	Expected Return Arithmetic Basis	
		Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	37%	6.58%	2.43%
Debt securities	20%	-0.28%	-0.06%
Real assets	15%	5.77%	0.87%
Private equity	12%	9.85%	1.18%
Absolute return	16%	2.91%	0.47%
Cash and cash equivalents	0%	-1.01%	0.00%
Totals	100%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return	7.39%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95 percent to 6.85 percent from the prior measurement date.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 532,681	\$ (990,610)	\$ (2,261,499)
Public Safety System	1,440,566	(584,093)	(2,228,257)
Firefighters System	(346,268)	(1,414,047)	(2,279,518)
Tier 2 Public Employees System	73,843	(12,394)	(78,606)
Tier 2 Public Safety and Firefighter	147,697	(18,410)	(150,276)
Total	\$ 1,848,519	\$ (3,019,554)	\$ (6,998,156)

SOUTH OGDEN CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position

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

Defined Contributions Savings Plans

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

South Ogden City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457 (b) Plan
- Roth IRA Plan

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

	2022	2021	2020
<i>401(k) Plan</i>			
Employer Contributions	\$ 151,904	\$ 110,919	\$ 57,631
Employee Contributions	170,864	131,751	101,228
<i>457(b) Plan</i>			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	117,781	114,840	94,600
<i>Roth IRA Plan</i>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 20,678	\$ 17,817	\$ 9,163

NOTE 12 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. This insurance covers all of these risks except natural disasters. The City participates in the Utah Local Government Insurance Trust (Trust), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the trust for its general insurance coverage. As of June 30, 2022, there were no outstanding unpaid claims. Also, the City has no claim settlements during the three years ending June 30, 2022 which exceeded its insurance coverage.

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

	Interfund Receivable				Total Interfund Payables
	General Fund	Water	Sewer	Storm Drain	
Interfund Payable					
General Fund	\$ -	\$ 226,154	\$ 180,923	\$ -	\$ 407,077
CDRA	-	166,063	112,547	122,847	401,457
Ambulance	238,100	-	-	-	238,100
Total Interfund Receivables	\$ 238,100	\$ 392,217	\$ 293,470	\$ 122,847	\$ 1,046,634

The interfund balances between the General Fund and the Water, and Sewer Funds are due to a loan for the purchase of a transport engine. The interest rate is 2.797% with principal and interest payments due annually through 2025.

The interfund balances between the CDRA and the Water, Sewer, and Storm Drain Funds is due to infrastructure being built by the City for the CDRA that will be reimbursed by the CDRA fund from future tax increment payments.

The interfund balances between the General Fund and the Ambulance Fund are for the cash flow needs of the Ambulance Fund.

Interfund transfers for the year ended June 30, 2022 were as follows:

	Transfers In						Total Transfers Out
	General Fund	Capital Projects	Nonmajor Governmental Funds	Water	Sewer	Storm Drain	
Transfers Out							
General Fund	\$ -	\$ 1,023,568	\$ 1,357,336	\$ -	\$ -	\$ -	\$ 2,380,904
CDRA	-	-	-	166,063	112,547	122,847	401,457
Nonmajor Governmental Funds	-	586,071	-	-	-	-	586,071
Capital Projects	-	-	200,000	-	-	-	200,000
Water	168,297	-	-	-	-	-	168,297
Sewer	144,890	-	-	-	-	-	144,890
Storm Drain	90,774	-	-	-	-	-	90,774
Solid Waste	60,199	-	-	-	-	-	60,199
Total Transfers In	\$ 464,160	\$ 1,609,639	\$ 1,557,336	\$ 166,063	\$ 112,547	\$ 122,847	\$ 4,032,592

The transfer from the General Fund to the Nonmajor Funds is to provide funding for the South Ogden Days celebration and to provide the necessary funds to make debt payments.

The transfers from the General, and Nonmajor Funds to the Capital Projects Fund is to provide funds for various road projects.

The transfers from the CDRA Fund to the Water, Sewer, and Storm Drain Funds is for the construction of infrastructure.

The transfers from the Water, Sewer, Storm Drain, and Solid Waste Funds to the General Fund are for franchise fees and unbilled services.

SOUTH OGDEN CITY

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 DEFERRED INFLOWS OF RESOURCES

Deferred Property Taxes

Property taxes attach as an enforceable lien on property as of the first day of January, taxes are levied on October 1, and then are due and payable at November 30. The City has a legal right to collect the taxes when the lien is placed on the property on January 1, 2022, but these funds will be used to fund activities in the subsequent reporting period. GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, as amended, requires that the City record the assets related to these property taxes in the year ended June 30, 2022, but not record the revenue until the subsequent reporting period. In conjunction with these requirements, the City has recorded a property tax receivable and a deferred inflow of resources in the General Fund and CDRA Fund in the amounts of \$4,177,707 and \$184,694, respectively.

NOTE 15 REDEVELOPMENT AGENCY OF THE CITY OF SOUTH OGDEN

For the year ended June 30, 2022, the following activity occurred in the City's Redevelopment Agency:

Property Tax Increment Received:

<u>Project Area 1</u>	
36th street	\$ 82,848
<u>Project Area 2</u>	
Automall Community	25,047
<u>Project Area 3</u>	
City Center	<u>6,301</u>
Total tax increment received by RDA	<u><u>\$ 114,196</u></u>

Property Tax Increment Expended:

Administrative costs	\$ 18,576
System improvements	401,457
Outstanding loans to finance RDA projects	<u>29,879</u>
Total tax increment expended by RDA	<u><u>\$ 449,912</u></u>

NOTE 16 TAX ABATEMENTS

Participant 1

The CDRA is authorized by Title 17C of the Utah State Code Annotated to enter into agreements for the purpose of attracting or retaining businesses. Additionally, an interlocal agreement with the City provides for the CDRA to offer an abatement of the City's .05% sales tax to Young Subaru (Participant 1) for the purpose of Participant 1 operating a new and used full-service Subaru car dealership within the City. The abatement is subject to Participant 1:

- Being the fee title owner of the location,
- Opening a full-service new and used Subaru car dealership,
- Operating the dealership consistently and without unreasonable interruption for a significant majority of each year,
- Employing, on an average basis each year, at least 25 full-time equivalent employees,
- Paying the employees an average annual wage of at least 100% of the Weber County average annual wage (as reported by the Utah Department of Workforce Services for non-farm wages),
- Generating at least \$15,240,332 point-of-sale taxable sales each year, and
- Timely paying all property taxes each year.

Provided that Participant 1 meets these objectives, the City is to transfer the first \$40,000 and half of the remaining .05% sales tax collected from January 1 to December 31 as a result of Participant 1's operations to the CDRA for payment back to Participant 1. This agreement was in effect until December 31, 2035 or until \$1,275,000 has been paid out to Participant 1. For the year ended June 30, 2022, the CDRA abated sales taxes totaling \$36,963 under this program, which is the amount received from the City. As of year-end, the CDRA has fulfilled its obligations to Participant 1 under this agreement.

Participant 2

The City has also entered into an interlocal agreement with the CDRA to offer an abatement of the City's .05% sales tax to Young Mazda (Participant 2) for the purpose of Participant 2 construction and operating a full-service, franchised, new-car dealership within the City. The abatement is subject to Participant 2:

- Constructing buildings reasonably required for the operation of a franchised, full-service, new-car dealership
- Operating a full-service, franchised, new-car dealership in a commercially reasonable manner in accordance with industry standards.
- Continuing operations of a full-service, franchised, new-car dealership through December 31, 2029.

Provided that Participant 2 meets these objectives, the City is to transfer 10 percent of the .05% sales tax collected from January 1 to December 31 as a result of Participant 2's operations to the CDRA for payment back to Participant 2. This agreement is in effect until December 31, 2029 or until \$220,000 has been paid to Participant 2. For the year ended June 30, 2022, the CDRA abated sales taxes totaling \$10,110 under the program, which is the amount received from the City.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH OGDEN CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
June 30, 2022 – Last 10 Measurement Dates*

Measurement date: December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Noncontributory Retirement System					
2021	0.1729686%	\$ (990,610)	\$ 1,554,090	-63.74%	108.70%
2020	0.2025944%	103,919	1,799,305	5.78%	99.20%
2019	0.1949790%	734,850	1,721,742	42.68%	93.70%
2018	0.1960667%	1,443,780	1,715,168	84.18%	87.00%
2017	0.1874685%	821,356	1,623,412	50.59%	91.90%
2016	0.1896824%	1,217,993	1,639,191	74.30%	87.30%
2015	0.1857427%	1,051,023	1,575,175	66.72%	87.80%
2014	0.1815122%	788,169	1,544,571	51.03%	90.20%
Public Safety System					
2021	0.7192005%	\$ (584,093)	\$ 1,007,772	-57.96%	104.20%
2020	0.7311213%	607,007	1,043,574	58.17%	95.50%
2019	0.7481508%	1,201,244	1,088,782	110.33%	90.90%
2018	0.7785005%	2,002,759	1,124,336	178.13%	84.70%
2017	0.8382768%	1,314,971	1,246,344	105.51%	90.20%
2016	0.8234270%	1,670,961	1,174,421	142.28%	86.50%
2015	0.7793397%	1,395,993	1,101,150	126.78%	87.10%
2014	0.8169367%	1,027,366	1,138,360	90.25%	90.50%
Firefighters Retirement System					
2021	2.4245671%	\$ (1,414,047)	\$ 808,338	-174.93%	120.10%
2020	2.3562083%	(658,843)	768,693	-85.71%	110.50%
2019	2.1863623%	(271,152)	729,871	-37.15%	105.00%
2018	2.0822122%	270,370	722,656	37.41%	94.30%
2017	2.1346254%	(133,317)	696,916	-19.13%	103.00%
2016	2.1497992%	(16,948)	673,790	-2.52%	100.40%
2015	2.1927969%	(39,714)	652,606	-6.09%	101.00%
2014	2.1834989%	(124,599)	633,885	-19.66%	103.50%
Tier 2 Public Employees Retirement System					
2021	0.0292827%	\$ (12,394)	\$ 543,390	-2.28%	103.80%
2020	0.0293082%	4,215	468,226	0.90%	98.30%
2019	0.0278401%	6,261	386,927	1.62%	96.50%
2018	0.0248852%	10,658	290,305	3.67%	90.80%
2017	0.0233803%	2,061	228,917	0.90%	97.40%
2016	0.0327885%	3,658	268,890	1.36%	95.10%
2015	0.0362875%	(79)	234,438	-0.03%	100.20%
2014	0.0364228%	(1,104)	178,846	-0.62%	103.50%

SOUTH OGDEN CITY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS (Continued)
June 30, 2022 – Last 10 Measurement Dates*

<u>Measurement date: December 31,</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability (asset)</u>
Tier 2 Public Safety and Firefighters Retirement					
2021	0.3642543%	\$ (18,410)	\$ 871,071	-2.11%	102.80%
2020	0.3624619%	32,511	716,736	4.54%	93.10%
2019	0.3072518%	28,901	506,367	5.71%	89.60%
2018	0.3410389%	8,545	456,604	1.87%	95.60%
2017	0.3334788%	(3,859)	351,953	-1.10%	103.00%
2016	0.3640513%	(3,160)	300,793	-1.05%	103.60%
2015	0.3038292%	(4,439)	180,832	-2.45%	110.70%
2014	0.0288238%	(4,264)	119,069	-3.58%	120.50%

**The 10-year schedule will be built prospectively. The schedule above is only for the years listed.*

**SOUTH OGDEN CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
June 30, 2022 – Last 10 Fiscal Years***

For the fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System					
2022	\$ 276,655	\$ 276,655	\$ -	\$ 1,519,100	18.21%
2021	309,398	309,398	-	1,697,213	18.23%
2020	326,173	326,173	-	1,765,963	18.47%
2019	316,107	316,107	-	1,713,706	18.45%
2018	306,971	306,971	-	1,664,139	18.45%
2017	308,630	308,630	-	1,673,026	18.45%
2016	289,328	289,328	-	1,568,579	18.45%
2015	287,003	287,003	-	1,566,898	18.32%
2014	264,666	264,666	-	1,539,134	17.20%
Public Safety System					
2022	\$ 352,891	\$ 352,891	\$ -	\$ 1,037,933	34.00%
2021	344,311	344,311	-	1,010,716	34.07%
2020	367,350	367,350	-	1,072,076	34.27%
2019	379,354	379,354	-	1,102,631	34.40%
2018	404,904	404,904	-	1,171,971	34.55%
2017	439,344	439,344	-	1,251,091	35.12%
2016	397,728	397,728	-	1,114,356	35.69%
2015	402,017	402,017	-	1,125,782	35.71%
2014	384,138	384,138	-	1,124,194	34.17%
Firefighters System					
2022	\$ 38,422	\$ 38,422	\$ -	\$ 833,440	4.61%
2021	36,624	36,624	-	794,438	4.61%
2020	33,740	33,740	-	731,883	4.61%
2019	30,824	30,824	-	737,607	4.18%
2018	24,973	24,973	-	711,589	3.51%
2017	24,151	24,151	-	692,110	3.49%
2016	23,962	23,962	-	666,039	3.60%
2015	21,686	21,686	-	629,264	3.45%
2014	16,719	16,719	-	624,671	2.68%
Tier 2 Public Employees System**					
2022	\$ 98,643	\$ 98,643	\$ -	\$ 613,830	16.07%
2021	81,652	81,652	-	516,783	15.80%
2020	63,525	63,525	-	405,655	15.66%
2019	53,354	53,354	-	343,336	15.54%
2018	37,837	37,837	-	250,533	15.10%
2017	37,756	37,756	-	253,222	14.91%
2016	38,012	38,012	-	254,941	14.91%
2015	31,748	31,748	-	212,505	14.94%
2014	20,566	20,566	-	147,002	13.99%

**SOUTH OGDEN CITY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS (Continued)
June 30, 2022 – Last 10 Fiscal Years***

For the fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Tier 2 Public Safety and Firefighter System**					
2022	\$ 189,612	\$ 189,612	\$ -	\$ 952,710	19.90%
2021	161,405	161,405	-	797,413	20.24%
2020	105,006	105,006	-	609,868	17.22%
2019	78,689	78,689	-	463,093	16.99%
2018	64,631	64,631	-	417,828	15.47%
2017	45,308	45,308	-	321,831	14.08%
2016	35,620	35,620	-	240,708	14.80%
2015	20,601	20,601	-	137,453	14.99%
2014	15,402	15,402	-	107,325	14.35%
Tier 2 Public Employees DC Only System**					
2022	\$ 9,379	\$ 9,379	\$ -	\$ 140,192	6.69%
2021	9,090	9,090	-	135,877	6.69%
2020	8,378	8,378	-	125,230	6.69%
2019	7,802	7,802	-	116,619	6.69%
2018	7,582	7,582	-	113,339	6.69%
2017	5,632	5,632	-	84,185	6.69%
2016	1,500	1,500	-	22,421	6.69%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
Tier 2 Public Safety and Firefighter DC Only System**					
2022	\$ 16,168	\$ 16,168	\$ -	\$ 124,462	12.99%
2021	14,352	14,352	-	121,042	11.86%
2020	8,515	8,515	-	115,440	7.38%
2019	5,856	5,856	-	78,412	7.47%
2018	1,857	1,857	-	14,298	12.99%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%

**The 10-year schedule will be built prospectively. The schedule above is only for the years listed*

***Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.*

SOUTH OGDEN CITY
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
June 30, 2022 – Last 10 Fiscal Years*

Total OPEB Liability (TOL)	2022	2021	2020	2019	2018
Service cost at beginning of year	\$ 25,658	\$ 24,971	\$ 20,754	\$ 14,190	\$ 14,687
Interest on TOL plus service cost, less 1/2 benefit payments	17,741	17,739	33,336	35,859	32,797
Difference between actual and expected experience	88,941	-	(137,670)	(5,738)	2,929
Changes of assumptions	(35,607)	1,344	(37,013)	12,459	(12,990)
Benefit payments	<u>(36,458)</u>	<u>(29,262)</u>	<u>(19,082)</u>	<u>(26,567)</u>	<u>(21,748)</u>
Net Change in Total OPEB Liability	60,275	14,792	(139,675)	30,203	15,675
Total OPEB Liability, Beginning	<u>826,752</u>	<u>811,960</u>	<u>951,635</u>	<u>921,432</u>	<u>905,757</u>
Total OPEB Liability, Ending	<u>\$ 887,027</u>	<u>\$ 826,752</u>	<u>\$ 811,960</u>	<u>\$ 951,635</u>	<u>\$ 921,432</u>
Covered-employee Payroll	\$ 762,235	\$ 902,085	\$ 919,305	\$ 944,194	\$ 989,754
Total OPEB Liability as a Percentage of Covered-employee Payroll	116.37%	91.65%	88.32%	100.79%	93.10%

**The 10-year schedule will be built prospectively. The schedule above is only for the years listed.*

SOUTH OGDEN CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

NOTE 1 CHANGES IN ASSUMPTIONS – PENSION PLAN

The investment return assumption was decreased by 0.10% to 6.85% for used in the January 1, 2021 actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability as of December 31, 2020. The demographic assumptions were reviewed and updated in the January 1, 2020 actuarial valuation and are currently scheduled to be reviewed in the year 2023.

NOTE 2 ACTUARIAL ASSUMPTIONS – OTHER POSTEMPLOYMENT BENEFITS

The actuarial valuation calculating the total net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense for the year ended June 30, 2022, was determined using the following actuarial methods and assumptions:

Actuarial cost method.....	Entry Age
Amortization method.....	Level Percentage of Payroll
Salary Increases.....	2.75%
Discount rate.....	3.54%, based on Bond Buyer 20-Bond General Obligation Index
Health care trend rates.....	4.00%
Retirees' share of cost.....	Retiree assumes all OPEB costs upon attainment of Medicare eligibility age (65). Pensions may continue beyond age 65 for the remainder of the 5-year benefit period.
Inflation.....	2.50%
Mortality	The mortality assumptions are based on the Society of Actuaries Pub-2010 Mortality for Retired Employees with MP-2019 Projection to 2025 table.
Pre-retirement turnover.....	Public Safety Employees - 2.0% per year until eligible to retire; according to retirement rates thereafter. Public Employees - 2.5% per year until eligible to retire; according to retirement rates thereafter.

NOTE 3 FUNDING – OTHER POSTEMPLOYMENT BENEFITS

The OPEB plan does not have assets accumulated in a trust to meet the required needs of this plan. The City has determined to fund the benefits on a “Pay-As-You-Go” basis.

SUPPLEMENTARY INFORMATION

SOUTH OGDEN CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	<u>Special Revenue</u>			Total Nonmajor Governmental Funds
	Road Improvement Fee	South Ogden Days	Debt Service	
Assets:				
Cash and cash equivalents	\$ -	\$ 75,216	\$ 208,938	\$ 284,154
Accounts receivable	53,797	1,000	-	54,797
Restricted cash and cash equivalents	-	-	319	319
Total Assets	<u>\$ 53,797</u>	<u>\$ 76,216</u>	<u>\$ 209,257</u>	<u>\$ 339,270</u>
Liabilities:				
Accounts payable	\$ -	\$ 29,873	\$ -	29,873
Total Liabilities	<u>-</u>	<u>29,873</u>	<u>-</u>	<u>29,873</u>
Fund Balances:				
Restricted:				
Debt service	-	-	319	319
Committed:				
Special Revenue Funds	53,797	46,343	-	100,140
Assigned:				
Debt service	-	-	208,938	208,938
Total Fund Balances	<u>53,797</u>	<u>46,343</u>	<u>209,257</u>	<u>309,397</u>
Total Fund Balances	<u>\$ 53,797</u>	<u>\$ 76,216</u>	<u>\$ 209,257</u>	<u>\$ 339,270</u>

SOUTH OGDEN CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue		Debt	Total
	Road	South	Service	Nonmajor
	Improvement Fee	Ogden Days		Governmental
				Funds
Revenues:				
Charges for services	\$ 591,142	\$ -	\$ -	\$ 591,142
Interest	-	-	469	469
Miscellaneous	-	23,045	-	23,045
Total Revenues	591,142	23,045	469	614,656
Expenditures:				
Current:				
Recreation	-	86,349	-	86,349
Debt service:				
Principal	-	-	941,000	941,000
Interest	-	-	350,853	350,853
Total Expenditures	-	86,349	1,291,853	1,378,202
Excess (deficiency) of revenues over (under) expenditures	591,142	(63,304)	(1,291,384)	(763,546)
Other Financing Sources (Uses):				
Transfers in	-	67,000	1,490,336	1,557,336
Transfers out	(586,071)	-	-	(586,071)
Total Other Financing Sources (Uses)	(586,071)	67,000	1,490,336	971,265
Net Change in Fund Balances	5,071	3,696	198,952	207,719
Fund Balance, Beginning	48,726	42,647	10,305	101,678
Fund Balance, Ending	\$ 53,797	\$ 46,343	\$ 209,257	\$ 309,397

SOUTH OGDEN CITY
SUPPLEMENTARY REPORTS
For the Year Ended June 30, 2022

**SOUTH OGDEN CITY
SUPPLEMENTARY REPORTS
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CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**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
Members of the City Council
South Ogden, Utah

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Ogden City, Utah (the City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 27, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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.

K&C, CPA_s

Salt Lake City, Utah
December 27, 2022



CERTIFIED PUBLIC
ACCOUNTANTS

Gary K. Keddington, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AS REQUIRED BY THE STATE
COMPLIANCE AUDIT GUIDE**

Honorable Mayor and
Members of City Council
South Ogden, Utah

Report on Compliance

We have audited the City of South Ogden, Utah's (the City) compliance with the applicable state requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2022.

State compliance requirements were tested for the year ended June 30, 2022 in the following areas:

Budgetary Compliance
Fund Balance
Justice Courts
Restricted Taxes and Related
Restricted Revenues

Fraud Risk Assessment
Government Fees
Utah Retirement Systems
Public Treasurer's Bond

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, the City of South Ogden, Utah complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

Report on Internal Control over Compliance

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

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 to detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

KYC, CPA₁

Salt Lake City, Utah
December 27, 2022



NOTICE AND AGENDA SOUTH OGDEN CITY COUNCIL MEETING

TUESDAY, JANUARY 17, 2023, 6 PM

Notice is hereby given that the South Ogden City Council will hold their regularly scheduled council meeting at 6 pm Tuesday, January 17, 2023. The meeting will be located at City Hall, 3950 Adams Ave., South Ogden, Utah, 84403, in the city council chambers. The meeting is open to the public; anyone interested is welcome to attend. Some members of the council may be attending the meeting electronically. The meeting will also be streamed live over www.facebook.com/southogdencity.

CITY COUNCIL MEETING AGENDA

I. OPENING CEREMONY

- A. Call to Order – Mayor Russell Porter
- B. Prayer/Moment of Silence -
- C. Pledge of Allegiance – Council Member Stewart

II. INTRODUCTION OF NEW EMPLOYEE

Lori Hurd, Lead Accountant

III. FY2022 AUDIT REPORT

Ben Bailey – Keddington & Christensen

- IV. PUBLIC COMMENTS – This is an opportunity to address the mayor and council with any concerns, suggestions, or praise. No action can or will be taken at this meeting on comments made.
Please limit your comments to three minutes.

V. RESPONSE TO PUBLIC COMMENT

VI. CONSENT AGENDA

- A. Approval of January 3, 2023 Council Minutes

“South Ogden City is dedicated to preserving and enhancing quality of life and professionally meeting the expectations of residents, businesses, employees, and visitors.”

VII. PUBLIC HEARING

To Receive and Consider Comments on Proposed Amendments to the FY2023 Budget

VIII. DISCUSSION / ACTION ITEMS

- A.** Consideration of **Resolution 23-03** – Approving a Franchise Agreement With All West for Fiber Network
- B.** Consideration of **Resolution 23-04** – Amending the FY2023 Budget
- C.** Consideration of **Ordinance 23-02** – Approving a Boundary Adjustment With Weber County
- D.** Consideration of **Ordinance 23-03** – Adopting the Moderate Income Housing Chapter of the South Ogden City General Plan

IX. DISCUSSION ITEM

Community Survey Results

X. DEPARTMENT REPORTS

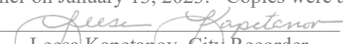
- A.** Fire Chief Cameron West – Fire Department
- B.** Finance Director Steve Liebersbach- Administration Staff and Finance Department
- C.** Police Chief Darin Parke- Police and Animal Control
- D.** Public Works Director Jon Andersen- Streets, Water, Sewer, Storm Sewer

XI. REPORTS/DIRECTION TO CITY MANAGER

- A.** City Council Members
- B.** City Manager
- C.** Mayor

XII. ADJOURN

The undersigned, duly appointed City Recorder, does hereby certify that a copy of the above notice and agenda was posted to the State of Utah Public Notice Website, on the City's website (southogdencity.gov) and emailed to the Standard Examiner on January 13, 2023. Copies were also delivered to each member of the governing body.


Leesa Kapetanov, City Recorder

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during the meeting should notify the City Recorder at 801-622-2709 at least 24 hours in advance.



MINUTES OF THE SOUTH OGDEN CITY COUNCIL WORK SESSION AND CITY COUNCIL MEETING

TUESDAY, JANUARY 3, 2023

WORK SESSION – 5 PM IN EOC

COUNCIL MEETING – 6 PM IN COUNCIL ROOM

WORK SESSION MINUTES

COUNCIL MEMBERS PRESENT

Mayor Russell Porter, Council Members Sallee Orr, Brent Strate, Susan Stewart, Mike Howard, and Jeanette Smyth

STAFF MEMBERS PRESENT

City Manager Matt Dixon, Assistant City Manager Doug Gailey, Parks and Public Works Director Jon Andersen, Fire Chief Cameron West, Events and Communications Specialist Jamie Healy, Police Chief Darin Parke, and Finance Director Steve Liebersbach

OTHERS PRESENT

No one else attended the work session

Note: The time stamps indicated in blue correspond to the audio recording of this meeting, which can be found by clicking the link:

https://files4.1.revize.com/southogden/document_center/Sound%20Files/2023/CC230103_1801.mp3

or by requesting a copy from the office of the South Ogden City Recorder.

I. CALL TO ORDER

- Mayor Porter called the work session to order at 5:04 pm and called for a motion to begin the meeting 00:00:00

Council Member Stewart so moved, followed by a second from Council Member Smyth. Council Members Orr, Strate, Stewart, Howard, and Smyth all voted aye.

II. REVIEW OF AGENDA

- No one requested a review of agenda items

37
38 **III. DEPARTMENT REPORTS**

39 A. Assistant City Manager Doug Gailey- Courts, HR, IT, and Special Events

40 00:00:34

- 41 • Mr. Gailey used a visual presentation as part of his report. See Attachment A.

42
43 B. Public Works Director Jon Andersen- Parks, Recreation, Building Inspections, and Building
44 Maintenance 00:11:54

- 45 • Mr. Andersen also used a visual presentation as part of his report. See Attachment B.

46
47
48 **IV. ADJOURN**

- 49 • At 5:59 pm, Mayor Porter called for a motion to adjourn the work session

50
51
52 Council Member Smyth so moved, followed by a second from Council Member Orr. All
53 present voted aye. 00:54:13

COUNCIL MEETING MINUTES

COUNCIL MEMBERS PRESENT

Mayor Russell Porter, Council Members Sallee Orr, Brent Strate, Susan Stewart, Mike Howard, and Jeanette Smyth

STAFF MEMBERS PRESENT

City Manager Matt Dixon, Parks and Public Works Director Jon Andersen, Police Chief Darin Parke, Fire Chief Cameron West, Events and Communications Specialist Jamie Healy, City Recorder Leesa Kapetanov

MEMBERS OF THE PUBLIC PRESENT

Bruce & Joyce Hartman, Jeff Denning, Sean Morris, David Bradshaw

Note: The time stamps indicated in **blue** correspond to the audio recording of this meeting, which can be found by clicking this link:

https://files4.1.revize.com/southogden/document_center/Sound%20Files/2023/CC230103_1902c.mp3

or by requesting a copy from the office of the South Ogden City Recorder.

I. OPENING CEREMONY

A. Call To Order

- At 6:05 pm, Mayor Porter called the meeting to order and entertained a motion to begin
00:00:00

Council Member Strate so moved. The motion was seconded by Council Member Howard. In a voice vote Council Members Orr, Strate, Stewart, Howard, and Smyth all voted aye.

B. Prayer/Moment of Silence

The mayor led those present in a moment of silence

C. Pledge Of Allegiance

Council Member Strate led everyone in the Pledge of Allegiance.

94 **II. EMPLOYEE RECOGNITION**

95 Recognition of Promotion of Anthony Bell to Parks Crew Leader II

- 96 • Mayor Porter called Mr. Bell and his Department Director Jon Andersen forward. Mr. Andersen
97 complimented Mr. Bell on his leadership skills. After applause, Mayor Porter shook hands with
98 Mr. Bell and congratulated him.00:00:56

99

100

101 **III. PUBLIC COMMENTS**

- 102 • Mayor Porter invited anyone who wished to comment to come forward. No one commented.
103 He gave those online until 6:15 pm to submit comments.

104

105

106 **IV. RESPONSE TO PUBLIC COMMENT**

- 107 • Not applicable at this time

108

109

110 **V. CONSENT AGENDA**

111 **A. Approval of December 6, 2022 Council Minutes**

112 **B. Set Date for Public Hearing (January 17, 2022 at 6 pm or as soon as the agenda permits) To**
113 **Receive and Consider Comments on Proposed Amendments to the FY2023 Budget**

- 114 • Mayor Porter asked if there were any changes or corrections to the consent agenda. No one
115 on the council responded. The mayor called for a motion to approve the consent agenda.

116 00:03:25

117

118 **Council Member Smyth so moved. The motion was seconded by Council Member**
119 **Howard. The voice vote was unanimous in favor of the motion.**

120

- 121 • The mayor announced they would next consider item C under the Discussion/Action
122 items. No members of the Council objected.

123 00:03:53

124

125

126 **VI. DISCUSSION /ACTION ITEMS**

127 **C. Consideration of Resolution 23-01 – Approving an Agreement With Utah Department of**
128 **Public Safety for Use of Grant Funds**

- 129 • Staff overview 00:04:13

- 130 • Discussion 00:10:29

- 131 ○ Jeff Denning and Sean Morris from First Responders First were present and
132 answered questions from the Council during the discussion

- 133 • Mayor Porter called for a motion to approve Resolution 23-01

134 00:28:44

Council Member Smyth so moved. The motion was seconded by Council Member Strate. After determining there was no discussion on the motion, the mayor called the vote:

Council Member Orr-	Yes
Council Member Strate-	Yes
Council Member Stewart-	Yes
Council Member Howard-	Yes
Council Member Smyth-	Yes

Resolution 23-01 was adopted.

- Mayor Porter announced there had been no online comments from the public
00:29:08

A. Consideration of Ordinance 23-01 - Amending Code for Exception Requests

- Staff overview 00:29:11
- Council discussion 00:33:49
- Mayor Porter called for a motion to adopt Ordinance 23-01
00:46:05

Council Member Strate so moved, followed by a second from Council Member Smyth. The mayor asked if there was further discussion and seeing none, he called the vote:

Council Member Smyth-	Yes
Council Member Howard-	Yes
Council Member Stewart-	No
Council Member Strate-	Yes
Council Member Orr-	No

The motion stood. Ordinance 23-01 was approved.

B. Consideration of Previously Tabled Resolution 22-47 – Approving an Agreement With Landmark Design for Planning Services

- Staff overview 00:46:48
- Discussion There was no discussion on this item
- Mayor Porter called for a motion to approve Resolution 22-47.
00:47:50

Council Member Howard so moved. Council Member Strate seconded the motion. Mayor Porter asked if there was further discussion. Council Member Stewart clarified some wording in the agreement. The mayor called the vote:

Council Member Stewart -	Yes
Council Member Howard-	Yes
Council Member Strate -	Yes
Council Member Smyth -	Yes
Council Member Orr-	Yes

Resolution 22-47 was adopted.

D. Consideration of Resolution 23-02 – Approving a Franchise Agreement With VAIX Inc. for Fiber Network

- Staff overview 00:48:56
- Council discussion 00:50:30
 - Mr. David Bradshaw, a representative for VAIX, was present and answered several questions from the Council
- Mayor Porter called for a motion to adopt Resolution 23-02 01:03:52

Council Member Strate so moved. The motion was seconded by Council Member Howard. The mayor asked if there was further discussion. No one responded. He then called the vote:

Council Member Orr-	Yes
Council Member Stewart -	Yes
Council Member Smyth -	Yes
Council Member Strate -	Yes
Council Member Howard -	Yes

Resolution 23-02 was approved.

VII. RECESS INTO SOUTH OGDEN ARTS COUNCIL MEETING

- Mayor Porter called for a motion to recess into the Arts Council 01:04:09

Council Member Strate moved to recess into the Arts Council. The motion was seconded by Council Member Howard. All present voted aye.

- See separate minutes

219 **VIII. RECONVENE AS SOUTH OGDEN CITY COUNCIL**

- 220 • At 7:37 pm, the City Council reconvened

221

222

223 **VII. DISCUSSION ITEMS**

224 A. Discussion/Direction on RAMP Grant Applications

- 225 • Staff overview 01:33:15
- 226 • Comments by Adam Eichorn, a representative from Spohn Ranch, designer of the skate
- 227 park 01:41:10
- 228 • Discussion 01:49:40
- 229 • Direction to staff was to still keep the skate park as the first priority for the recreation and
- 230 parks RAMP grant. The City would ask for the full amount possible for a major grant.
- 231 Meadows Park would be second priority; the City would apply for the full amount of a
- 232 minor grant (\$199,999) to lay the groundwork for future improvements.
- 233
- 234

235 **VIII. REPORTS/DIRECTION TO CITY MANAGER**

236 A. City Council Members

- 237 • Council Member Strate- nothing to report
- 238 • Council Member Stewart- nothing to report
- 239 • Council Member Smyth - nothing to report
- 240 • Council Member Orr- 02:31:58
- 241 • Council Member Howard- nothing to report
- 242

243 B. City Manager 02:32:48

244

245 C. Mayor 02:36:00

246

247

248

249 **IX. RECESS INTO CLOSED EXECUTIVE SESSION**

250 In Accordance With 52-4-205(1)(a) to Discuss the Character, Professional Competence, or Physical

251 or Mental Health of an Individual

252

- 253 • At 8:42 pm, Mayor Porter called for a motion to enter into a closed meeting to discuss the
- 254 character, professional competence, or physical or mental health of an individual. He also stated
- 255 for the record that those attending the closed session would be himself, the rest of the Council,
- 256 City Manager Dixon, and Fire Chief Cameron West.
- 257

258 **Council Member Smyth so moved. Council Member Howard seconded the motion. Council**

259 **Members Orr, Strate, Stewart, Howard, and Smyth all voted aye in favor of the motion.**

260

Note: Those participating in the closed session remained in the Council room, while everyone else left. No recording of the meeting was made in accordance with UCA52-4-206(6).

The motion below to adjourn the closed meeting and reconvene as the City Council was recorded and can be heard by clicking this link:

https://files4.1.revize.com/southogden/document_center/Sound%20Files/2023/CC230103_2204.mp3

VI. ADJOURN

- At 9:04 pm, Mayor Porter called for a motion to adjourn the closed executive session, reconvene as the City Council, and adjourn City Council meeting.

00:00:00

Council Member Smyth so moved, followed by a second from Council Member Howard. The voice vote was unanimous in favor of the motion.

I hereby certify that the foregoing is a true, accurate and complete record of the South Ogden City Pre-Council Work Session and Council Meeting held Tuesday, January 3, 2023.


Leesa Kapetanov, City Recorder

Date Approved by the City Council

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ATTACHMENT A

Visual Presentation by Assistant City Manager Doug Gailey



DEPARTMENTS

- Information Services
- Communications and Events
- Court
- Human Resources
- Planning Commission



COURT

Court Supervisor Tristine Toyn,
Clerk Cydni Gutierrez,
Part-Time Clerks Allison Pate, Jody Grose

Job Overview

- Court Functions
- Passports
- Utility Payments/Applications
- Building Permits
- Phone Calls
- Reservations
- Mail/Supplies



INFORMATION SERVICES

David Martin

- Part-Time
- TecServ Still providing advanced technical support



COMMUNICATIONS AND EVENTS

Communications and Events Specialist Jamie Healy

South Ogden Events

- Social Media Stories
- Branding
- Employee Appreciation Dinner
- Easter Egg Hunt
- South Ogden Days
- Veterans Memorial
- Christmas Traditions



HUMAN RESOURCES

Turnover

- 11 Full-time (9 in 2021)
- 7 were in Public Works
- 17 Part-time (18 in 2021)



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ATTACHMENT B

Visual Presentation by Public Works Director Jon Andersen

2022-2023

Parks

Recreation

Building Maintenance

Inspections



NRPA Recommends: 8.2 FTE Parks & Recreation employees for every 10,000 residents.

- Staff- 6 FTE
 - As of 12-5-22
 - 6 hire for two
- 94 acres of parks
- Asphalt Trails approximately 2.25 miles
 - Snow Removal Nature Park trail 1 mile
- Bowery's - 9 (reservation prep)
 - 4 reservable bowery's - 43 reservations
- Restroom's - 8
- Playgrounds - 11
- Tennis courts - 4
- Pickle ball courts - 8
- Basketball courts - 2 (outdoor)
- 40th ST median & park strips
- Baseball fields - 5 (maintained & painted)
- Football fields - 2 (maintained & painted)
- Flower Beds - 16 - plus Burch Creek Park
- Graffiti removal on city property
- Christmas lights (all)
- Sprinkler Clocks -24 (wired)
- SVC - 11 (battery)
- Mower service & repair
- Janitorial service during winter months (2 buildings)
- Snow removal of City properties
 - 6-8 hrs per storm - Nature Park Trail
- Nature park - no reservations(3rd year)
- Bowery rentals were reinstated in 2021
 - April 15 - October 15

Parks Projects

Additions 2022

- Club Heights Park 90% Completed
 - Sod installed summer 2022
 - Playground & park amenities all installed
 - Sod in detention needs to be installed
 - Spring 2023
- Club Heights Ball field lights Installed

Improvements

- Promoted a Parks Crew Leader II
 - Anthony Bell
- Watered 2-3 days at most parks
 - 3-days at most used parks
- Snow removal Nature Park trail



Splash Pad 2022 July 8 - September 5

Splash pad days & hours of operation

- Friday, Saturday, Sunday, & Mondays
- 11:00am to 7:00pm
- Approximately 34 days
- 8 hours each day
- 288 hours of operation
- 84,798 gals of water used
- 2,494 gals of water per day



Parks

Current Projects 2023

- Burch Creek Park - completed
- Restroom improvements - on going
- Club Heights park improvements
 - 90 % Complete (DEC. 2022)
- Skate Park Design & Construction Documents
 - RAMP Grant Application 2023
- Meadows Park redesign
 - Potential RAMP Grant
- Friendship Park Playground spring 2023
- Club Heights dog area play equipment
 - RAMP EZ Grant awarded 2022
- Main Point landscaping
- Nature Park trial resurface 2023



Parks

Challenges/Issues

- Need to maintain staff for new parks addition
 - Full & Seasonal staff
- Part-time difficult to hire
- Bowery Reservations to three Parks
 - 40th - Club Heights - Friendship
- Vandalism/Graffiti - restrooms & tunnels, playground equipment
- 89 detention basin is a swamp - both sides
- Urban Forestry Commission
 - Get members so it can run

2023 Projects & Needs

- Playgrounds - \$150,000-\$400,000
- Resurfacing courts 40th - \$35,000
- Club Heights completion
- 40th ST Bowery - \$150,000
- Restrooms - \$10,000-\$20,000
- Skate Park design & build
- Dog Area Play equipment
 - EZ Grant RAMP \$2,000.00
- Main Point Landscaping \$29,705
- Heritage Park Trail
- Trail upgrades & equipment for winter maintenance (Winter 2022-23)
 - \$378,000.00
- Splash Pad upgrades \$26,523
- 40th resurface Tennis & Basketballs

Parks



Recreation 2022



WFFL Mini Bowl Champions 2022 Mighty Mites & Jr Pee Wees 10-1 12-0



Recreation 2022-2023

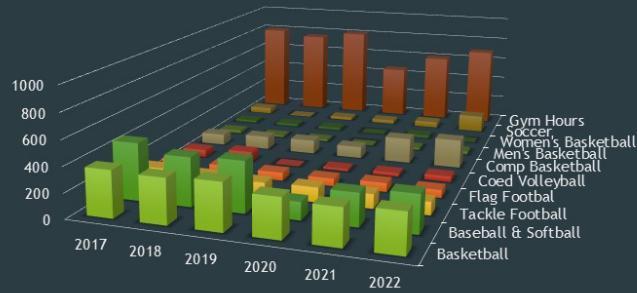
- Basketball K-9th 315
- Baseball & Softball Pre-K - 9th 300
- COED Soccer (3-5yrs old) 145
- Tackle football 7-14yrs 105
 - WFFLA & B league issues working through
 - Compete with Ute League
- Flag football 72
- Tennis - No Instructor
- Comp Basketball 238 Teams
- Men's Basketball 26 teams
- Women's Basketball 2 teams
- Start smart Baseball - 13
- Gym hours 691.25
- Staffing & Officials becoming difficult to fill the needs

- Raised official wages to help with shortage of officials (\$18.00)

2023 Possible Additions & Needs

- Spike ball- league
- Pickle Ball league & Tournaments
- Raising wages to help with shortage of officials (\$30.00-\$35.00)
- Burch Creek field area future needs:
 - Restroom
 - Field Lights - Expand leagues for all ages
- Score Keeper wages -compete with the job market

Recreation Registration & Gym Hours



	2017	2018	2019	2020	2021	2022
Basketball	371	359	376	315	293	315
Baseball & Softball	459	391	407	141	260	300
Tackle Football	136	120	111	119	115	105
Flag Football	86	75	66	62	72	63
Coed Volleyball	60	83	0	19	27	45
Comp Basketball	92	110	115	97	211	238
Men's Basketball	26	15	15	0	18	26
Women's Basketball	22	22	21	0	22	0
Soccer	52	5	25	32	51	145
Gym Hours	796.25	751	804.75	459.25	600.75	691.25

■ Basketball ■ Baseball & Softball ■ Tackle Football ■ Flag Football ■ Coed Volleyball
■ Comp Basketball ■ Men's Basketball ■ Women's Basketball ■ Soccer ■ Gym Hours

Building Maintenance

2022

- New Chiller Installed - Late August
- City Hall control valves - 15 replaced

2023 Maintenance Needs

- P.W. remodel \$450,000.00 - \$ 800,000.00??
- Garage door openers/controls - Fire 81
- City Hall control valves \$20,000
- Back up boiler - City Hall \$45,000-\$60,000
- Fire 81 ramp replacement (Front & Back)
- City Hall repairs paint & carpet



Inspections 2022

2022 Building Permits Issued

Residential

➤ New Homes	4
➤ Remodels	5
➤ Townhouse Units	21 Unit 57
➤ Swimming Pools	5
➤ Additions/Detached Garages	6
➤ Fire Renovations	3
➤ Solar PV Systems	67
➤ Miscellaneous	206
Total	331

Commercial

➤ New Buildings	1
➤ Mixed Use Apartment	2 units 217
➤ New Cell Tower & Building	0
➤ Cell tower upgrade	4
➤ Remodels/T.I.	18
➤ Demolition	3
➤ Signs	24
➤ Miscellaneous	57
Total	57

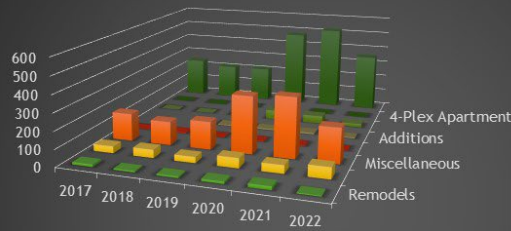
Total Permits This Year 388

Storm Damage

Roof Repairs	40	97	(106)
Electrical Service	18	54	(116)

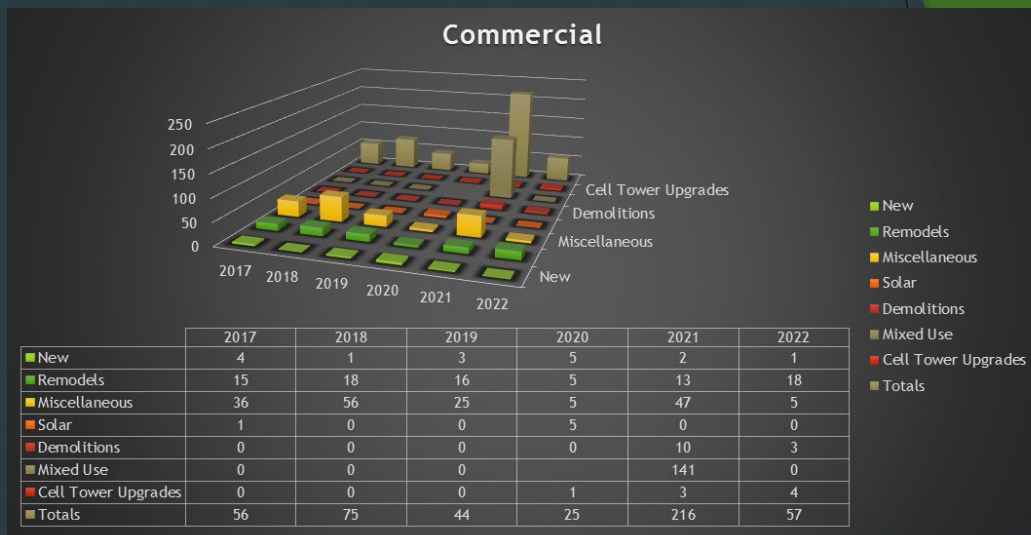
Inspections 2022

Residential

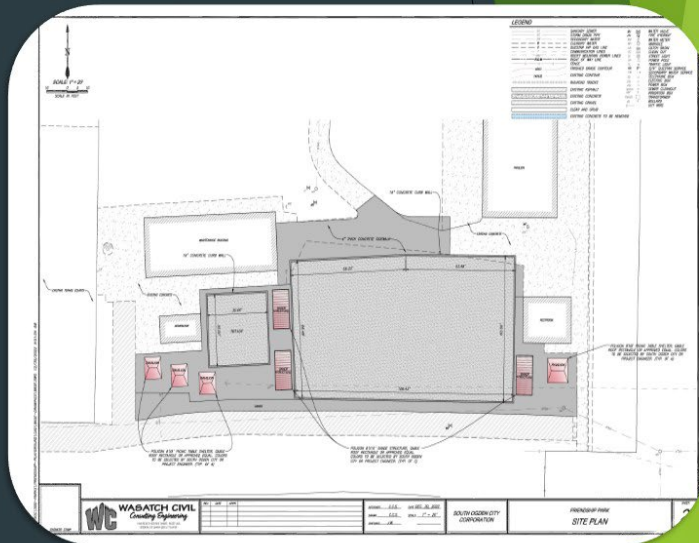


	2017	2018	2019	2020	2021	2022
■ Remodels	14	8	9	13	20	5
■ Solar PV Systems	40	48	35	58	48	67
■ Miscellaneous	163	139	164	336	353	206
■ Fire Renovations	0	4	1	3	3	0
■ Additions			5	6	8	5
■ Townhouse	0	0	0	56	47	21
■ 4-Plex Apartment	0	0	0	1	0	0
■ Totals	241	213	214	474	517	350

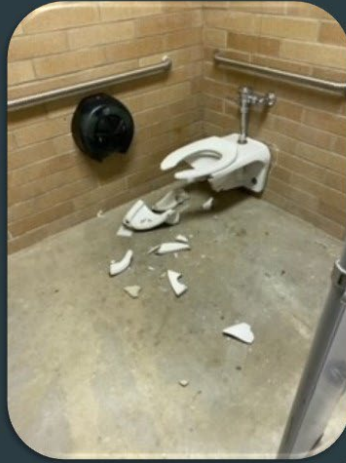
Inspections 2022



Friendship Park -Spring/Summer 2023 RAMP Grant



Vandalism



Vandalism



South Ogden City

City Council Writeup

12-16-2022

About All West Communications –

Since 1912, All West Communications has provided leading-edge telecommunication services. Based in Kamas, Utah, All West operates a broadband powered 100% fiber optic network to deliver services that connect residents and businesses to what matters most – across town and around the world. Their wired infrastructure and ongoing fiber investments span from northern Utah to Southwestern Wyoming provide customers with unparalleled broadband speed (multi-gig), entertainment options (streaming TV), connectivity and service.

All West has a mission to deliver uninterrupted, accessible, 100% fiber-optic broadband Internet that both handles today's Internet needs and anticipates tomorrows. Our niche on the competition is top-rate customer service and our willingness to partner with municipalities during the construction phase and beyond.

Only fiber-optics, enable symmetrical speeds, essential for today's applications, including video conferencing, telemedicine, voice services, cloud computing and multiplayer gaming. All West Fiber is built for the future, using the best technology available – with speed tiers of up to 8 Gbps for residential and 100 Gbps for businesses / enterprises.

All West is looking forward to partnering with South Ogden for your telecommunication and broadband needs.

Press Contact:

Phil Marchant / Director of Strategic Partnerships

Phil.marchant@allwest.com / 435-783-4990 / www.allwest.com

Resolution No. 23-03

**RESOLUTION OF SOUTH OGDEN CITY AUTHORIZING AND
APPROVING A FRANCHISE AGREEMENT WITH ALL WEST/UTAH
INC. FOR WORK IN THE CITY'S RIGHTS-OF-WAY, AND
PROVIDING THAT THIS RESOLUTION SHALL BECOME
EFFECTIVE IMMEDIATELY UPON POSTING AND FINAL PASSAGE.**

WHEREAS, the City Council finds that the City of South Ogden ("City") is a municipal corporation duly organized and existing under the laws of Utah; and,

WHEREAS, the City Council finds that in conformance with Utah Code (" UC") § 10-3-717 the governing body of the city may exercise all administrative powers by resolution including, but not limited to regulating the use and operation of municipal property and programs; and,

WHEREAS, the City Council finds it necessary to address additional communications services needs within the city; and,

WHEREAS, the City Council finds that the city staff has reviewed and studied this matter and recommends that to best address these additional communications service needs within the city, the city council authorize and approve a Franchise Agreement with All West/Utah Inc. for work in the City's rights-of-way, including not limited to installation of service lines, and additional communications services; and,

WHEREAS, the City Council finds that All West/Utah Inc. has demonstrated the professional ability to provide for these services to meet the additional communications services needs of the city and its residents while preserving the infrastructure of the city; and,

WHEREAS, the City Council finds that City now desires to achieve these ends by authorizing and approving a franchise agreement with All West/Utah Inc. for work in the City's rights-of-way; and,

WHEREAS, the City Council finds that the public convenience and necessity requires the actions contemplated,

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF
SOUTH OGDEN AS FOLLOWS:**

SECTION 2 - CONTRACT AUTHORIZED

The **“Franchise Agreement”** Between South Ogden City And All West/Utah Inc., Attached Hereto As **Attachment "A"** and by This Reference Fully Incorporated Herein, Is Approved And Adopted With The Condition That The City Manager, With The Concurrence Of The City Attorney, Is Authorized To More Fully Negotiate And Resolve Any Remaining Details, Or Changes, Under The Agreement On Behalf Of The City And Then To Sign, And The City Recorder Is Authorized To Attest, Any And All Documents Necessary To Effect This Authorization And Approval. If The City Manager Is Unable To Successfully Resolve Any Remaining Details, Or Changes, This Authorization And Approval Shall Be Void And The City Manager Shall So Notify The Council.

That the foregoing recitals are incorporated herein.

SECTION 3 - PRIOR ORDINANCES AND RESOLUTIONS

The body and substance of all prior Resolutions, with their provisions, where not otherwise in conflict with this Resolution, are reaffirmed and readopted.

SECTION 4 - REPEALER OF CONFLICTING ENACTMENTS

All orders, and Resolutions regarding the changes enacted and adopted which have been adopted by the City, or parts, which conflict with this Resolution, are, for such conflict, repealed, except this repeal shall not be construed to revive any act, order or resolution, or part repealed.

SECTION 5 - SAVINGS CLAUSE

If any provision of this Resolution shall be held or deemed or shall be invalid, inoperative or unenforceable such shall render no other provision or provisions invalid, inoperative or unenforceable to any extent whatever, this Resolution being deemed the separate independent and severable act of the City Council of South Ogden City.

SECTION 6 - DATE OF EFFECT

This Resolution shall be effective on the 17th day of January, 2023, and after publication or posting as required by law.

PASSED AND ADOPTED BY THE CITY COUNCIL OF SOUTH OGDEN CITY, STATE OF UTAH, on this 17th day of January, 2023.

SOUTH OGDEN CITY

Russell Porter, Mayor

ATTEST:

Leesa Kapetanov, CMC
City Recorder

ATTACHMENT "A"

Resolution No. 23-03

Resolution Of South Ogden City Authorizing And Approving A Franchise Agreement With All West/Utah Inc. For Work In The City's Rights-Of-Way, And Providing That This Resolution Shall Become Effective Immediately Upon Posting And Final Passage.

17 Jan 23

FRANCHISE AGREEMENT
SOUTH OGDEN CITY, UTAH

THIS FRANCHISE AGREEMENT (hereinafter "Agreement") is entered into by and between SOUTH OGDEN CITY, Utah (hereinafter "CITY"), a municipal corporation and political subdivision of the State of Utah, with principal offices at 3950 Adams Ave., South Ogden, Utah, 84403, and All West/Utah, Inc. (hereinafter "Franchisee"), a Utah corporation with its principal offices at 50 West 100 North, Kamas, UT 84036.

WITNESSETH:

WHEREAS, FRANCHISEE desires to provide telecommunications services, as more particularly defined in the "Municipal Telecommunications License Tax Act," (the "Act"), Utah Code Ann. §§10-1-401, et seq., as amended, and establish a telecommunications network, system and/or facilities in, under, along, over and across present and future rights-of-way of the CITY; and

WHEREAS, the CITY has enacted Title 7, Chapter 4 of the Revised Ordinances of South Ogden City (hereinafter the "Telecommunications Ordinance" or "ordinance") which governs the application and review process for Telecommunication Franchises in the CITY; and

WHEREAS, the CITY, in the exercise of its management of public Rights-of-Way, believes that it is in the best interest of the public to provide FRANCHISEE a nonexclusive franchise to operate a telecommunications network in the CITY.

NOW, THEREFORE, in consideration of the mutual covenants and agreements of the parties contained herein, and for other good and valuable consideration, the CITY and FRANCHISEE agree as follows:

AGREEMENT

ARTICLE 1. FRANCHISE AGREEMENT AND ORDINANCE

1.1 Agreement. Upon execution by the parties, this Agreement shall be deemed to constitute a contract by and between CITY and FRANCHISEE.

1.2 Ordinance. The CITY has adopted the Telecommunications Ordinance, which is attached to this Agreement as Exhibit "A" and incorporated herein by reference. FRANCHISEE acknowledges that it has had an opportunity to read and become familiar with the Telecommunications Ordinance. The parties agree that the provisions and requirements of the Ordinance are material terms of this Agreement, and that each party hereby agrees to be contractually bound to comply with the terms of the Ordinance. The definitions in the Ordinance shall apply herein unless a different meaning is set forth in the Act or is otherwise indicated. Nothing in this Section shall be deemed to require FRANCHISEE to comply with any provision of the Telecommunications Ordinance which is determined to be unlawful or beyond the CITY's authority.

1.3 Ordinance Amendments. The CITY reserves the right to amend the Ordinance at any time. Provided, however, CITY shall not enact any amendments to the Ordinance that will adversely impact FRANCHISEE without allowing FRANCHISEE 30 days, or such longer time as is necessary if 30 days is insufficient, in which to comply with the amendment. The CITY shall give FRANCHISEE notice and an opportunity to be heard concerning any proposed amendment. If there is any inconsistency between FRANCHISEE's rights and obligations under the Ordinance as amended and this Agreement, the provisions of this Agreement shall govern during its term. Otherwise, FRANCHISEE agrees to comply with any such amendments.

1.4 Franchise Description. The Telecommunications Franchise provided hereby shall confer upon FRANCHISEE the nonexclusive right, privilege, and franchise to construct and maintain a telecommunications network in, under, above and across the present and future public Rights-of-Way in the City. The franchise does not grant to FRANCHISEE the right, privilege or authority to engage in community antenna (or cable) television business; although, nothing contained herein shall preclude FRANCHISEE from: (1) permitting those with a cable franchise who are lawfully engaged in such business to utilize FRANCHISEE's System within the CITY for such purposes; or (2) from providing such service in the future if an appropriate franchise is obtained from the City and all other legal requirements have been satisfied.

1.5 Licenses. FRANCHISEE acknowledges that it has obtained the necessary approvals, licenses or permits required by federal and state law to provide telecommunication services consistent with the provisions of this Agreement and with the Ordinance.

1.6 Relationship. Nothing herein shall be deemed to create a joint venture or principal-agent relationship between the parties and neither party is authorized to, nor shall either party act toward third persons or the public in any manner that would indicate any such relationship with each other.

ARTICLE 2, FRANCHISE FEE

2.1 Franchise Fee. For the Franchise granted herein, FRANCHISEE shall pay to the CITY a tax in accordance with the Municipal Telecommunications License Tax Act (Utah Code Ann. 10-1-401 to 10-1- 410 as amended from time to time), less any business license fee or business license tax enacted by the CITY. All payments shall be made to the Utah State Tax Commission, and sent as follows:

Utah State Tax Commission
210 North 1950 West
Salt Lake City, Utah 84134

2.2 Equal Treatment. CITY agrees any fees or taxes charged to FRANCHISEE under this Agreement shall be of the same nature and calculation of fees or tax currently charged or charged in the future to other similarly situated entities.

ARTICLE 3. TERM AND RENEWAL

3.1 Term and Renewal. The franchise granted to FRANCHISEE shall be for a period of ten (10) years commencing on the first day of the month following this Agreement, unless this Franchise be sooner terminated as herein provided. At the end of the initial ten (10) year term of this Agreement, the franchise granted herein may be renewed by FRANCHISEE upon the same terms and conditions as contained in this Agreement for an additional five (5) year term, by providing to the CITY's representative designated herein written notice of FRANCHISEE's intent to renew not less than ninety (90) calendar days before the expiration of the initial franchise term.

3.2 Rights of Franchisee Upon Expiration or Revocation. Upon expiration of the franchise granted herein, whether by lapse of time, by agreement between FRANCHISEE and the CITY, or by revocation or forfeiture, FRANCHISEE shall have the right to remove from the Rights-of-Way any and all of its System, but in such event, it shall be the duty of FRANCHISEE, Immediately upon such removal, to restore the Rights-of-Way from which such System is removed to as good condition as the same was before the removal was effected.

ARTICLE 4. POLICE POWERS

The CITY expressly reserves, and FRANCHISEE expressly recognizes, the CITY's right and duty to adopt, from time to time, in addition to provisions herein contained, such ordinances and rules and regulations as the CITY may deem necessary in the exercise of its police power for the protection of the health, safety and welfare of its citizens and their properties.

ARTICLE 5. CHANGING CONDITIONS AND SEVERABILITY

5.1 Meet to Confer. FRANCHISEE and the CITY recognize that many aspects of the telecommunication business are currently the subject of discussion, examination and inquiry by different segments of the industry and affected regulatory authorities and that these activities may ultimately result in fundamental changes in the way FRANCHISEE conducts its business and the way the CITY regulates the business. In recognition of the present state of uncertainty respecting these matters, FRANCHISEE and the CITY each agree, upon request of the other during the term of this Agreement, to meet with the other and discuss in good faith whether it would be appropriate, in view of developments of the kind referred to above during the term of this Agreement, to amend this Agreement or enter into separate, mutually satisfactory arrangements to effect a proper accommodation of any such developments.

5.2 Severability. If any section, sentence, paragraph, term or provision of this Agreement or the Ordinance is for any reason determined to be or rendered illegal, invalid, or superseded by other lawful authority, including any state or federal, legislative, regulatory or administrative authority having jurisdiction thereof, or is determined to be unconstitutional, illegal or invalid by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such determination shall have no effect on the validity of any other section, sentence, paragraph, term or provision, all of which shall remain in full force and effect for the term of this Agreement or any renewal or renewals thereof. If the invalidated portion is considered a material consideration for entering into this Agreement, the parties will negotiate, in

good faith, an amendment to this Agreement. As used herein, "material consideration" for the CITY is its ability to collect the Franchise Fee during the term of this Agreement and its ability to manage the Rights-of-Way in a manner similar to that provided in this Agreement, the Ordinance, and the City's Excavation Permit Policy. For FRANCHISEE, "material consideration" is its ability to use the Rights-of-Way for telecommunication purposes in a manner similar to that provided in this Agreement, the Ordinance, and the CITY's Excavation Permit Policy.

ARTICLE 6. EARLY TERMINATION, REVOCATION OF FRANCHISE AND OTHER REMEDIES

6.1 Grounds for Termination. The CITY may terminate or revoke this Agreement and all rights and privileges herein provided, upon ninety (90) days prior notice, for any of the following reasons:

(a) FRANCHISEE fails to make timely payments of the franchise fee as required under Article 2 of this Agreement and does not correct such failure within sixty (60) calendar days after written notice by the CITY of such failure;

(b) FRANCHISEE, by act or omission, materially violates a material duty herein set forth in any particular provision within FRANCHISEE's control, and with respect to which redress is not otherwise herein provided. In such event, the CITY, acting by or through its CITY Council, may determine, after hearing, that such failure is of a material nature, and thereupon, after written notice giving FRANCHISEE notice of such determination; FRANCHISEE, within sixty (60) calendar days of such notice, shall commence efforts to remedy the conditions identified in the notice and shall have ninety (90) calendar days from the date it receives notice to remedy the conditions. After the expiration of such 90-day period and failure to correct such conditions, the CITY may declare the franchise forfeited and this Agreement terminated, and thereupon, FRANCHISEE shall have no further rights or authority hereunder; provided, however, that any such declaration of forfeiture and termination shall be subject to judicial review as provided by law, and provided further, that in the event such failure is of such nature that it cannot be reasonably corrected within the 90-day time period provided above, the CITY shall provide additional time for the reasonable correction of such alleged failure if the reason for the noncompliance was not the intentional or negligent act or omission of FRANCHISEE; or

(c) FRANCHISEE becomes insolvent, unable or unwilling to pay its debts, is adjudged bankrupt, or all or part of its facilities should be sold under an instrument to secure a debt and is not redeemed by FRANCHISEE within sixty (60) days.

6.2 Reserved Rights. Nothing contained herein shall be deemed to preclude FRANCHISEE from pursuing any legal or equitable rights or remedies it may have to challenge the action of the CITY.

6.3 Remedies at Law. In the event FRANCHISEE or the CITY fails to fulfill any of its respective obligations under this Agreement, the CITY or FRANCHISEE, whichever the case may be, may assert a breach of contract claim and remedy against the other, in addition to any other remedy provided herein or by law; provided, however, that no remedy that would have the effect

of amending the specific provisions of this Agreement shall become effective without such action that would be necessary to formally amend the Agreement. In the event of any controversy, claim or action being filed or instituted between the CITY and FRANCHISEE relating to or arising out of this Agreement, the prevailing party shall be entitled to recover from the other party reasonable attorneys' fees and costs through all levels of action incurred by the prevailing party.

6.4 Third Party Beneficiaries. The benefits and protection provided by this Agreement shall inure solely to the benefit of the CITY and FRANCHISEE. This Agreement shall not be deemed to create any right in any person who is not a party and shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party (other than the permitted successors and assigns of a party hereto).

6.5 Assignment. This Agreement may not be assigned by FRANCHISEE except to a wholly owned subsidiary of FRANCHISEE without the prior written consent of the CITY, which consent shall not be unreasonably withheld.

ARTICLE 7. PARTIES' DESIGNEES

7.1 CITY Designee and Address. The City Manager or his or her designee(s) shall serve as the CITY's representative regarding administration of this Agreement. Unless otherwise specified herein or in the Ordinance, all notices from FRANCHISEE to the CITY pursuant to or concerning this Agreement, shall be delivered to the CITY's representative at:

South Ogden City
Attn: City Manager
3950 Adams Ave.
South Ogden, Utah 84403

or such other officer and address as the CITY may designate by written notice to FRANCHISEE.

7.2 Franchisee Designee and Address. FRANCHISEE's President or his or her designee(s) shall serve as FRANCHISEE'S representative regarding administration of this Agreement. Unless otherwise specified herein or in the Telecommunications Ordinance, all notices from the CITY to FRANCHISEE pursuant to or concerning this Agreement, shall be delivered to FRANCHISEE's offices at:

All West/Utah, Inc.
50 West 100 North
Kamas, UT 84036

or such other officer and address as FRANCHISEE may designate by written notice to the CITY.

7.3 Failure of Designee. The failure or omission of the CITY's or FRANCHISEE's representative to act shall not constitute any waiver or estoppels by the CITY or FRANCHISEE.

ARTICLE 8. INSURANCE AND INDEMNIFICATION

8.1 Insurance. Prior to commencing operations in the CITY pursuant to this Agreement, FRANCHISEE shall furnish to the CITY evidence that it has adequate general liability and property damage insurance. The evidence may consist of a statement that FRANCHISEE is effectively self-insured if FRANCHISEE has substantial financial resources, as evidenced by its current certified financial statements and established credit rating, or substantial assets located in the State of Utah. Any and all insurance, whether purchased by FRANCHISEE from a commercial carrier, whether provided through a self-insured program, or whether provided in some other form or other program, shall be in a form, in an amount and of a scope of coverage acceptable to the CITY.

8.2 Indemnification. FRANCHISEE agrees to indemnify, defend and hold the CITY harmless from and against any and all third-party claims, demands, liens, and all liability or damage of whatsoever kind on account of or arising from FRANCHISEE's acts or omissions pursuant to or related to this Agreement, and to pay any and all costs, including reasonable attorneys' fees, incurred by the CITY in defense of such claims. The CITY shall promptly give written notice to FRANCHISEE of any claim, demand, lien, liability, or damage, with respect to which the CITY seeks indemnification and, unless in the CITY's judgment a conflict of interest may exist between the parties with respect to the claim, demand, lien, liability, or damage, the CITY shall permit FRANCHISEE to assume the defense of such with counsel of FRANCHISEES' choosing, unless the CITY reasonably objects to such counsel. Notwithstanding any provision of this Section to the contrary, FRANCHISEE shall not be obligated to indemnify, defend or hold the CITY harmless to the extent any claim, demand, lien, damage, or liability arises out of or in connection with negligent acts or omissions of the CITY.

ARTICLE 9. INSTALLATION

9.1 Coordinated Installation. In order to prevent and/or minimize the number of cuts to and excavations within the CITY Rights-of-Way, FRANCHISEE shall coordinate with the CITY and other providers or users of the CITY Rights-of-Way, when such cuts and excavations will be made. Unless otherwise permitted, installation, repairs, or maintenance of lines and facilities within the CITY Rights-of-Way shall be made at the same time other installations, repairs or maintenance of facilities are conducted within the CITY Rights-of-Way.

9.2 Underground Installation. Notwithstanding the provisions of Article 1.3 of this Agreement, FRANCHISEE expressly agrees to install and maintain all of its underground facilities in accordance with CITY Ordinances regarding the undergrounding of utility lines, in effect at the time this Agreement is entered into and as subsequently amended during the term of this Agreement.

9.3 Aerial Installation: Notwithstanding the provisions of Article 1.3 of this Agreement, FRANCHISEE expressly agrees to install and maintain all of its aerial facilities in accordance with CITY Ordinances regarding the installation of aerial utility lines and pole attachment agreement terms, In effect at the time this Agreement is entered into and as subsequently amended during the term of this Agreement. Nothing herein shall require FRANCHISEE to convert existing overhead

facilities to underground facilities until and unless other similarly situated providers in the same location are required to do so.

9.4 Prior Approval. FRANCHISEE shall not perform any work within CITY Rights-of-Way without having first obtained a written permit from the CITY authorizing such work.

ARTICLE 10. GENERAL PROVISIONS

10.1 Binding Agreement. The parties represent that: (a) when executed by their respective representatives, this Agreement shall constitute legal and binding obligations of the parties; and (b) each party has complied with all relevant statutes, ordinances, resolutions, by-laws and other legal requirements applicable to its operation in entering into this Agreement. This Agreement shall be binding upon the heirs, successors, administrators and assigns of each of the parties.

10.2 Governing Law. This Agreement shall be interpreted pursuant to Utah law and jurisdiction and venue for any legal action pertaining to this Agreement shall be in the District Court of Weber County State of Utah.

10.3 Time of Essence. Time shall be of the essence of this Agreement.

10.4 Interpretation of Agreement. The invalidity of any portion of this Agreement shall not prevent the remainder from being carried into effect. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number and vice versa, and the use of any gender shall include the other gender. The paragraphs and section headings in this Agreement are for convenience only and do not constitute a part of the provisions hereof.

10.5 No Presumption. Both parties have participated in preparing this Agreement. Therefore, the parties stipulate that any court interpreting or construing this Agreement shall not apply the rule of construction that the Agreement should be more strictly construed against the drafting party.

10.6 Entire Agreement and Amendments. This Agreement and all attachments hereto constitute the entire agreement and understanding between the parties and replaces any previous agreement, understanding or negotiation between the parties with respect to its subject matter, and may be modified or amended, supplemented, or changed only by the written agreement of the parties, including the formal approval of the City Council. No oral modifications or amendments shall be effective.

"CITY"
SOUTH OGDEN CITY

By _____
Matthew J. Dixon, City Manager

ATTEST

Leesa Kapetanov,
City Recorder

FRANCHISEE

ALL WEST/UTAH, INC.

Signature

Matthew Weller
Printed Name

President
Title

EXHIBIT A

CHAPTER 4 TELECOMMUNICATIONS; USE OF RIGHTS-OF-WAY

7-4-1: Findings And Intent; Authority

7-4-2: Definitions

7-4-3: Administration; General Provisions

7-4-4: Applicability; Exceptions

7-4-5: Franchise Required

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7-4-8: Insurance, Record Requirements

7-4-9: Construction, Technical Requirements

7-4-10: Private Property; Obligation To Notify

7-4-11: Transfer Of Franchise And License

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7-4-1: Findings And Intent; Authority

A. Rights-Of-Way: The City finds that the rights-of-way within the City:

1. Are critical to the travel and transport of persons and property in the business and social life of the City;
2. Are intended for public uses and must be managed and controlled consistent with that intent;
3. Can be partially occupied by the facilities of utilities and other public service entities delivering utility and public services rendered for profit, to the enhancement of the health, welfare and general economic well-being of the City and its citizens; and
4. Are a unique and physically limited resource requiring proper management to maximize the efficiency and to minimize the costs to the taxpayers of the foregoing uses and to minimize the inconvenience to and negative effects upon the public from such facilities' construction, placement, relocation and maintenance in the rights-of-way.

B. Compensation: The City finds that the City should receive fair and reasonable compensation for use of the rights-of-way.

C. Local Concern: The City finds that while telecommunications systems are in part an extension of interstate commerce, their operations also involve rights-of-way, Municipal franchising and vital business and community service, which are of local concern.

D. Promotion Of Telecommunications Services: The City finds that it is in the best interests of its taxpayers and citizens to promote the rapid development of telecommunications services, on a nondiscrimination basis, responsive to community and public interest, and to assure availability for Municipal, educational and community services.

E. Franchise Standards: The City finds that it is in the interests of the public to franchise and to establish standards for franchising providers in a manner that:

1. Fairly and reasonably compensates the City on a competitively neutral and

nondiscriminatory basis as provided herein;

2. Encourages competition by establishing terms and conditions under which providers may use the rights-of-way to serve the public;
3. Fully protects the public interests and the City from any harm that may flow from such commercial use of rights-of-way;
4. Protects the police powers and rights-of-way management authority of the City, in a manner consistent with Federal and State law;
5. Otherwise protects the public interests in the development and use of the City infrastructure;
6. Protects the public's investment in improvements in the rights-of-way; and
7. Ensures that no barriers to entry of telecommunications providers are created and that such franchising is accomplished in a manner that does not prohibit or have the effect of prohibiting telecommunication services, within the meaning of the telecommunications act of 1996 (P.L. No. 104-104) (hereafter, the "act").

F. Power To Manage Rights Of Way: The city adopts this telecommunications chapter pursuant to its power to manage the rights of way, pursuant to common law, the Utah constitution and statutory authority, and receive fair and reasonable compensation for the use of rights of way by providers as expressly set forth by section 253 of the act. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-2: Definitions

For purposes of this chapter, the following terms, phrases, words and their derivatives shall have the meanings set forth in this section, unless the context clearly indicates that another meaning is intended. Words used in the present tense include the future tense, words in the single number include the plural number, words in the plural number include the singular. The words "shall" and "will" are mandatory, and "may" is permissive. Words not defined shall be given their common and ordinary meaning.

APPLICATION: The process by which a provider submits a request and indicates a desire to be granted a franchise to utilize the rights of way of all, or a part, of the city. An application includes all written documentation, verbal statements and representations, in whatever form or forum, made by a provider to the city concerning: the construction of a telecommunications system over, under, on or through the rights of way; the telecommunications services proposed to be provided in the city by a provider; and any other matter pertaining to a proposed system or service.

CITY: South Ogden City, Utah.

COMPLETION DATE: The date that a provider begins providing services to customers in the city.

CONSTRUCTION COSTS: All costs of constructing a system, including make-ready costs, other than engineering fees, attorney or accountant fees, or other consulting fees.

CONTROL OR CONTROLLING INTEREST: Actual working control in whatever manner exercised, including, without limitation, working control through ownership, management, debt instruments or negative control, as the case may be, of the system or of a provider. A rebuttable presumption of the existence of control or a controlling interest shall arise from the beneficial ownership, directly or

indirectly, by any person or group of persons acting in concert, of more than twenty five percent (25%) of any provider (which person or group of persons is hereinafter referred to as "controlling person"). Control or controlling interest, as used herein, may be held simultaneously by more than one person or group of persons.

FCC: The federal communications commission or any successor thereto.

FRANCHISE: The rights and obligations extended by the city to a provider to own, lease, construct, maintain, use or operate a system in the rights of way within the boundaries of the city. Any such authorization, in whatever form granted, shall not mean or include:

- A. Any other permit or authorization required for the privilege of transacting and carrying on a business within the city required by the ordinances and laws of the city;
- B. Any other permit, agreement or authorization required in connection with operations on rights of way or public property, including, without limitation, permits and agreements for placing devices on or in poles, conduits or other structures, whether owned by the City or a private entity, or for excavating or performing other work in or along the rights of way.

FRANCHISE AGREEMENT: A contract entered into in accordance with the provisions of this chapter between the city and a franchisee that sets forth, subject to this chapter, the terms and conditions under which a franchise will be exercised.

GROSS REVENUE: Includes all revenues of a provider that may be included as gross revenue within the meaning of Utah Code Annotated title 11, chapter 26, as amended.

INFRASTRUCTURE PROVIDER: A person providing to another, for the purpose of providing telecommunication services to customers, all or part of the necessary system which uses the rights of way.

OPEN VIDEO SERVICE: Any video programming services provided to any person through the use of rights of way by a provider that is certified by the FCC to operate an open video system pursuant to section 651 et seq., of the telecommunications act (to be codified at 47 USC title VI, part V), regardless of the system used.

OPEN VIDEO SYSTEM: The system of cables, wires, lines, towers, wave guides, optic fiber, microwave, laser beams and any associated converters, equipment, or facilities designed and constructed for the purpose of producing, receiving, amplifying or distributing open video services to or from subscribers or locations within the city.

OPERATOR: Any person who provides service over a telecommunications system and directly or through one or more persons owns a controlling interest in such system, or who otherwise controls or is responsible for the operation of such a system.

ORDINANCE OR TELECOMMUNICATIONS ORDINANCE: This telecommunications chapter concerning the granting of franchises in and by the city for the construction, ownership, operation, use or maintenance of a telecommunications system.

PSC: The public service commission or any successor thereto.

PERSON: Includes any individual, corporation, partnership, association, joint stock company, trust or any other legal entity, but not the city.

PERSONAL WIRELESS SERVICES FACILITIES: Has the same meaning as provided in section 704 of the act (47 USC 332(c)(7)(c)), which includes what is commonly known as cellular and PSC services that do not install any system or portion of a system in the rights of way.

PROVIDER: An operator, infrastructure provider, resaler or system lessee.

RESELLER: Refers to any person that provides local exchange service over a system for which a separate charge is made, where that person does not own or lease the underlying system used for the transmission.

RIGHTS OF WAY: The surface of and the space above and below any public street, sidewalk, alley or other public way of any type whatsoever, now or hereafter existing as such within the city.

SIGNAL: Any transmission or reception of electronic, electrical, light or laser or radio frequency energy or optical information, in either analog or digital format.

SYSTEM LESSEE: Refers to any person that leases a system or a specific portion of a system to provide services.

TELECOMMUNICATIONS: The transmission, between or among points specified by the user, of information of the user's choosing (e.g., data, video and voice), without change in the form or content of the information sent and received.

TELECOMMUNICATIONS SERVICE OR SERVICES: Any telecommunications services provided by a provider within the city that the provider is authorized to provide under federal, state and local law, and any equipment and/or facilities required for and integrated with the services provided within the city, except that these terms do not include "cable service," as defined in the cable communications policy act of 1984, as amended by the cable television consumer protection and competition act of 1992 (47 USC 521 et seq.) and the telecommunications act of 1996. Telecommunications service or services also includes an open video service.

TELECOMMUNICATIONS SYSTEM OR SYSTEM: All conduits, manholes, poles, antennas, transceivers, amplifiers and all other electronic devices, equipment, wire and appurtenances owned, leased or used by a provider, located in the rights of way and utilized in the provision of services, including fully digital or analog, voice, data and video imaging and other enhanced telecommunications services. Telecommunications system or systems also includes an open video system.

WIRE: Fiber optic telecommunications cable, wire, coaxial cable or other transmission medium that may be used in lieu thereof for similar purposes. (Ord. 989, 11-17-1998, eff. 11-17-1998; amd. 2001 Code)

7-4-3: Administration; General Provisions

- A. Conflicts: In the event of a conflict between any provision of this chapter and a franchise entered pursuant to it, the provisions of this chapter in effect at the time the franchise is entered into shall control.
- B. New Developments: It shall be the policy of the city to liberally amend this chapter, upon application of a provider, when necessary to enable the provider to take advantage of any developments in the field of telecommunications which will afford the provider an opportunity to more effectively, efficiently or economically serve itself or the public. (Ord. 989, 11-17-1998,

eff. 11-17-1998)

- C. Notices: All notices from a provider to the city required under this chapter or pursuant to a franchise granted pursuant to this chapter shall be directed to the officer as designated by the city manager. A provider shall provide in any application for a franchise the identity, address and phone number of the person designated to receive notices from the city. A provider shall immediately notify the city of any change in its name, address or telephone number. (Ord. 989, 11-17-1998, eff. 11-17-1998; amd. 2001 Code)
- D. Exercise Of Police Power: To the full extent permitted by applicable law either now or in the future, the city reserves the right to adopt or issue such rules, regulations, orders or other directives that it finds necessary or appropriate in the lawful exercise of its police powers.
- E. Construction:
 - 1. Federal And State Statutes: This chapter shall be construed in a manner consistent with all applicable federal and state statutes.
 - 2. Applicability: This chapter shall apply to all franchises granted or renewed after the effective date hereof. This chapter shall further apply, to the extent permitted by applicable federal or state law, to all existing franchises granted prior to the effective date hereof and to a provider providing services, without a franchise, prior to the effective date hereof.
 - 3. Other Applicable Ordinances: A provider's rights are subject to the police powers of the city to adopt and enforce ordinances necessary to the health, safety and welfare of the public. A provider shall comply with all applicable general laws and ordinances enacted by the city pursuant to its police powers. In particular, all providers shall comply with the city zoning and other land use requirements.
 - 4. City Failure To Enforce: A provider shall not be relieved of its obligation to comply with any of the provisions of this chapter or any franchise granted pursuant to this chapter by reason of any failure of the city to enforce prompt compliance.
 - 5. Construed According To Utah Law: This chapter and any franchise granted pursuant to this chapter shall be construed and enforced in accordance with the substantive laws of the state. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-4: Applicability; Exceptions

- A. Providers: This chapter shall provide the basic local scheme for providers of telecommunications services and systems that require the use of the rights of way, including providers of both the system and service, those providers of the system only and those providers who do not build the system but who only provide services. This chapter shall apply to all future providers and to all providers in the city prior to the effective date hereof, whether operating with or without a franchise as set forth in subsection 7-4-3E2 of this chapter.
- B. Excluded Activities:
 - 1. Cable Television Operators: This chapter shall not apply to cable television operators otherwise regulated by ordinances 650, 656 and 675, and their progeny (the cable television ordinance).
 - 2. Wireless Service Facilities: This chapter shall not apply to personal wireless service

facilities.

- C. Excluded Providers; Provisions Applicable: Providers excused by other law that prohibits the city from requiring a franchise shall not be required to obtain a franchise, but all of the requirements imposed by this chapter through the exercise of the city's police power and not preempted by other law shall be applicable. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-5: Franchise Required

- A. Nonexclusive Franchise; Authority: The city is empowered and authorized to issue nonexclusive franchises governing the installation, construction and maintenance of systems in the city's rights of way, in accordance with the provisions of this chapter. The franchise is granted through a franchise agreement entered into between the city and provider.
- B. Provider Required To Obtain: Except to the extent preempted by federal or state law, as ultimately interpreted by a court of competent jurisdiction, including any appeals, every provider must obtain a franchise prior to constructing a telecommunications system or providing telecommunications services using the rights of way, and every provider must obtain a franchise before constructing an open video system or providing open video services via an open video system. Any open video system or service shall be subject to the customer service and consumer protection provisions applicable to the cable TV companies to the extent the city is not preempted or permitted as ultimately interpreted by a court of competent jurisdiction, including any appeals. The fact that particular telecommunications systems may be used for multiple purposes does not obviate the need to obtain a franchise for other purposes. By way of illustration and not limitation, a cable operator of a cable system must obtain a cable franchise, and, should it intend to provide telecommunications services over the same system, must also obtain a telecommunications franchise.
- C. Nature Of Grant: A franchise shall not convey title, equitable or legal, in the rights of way. A franchise is only the right to occupy rights of way on a nonexclusive basis for the limited purposes and for the limited period stated in the franchise; the right may not be subdivided, assigned or subleased. A franchise does not excuse a provider from obtaining appropriate access or pole attachment agreements before collocating its system on the property of others, including the city's property. This subsection shall not be construed to prohibit a provider from leasing conduit to another provider, so long as the lessee has obtained a franchise.
- D. Current Providers; Time Limit To Request: Except to the extent exempted by federal or state law, any provider acting without a franchise on the effective date hereof shall request issuance of a franchise from the city within ninety (90) days of the effective date hereof. If such request is made, the provider may continue providing service during the course of negotiations. If a timely request is not made, or if negotiations cease and a franchise is not granted, the provider shall comply with the provisions of subsection 7-4-12D of this chapter.
- E. Nature Of Franchise: The franchise granted by the city under the provisions of this chapter shall be a nonexclusive franchise providing the right and consent to install, repair, maintain, remove and replace its system on, over and under the rights of way in order to provide services.
- F. Regulatory Approval Needed: Before offering or providing any services pursuant to the franchise, a provider shall obtain any and all regulatory approvals, permits, authorizations or licenses for the offering or provision of such services from the appropriate federal, state and local authorities, if required, and shall submit to the city, upon the written request of the city,

evidence of all such approvals, permits, authorizations or licenses.

- G. Term: No franchise issued pursuant to this chapter shall have a term of less than five (5) years or greater than fifteen (15) years. Each franchise shall be granted in a nondiscriminatory manner. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-6: Application For Franchise

- A. Required; Form: To obtain a franchise to construct, own, maintain or provide services through any system within the city, to obtain a renewal of a franchise granted pursuant to this chapter or to obtain the city approval of a transfer of a franchise, as provided in subsection 7-4-11A2 of this chapter, granted pursuant to this chapter, an application must be filed with city on the form attached to the ordinance codified herein as exhibit A, which is hereby incorporated by reference. The application form may be changed by the mayor or city manager so long as such changes request information that is consistent with this chapter. Such application form, as amended, is incorporated by reference.
- B. Criteria: In making a determination as to an application filed pursuant to this chapter, the city may, but shall not be limited to, request the following from the provider:
1. A copy of the order from the PSC granting a certificate of convenience and necessity.
 2. Certification of the provider's financial ability to compensate the city for provider's intrusion, maintenance and use of the rights of way during the franchise term proposed by the provider.
 3. Provider's agreement to comply with the requirements of section 7-4-9 of this chapter.
- C. Determination By City: The city, in its discretion, shall determine the award of any franchise on the basis of these and other considerations relevant to the use of the rights of way, without competitive bidding. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-7: Compensation, Fees And Payments

- A. Compensation; Provider Obligations: As fair and reasonable compensation for any franchise granted pursuant to this chapter, a provider shall have the following obligations:
1. Application Fee: In order to offset the cost to the city to review an application for a franchise and in addition to all other fees, permits or charges, a provider shall pay to the city, at the time of application, five hundred dollars (\$500.00) as a nonrefundable application fee.
 2. Franchise Fee: The franchise fee, if any, shall be set forth in the franchise agreement. The obligation to pay a franchise fee shall commence on the completion date. The franchise fee is offset by any business license fee or business license tax enacted by the city.
 3. Excavation Permits: The provider shall also pay fees required for an excavation permit as provided in chapter 3 of this title.
- B. Due Monthly: Unless otherwise agreed to in the franchise agreement, all franchise fees shall be paid on a monthly basis within forty five (45) days of the close of each calendar month.
- C. Statement Of Calculation; Certification: Unless a franchise agreement provides otherwise,

each fee payment shall be accompanied by a statement showing the manner in which the fee was calculated and shall be certified as to its accuracy.

- D. Future Costs: A provider shall pay to the city or to third parties, at the direction of the city, an amount equal to the reasonable costs and reasonable expenses that the city incurs for the services of third parties (including, but not limited to, attorneys and other consultants) in connection with any renewal or provider-initiated renegotiation, or amendment of this chapter or a franchise; provided, however, that the parties shall agree upon a reasonable financial cap at the outset of negotiations. In the event the parties are unable to agree, either party may submit the issue to binding arbitration in accordance with the rules and procedures of the American arbitration association. Additionally, any costs associated with any work to be done by the power and public works department to provide space on city-owned poles, if any, shall be borne by the provider.
- E. Taxes, Assessments: To the extent taxes or other assessments are imposed by taxing authorities, other than the city, on the use of the city property as a result of a provider's use or occupation of the rights of way, the provider shall be responsible for payment of its pro rata share of such taxes, payable annually unless otherwise required by the taxing authority. Such payments shall be in addition to any other fees payable pursuant to this chapter.
- F. Interest On Late Payments: In the event that any payment is not actually received by the city on or before the applicable date fixed in the franchise, interest thereon shall accrue from such date until received at the rate charged for delinquent state taxes.
- G. Acceptance Of Fee; Not Construed Satisfaction: No acceptance by the city of any fee shall be construed as an accord that the amount paid is in fact the correct amount, nor shall such acceptance of such fee payment be construed as a release of any claim the city may have for additional sums payable.
- H. Additional Taxes Or Fees Still Applicable: The fee payment is not a payment in lieu of any tax, fee or other assessment, except as specifically provided in this chapter or as required by applicable law. By way of example, and not limitation, excavation permit fees and fees to obtain space on the city-owned poles are not waived and remain applicable.
- I. Operation After Term; Continuing Obligation And Holdover: In the event a provider continues to operate all or any part of the system after the term of the franchise, such operator shall continue to comply with all applicable provisions of this chapter and the franchise, including, without limitation, all compensation and other payment provisions throughout the period of such continued operation; provided, that any such continued operation shall in no way be construed as a renewal or other extension of the franchise, nor as a limitation on the remedies, if any, available to the city as a result of such continued operation after the term, including, but not limited to, damages and restitution.
- J. Publication Costs: A provider shall assume any publication costs associated with its franchise that may be required by law. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-8: Insurance, Record Requirements

- A. Insurance Required: Prior to the execution of a franchise, a provider will deposit with the city an irrevocable, unconditional letter of credit or surety bond as required by the terms of the franchise, and shall obtain and provide proof of the insurance coverage required by the franchise. A provider shall also indemnify the city as set forth in the franchise.
- B. Oversight: The city shall have the right to oversee, regulate and inspect periodically the

construction, maintenance and upgrade of the system, and any part thereof, in accordance with the provisions of the franchise and applicable law. A provider shall establish and maintain managerial and operational records, standards, procedures and controls to enable a provider to prove, in reasonable detail, to the satisfaction of the city at all times throughout the term, that a provider is in compliance with the franchise. A provider shall retain such records for not less than the applicable statute of limitations. The provider shall, in a timely manner, notify the city prior to the construction, maintenance and upgrade of the system to allow the city to exercise the oversight rights conferred herein.

C. Records Maintenance: A provider shall at all times maintain:

1. On file with the city, a full and complete set of plans, records and as-built hard copy maps and, to the extent the maps are placed in an electronic format, they shall be made in electronic format compatible with the city's existing GIS system, of all existing and proposed installations and the types of equipment and systems installed or constructed in the rights of way, properly identified and described as to the types of equipment and facility by appropriate symbols and marks, which shall include annotations of all rights of ways where work will be undertaken. As used herein, as-built maps include file construction prints. Maps shall be drawn to scale. As-built maps, including the compatible electronic format, as provided above, shall be submitted within thirty (30) days of completion of work or within thirty (30) days after completion of modification and repairs. As-built maps are not required of the provider who is the incumbent local exchange carrier for the existing system to the extent they do not exist.
2. Throughout the term of the franchise, a provider shall maintain complete and accurate books of account and records of the business, ownership and operations of a provider with respect to the system in a manner that allows the city at all times to determine whether a provider is in compliance with the franchise. Should the city reasonably determine that the records are not being maintained in such a manner, a provider shall alter the manner in which the books and/or records are maintained so that a provider comes into compliance with this section. All financial books and records which are maintained in accordance with the regulations of the FCC and any governmental entity that regulates utilities in the state and generally accepted accounting principles shall be deemed to be acceptable under this section.

- D. Confidentiality: If the information required to be submitted is proprietary in nature or must be kept confidential by federal, state or local law, upon proper request by a provider, such information shall be classified as a protected record within the meaning of the Utah government records access and management act (GRAMA), making it available only to those who must have access to perform their duties on behalf of the city; provided, that a provider notifies the city of, and clearly labels the information which a provider deems to be confidential, proprietary information. Such notification and labeling shall be the sole responsibility of the provider.
- E. Provider's Expense: All reports and records required under this chapter shall be furnished at the sole expense of a provider, except as otherwise provided in this chapter or a franchise.
- F. Right Of Inspection: For the purpose of verifying the correct amount of the franchise fee, the books and records of the provider pertaining thereto shall be open to inspection or audit by duly authorized representatives of the city at all reasonable times, upon giving reasonable notice of the intention to inspect or audit the books and records; provided, that the city shall not audit the books and records of the provider more often than annually. The provider agrees

to reimburse the city the reasonable costs of an audit if the audit discloses that the provider has paid ninety five percent (95%) or less of the compensation due the city for the period of such audit. In the event the accounting rendered to the city by the provider herein is found to be incorrect, then payment shall be made on the corrected amount within thirty (30) calendar days of written notice, it being agreed that the city may accept any amount offered by the provider, but the acceptance thereof by the city shall not be deemed a settlement of such item if the amount is in dispute or is later found to be incorrect. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-9: Construction, Technical Requirements

- A. Compliance Required; Excavation Permit: No provider shall receive a franchise unless it agrees to comply with each of the terms set forth in this section governing construction and technical requirements for its system, in addition to any other reasonable requirements or procedures specified by the city or the franchise, including requirements regarding locating and sharing in the cost of locating portions of the system with other systems or with city utilities. A provider shall obtain an excavation permit, pursuant to chapter 3 of this title, before commencing any work in the rights of way.
- B. Quality And Performance Of Work: All work involved in the construction, maintenance, repair, upgrade and removal of the system shall be performed in a safe, thorough and reliable manner, using materials of good and durable quality. If, at any time, it is determined by the FCC or any other agency granted authority by federal law or the FCC to make such determination, that any part of the system, including, without limitation, any means used to distribute signals over or within the system, is harmful to the public health, safety or welfare, or quality of service or reliability, then a provider shall, at its own cost and expense, promptly correct all such conditions.
- C. Licenses And Permits: A provider shall have the sole responsibility for diligently obtaining, at its own cost and expense, all permits, licenses or other forms of approval or authorization necessary to construct, maintain, upgrade or repair the system, including, but not limited to, any necessary approvals from persons and/or the city to use private property, easements, poles and conduits. A provider shall obtain any required permit, license, approval or authorization, including, but not limited to, excavation permits, pole attachment agreements, etc., prior to the commencement of the activity for which the permit, license, approval or authorization is required.
- D. Relocation Of System:
 - 1. New Grades Or Lines; Excavation Requirements: If the grades or lines of any rights of way are changed at any time in a manner affecting the system, then a provider shall comply with the requirements of chapter 3 of this title.
 - 2. Emergency; City Authority To Move System: The city may, at any time, in case of fire, disaster or other emergency, as determined by the city in its reasonable discretion, cut or move any parts of the system and appurtenances on, over or under the rights of way of the city, in which event the city shall not be liable therefor to a provider. The city shall notify a provider in writing prior to, if practicable, but in any event as soon as possible and in no case later than the next business day following any action taken under this section. Notice shall be given as provided in subsection 7-4-3C of this chapter.

3. Temporary Move For Third Party: A provider shall, upon prior reasonable written notice by the city or any person holding a permit to move any structure, and within the time that is reasonable under the circumstances, temporarily move any part of its system to permit the moving of said structure. A provider may impose a reasonable charge on any person other than the city for any such movement of its systems.
 4. Change In Rights Of Way; Obligation To Move System: When the city is changing a right of way and makes a written request, a provider is required to move or remove its system from the right of way, without cost to the city, to the extent provided in the excavation ordinance, as provided in chapter 3 of this title. This obligation does not apply to systems originally located on private property pursuant to a private easement, which property was later incorporated into the rights of way, if that private easement grants a superior vested right. This obligation exists whether or not the provider has obtained an excavation permit.
- E. Protection Of Structures, Landmarks: In connection with the construction, maintenance, repair, upgrade or removal of the system, a provider shall, at its own cost and expense, protect any and all existing structures belonging to the city and all designated landmarks, as well as all other structures within any designated landmark district. A provider shall obtain the prior written consent of the city to alter any water main, power facility, sewerage or drainage system, or any other city structure on, over or under the rights of way of the city required because of the presence of the system. Any such alteration shall be made by the city or its designee on a reimbursable basis. A provider agrees that it shall be liable for the costs incurred by the city to replace or repair and restore to its prior condition in a manner as may be reasonably specified by the city, any municipal structure or any other rights of way of the city involved in the construction, maintenance, repair, upgrade or removal of the system that may become disturbed or damaged as a result of any work thereon by or on behalf of a provider pursuant to the franchise.
- F. Obstructions Prohibited: In connection with the construction, maintenance, upgrade, repair or removal of the system, a provider shall not unreasonably obstruct the rights of way of fixed guideway systems, railways, passenger travel or other traffic to, from or within the city without the prior consent of the appropriate authorities.
- G. Safety Precautions: A provider shall, at its own cost and expense, undertake all necessary and appropriate efforts to prevent accidents at its work sites, including the placing and maintenance of proper guards, fences, barricades, security personnel and suitable and sufficient lighting, and such other requirements prescribed by OSHA and Utah OSHA. A provider shall comply with all applicable federal, state and local requirements, including, but not limited to, the national electrical safety code.
- H. Repair Of Rights Of Way: After written reasonable notice to the provider, unless, in the sole determination of the city, an eminent danger exists, any rights of way within the city which are disturbed or damaged during the construction, maintenance or reconstruction by a provider of its system may be repaired by the city at the provider's expense, to a condition as good as that prevailing before such work was commenced. Upon doing so, the city shall submit to such a provider an itemized statement of the cost for repairing and restoring the rights of ways intruded upon. The provider shall, within thirty (30) days after receipt of the statement, pay to the city the entire amount thereof.
- I. Maintenance Of System: A provider shall:

1. Install and maintain all parts of its system in a nondangerous condition throughout the entire period of its franchise.
2. Install and maintain its system in accordance with standard prudent engineering practices and shall conform, when applicable, with the national electrical safety code and all applicable other federal, state and local laws or regulations.
3. At all reasonable times, permit examination by any duly authorized representative of the city of the system and its effect on the rights of way.

J. Trimming Trees; Authority: A provider shall have the authority to trim trees, in accordance with all applicable utility restrictions, ordinance and easement restrictions, upon and hanging over rights of way so as to prevent the branches of such trees from coming in contact with its system. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-10: Private Property; Obligation To Notify.

Before entering onto any private property, a provider shall make a good faith attempt to contact the property owners in advance and describe the work to be performed. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-11: Transfer Of Franchise And License

A. Notification Of Sale:

1. PSC Approval: When a provider is the subject of a sale, transfer, lease, assignment, sublease or disposal, in whole or in part, either by force or involuntary sale, or by ordinary sale, consolidation or otherwise, such that it or its successor entity is obligated to inform or seek the approval of the PSC, the provider or its successor entity shall promptly notify the city of the nature of the transaction. The notification shall include either:
 - a. The successor entity's certification that the successor entity unequivocally agrees to all of the terms of the original provider's franchise agreement; or
 - b. The successor entity's application, in compliance with section 7-4-6 of this chapter.
2. Transfer Of Franchise: Upon receipt of a notification and certification in accordance with subsection A1a of this section, the city designee, as provided in subsection 7-4-12A1 of this chapter, shall send notice affirming the transfer of the franchise to the successor entity. If the city has good cause to believe that the successor entity may not comply with this chapter or the franchise agreement, it may require an application for the transfer. The application shall comply with section 7-4-6 of this chapter.
3. PSC Approval No Longer Required: If the PSC no longer exists or if its regulations or state law no longer require approval of transactions described in subsection A of this section, and the city has good cause to believe that the successor entity may not comply with this chapter or the franchise agreement, it may require an application. The application shall comply with section 7-4-6 of this chapter.

B. Events Of Sale: The following events shall be deemed to be a sale, assignment or other

transfer of the franchise requiring compliance with subsection A of this section:

1. The sale, assignment or other transfer of all or a majority of a provider's assets to another person;
2. The sale, assignment or other transfer of capital stock or partnership, membership or other equity interests in a provider by one or more of its existing shareholders, partners, members or other equity owners so as to create a new controlling interest in a provider;
3. The issuance of additional capital stock or partnership, membership or other equity interest by a provider so as to create a new controlling interest in such a provider; or
4. The entry by a provider into an agreement with respect to the management or operation of such provider or its system. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-12: Enforcement; Rights Of City.

A. Enforcement; Remedies:

1. City Designee: The city is responsible for enforcing and administering this chapter and the city or its designee, as appointed by the city manager, is authorized to give any notice required by law or under any franchise agreement.
2. Enforcement Provisions: Any franchise granted pursuant to this chapter shall contain appropriate provisions for enforcement, compensation and protection of the public, consistent with the other provisions of this chapter, including, but not limited to, defining events of default, procedures for accessing the bond/security fund and rights of termination or revocation.

B. Force Majeure: In the event a provider's performance of any of the terms, conditions or obligations required by this chapter or a franchise is prevented by a cause or event not within a provider's control, such inability to perform shall be deemed excused and no penalties or sanctions shall be imposed as a result thereof. For the purpose of this subsection, causes or events not within the control of a provider shall include, without limitation, acts of God, strikes, sabotage, riots or civil disturbances, failure or loss of utilities, explosions, acts of public enemies and natural disasters such as floods, earthquakes, landslides and fires.

C. Extended Operation; Continuity Of Services:

1. Continuation After Expiration: Upon either expiration or revocation of a franchise granted pursuant to this chapter, the city shall have discretion to permit a provider to continue to operate its system or provide services for an extended period of time not to exceed six (6) months from the date of such expiration or revocation. A provider shall continue to operate its system under the terms and conditions of this chapter and the franchise granted pursuant to this chapter.
2. Incumbent Local Exchange Carrier; Negotiate Renewal: If the provider is the incumbent local exchange carrier, it shall be permitted to continue to operate its system and provide services without regard to revocation or expiration, but shall be obligated to negotiate a renewal in good faith.

D. Removal Or Abandonment Of Franchise Property:

1. **Abandoned System:** In the event that: a) the use of any portion of the system is discontinued for a continuous period of twelve (12) months, and thirty (30) days after no response to written notice from the City to the last known address of provider; b) any system has been installed in the rights-of-way without complying with the requirements of this chapter or franchise; or c) the provisions of subsection 7-4-5E of this chapter are applicable and no franchise is granted, a provider, except the provider who is an incumbent local exchange carrier, shall be deemed to have abandoned such system.
2. **Removal Of Abandoned System:** The City, upon such terms as it may impose, may give a provider written permission to abandon, without removing, any system, or portion thereof, directly constructed, operated or maintained under a franchise. Unless such permission is granted or unless otherwise provided in this chapter, a provider shall remove within a reasonable time the abandoned system and shall restore, using prudent construction standards, any affected rights-of-way to their former state at the time such system was installed, so as not to impair their usefulness. In removing its plant, structures and equipment, a provider shall refill, at its own expense, any excavation necessarily made by it and shall leave all rights-of-way in as good condition as that prevailing prior to such removal without materially interfering with any electrical or telephone cable or other utility wires, poles or attachments. The City shall have the right to inspect and approve the condition of the rights-of-way cables, wires, attachments and poles prior to and after removal. The liability, indemnity and insurance provisions of this chapter and any Security Fund provided in a franchise shall continue in full force and effect during the period of removal and until full compliance by a provider with the terms and conditions of this section.
3. **Transfer Of Abandoned System To City:** Upon abandonment of any system in place, a provider, if required by the City, shall submit to the City a written instrument, satisfactory in form to the City, transferring to the City the ownership of the abandoned system.
4. **Removal Of Aboveground System:** At the expiration of the term for which a franchise is granted, or upon its revocation or earlier expiration, as provided for by this chapter, in any such case without renewal, extension or transfer, the City shall have the right to require a provider to remove, at its expense, all aboveground portions of a system from the rights-of-way within a reasonable period of time, which shall not be less than one hundred eighty (180) days. If the provider is the incumbent local exchange carrier, it shall not be required to remove its system, but shall negotiate a renewal in good faith.
5. **Leaving Underground System:** Notwithstanding anything to the contrary set forth in this chapter, a provider may abandon any underground system in place so long as it does not materially interfere with the use of the rights-of-way or with the use thereof by any public utility, cable operator or other person. (Ord. 989, 11-17-1998, eff. 11-17-1998)

7-4-13: Small Wireless Facilities Deployment

Notwithstanding anything in this chapter to the contrary, the requirements of Utah Code section 54-21-101 et seq., shall control the regulation of small wireless facilities deployment in the event there is a conflict between the City's regulations and requirements and the requirements of Utah Code section 54-21-101 et seq. (Ord. 18-15, 11-20-2018, eff. 11-20-2018)

7-4-14: Severability

If any provision of this chapter is held by any Federal, State or local court of competent jurisdiction to be invalid as conflicting with any Federal or State Statute, or is ordered by a court to be modified in any way in order to conform to the requirements of any such law and all appellate remedies with regard to the validity of the ordinance provisions in question are exhausted, such provision shall be considered a separate, distinct and independent part of this chapter, and such holding shall not affect the validity and enforceability of all other provisions hereof. In the event that such law is subsequently repealed, rescinded, amended or otherwise changed, so that the provision which had been held invalid or modified is no longer in conflict with such law, the provision in question shall return to full force and effect and shall again be binding on the City and the provider; provided, that the City shall give the provider thirty (30) days', or a longer period of time as may be reasonably required for a provider to comply with such a rejuvenated provision, written notice of the change before requiring compliance with such provision. (Ord. 18-15, 11-20-2018, eff. 11-20-2018)

STAFF REPORT



SUBJECT: FY 2023 Budget Amendment
AUTHOR: Steve Liebersbach
DEPARTMENT: Finance
DATE: January 17, 2023

RECOMMENDATION

Staff recommends the City Council approve the budget amendment as presented in Resolution 23-04.

BACKGROUND

City Council can approve budget amendments at any time throughout the fiscal year to modify the adopted budget to incorporate necessary changes.

ANALYSIS

This amendment will address a number of items. There are some new monies that have come into the City coffers, some additional expenses, some carry-over monies from uncompleted prior year projects and some budget re-allocations that need to be done.

SIGNIFICANT IMPACTS

There are some financial impacts and will be outlined and discussed during the meeting.

ATTACHMENTS

The budget amendment proposal currently is not available but I will try to get the information out to the Mayor and Council before the meeting.

RESOLUTION NO. 23-04

A RESOLUTION OF SOUTH OGDEN CITY, UTAH, AMENDING THE CITY'S FISCAL YEAR 2022-2023 BUDGET BY MAKING CERTAIN CHANGES TO SEVERAL OF THE CITY'S FUNDS AND COMPENSATION PLANS; ACCOUNTING FOR REVENUE AND EXPENDITURE CHANGES; MODIFYING PRIOR CITY ORDINANCES AS NECESSARY, BY THESE ACTIONS; AND ESTABLISHING AN EFFECTIVE DATE.

SECTION 1 - RECITALS

WHEREAS, the City of SOUTH OGDEN City ("City") is a municipal corporation duly organized and existing under the laws of Utah; and,

WHEREAS, the city Council finds that in conformance with Utah Code (UC") §10-3-717, the governing body of the city may exercise all administrative powers by resolution; and,

WHEREAS, the city Council finds that in conformance with UC §10-3-702, the governing body of the city may pass any ordinance to regulate, require, prohibit, govern, control or supervise any activity, business, conduct or condition authorized by State law or any other provision of law; and,

WHEREAS, the city Council finds that certain exigencies of city governmental operations require amendments be made to the current city budget and related documents; and,

WHEREAS, the city Council finds that UC §10-6-119 provides authority for amending the City's budget as necessary; now,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF SOUTH OGDEN THAT THE SOUTH OGDEN CITY BUDGET AND STAFFING DOCUMENT FOR FISCAL YEAR 2022-2023 BE, AND THE SAME HEREBY IS, AMENDED AS FOLLOWS:

SECTION 2 - CHANGES TO BUDGET

Those changes set out in **Attachment "A"** dated the 17th day of January, 2023, attached hereto, and incorporated as if fully set out, as those changes affect and adjust the previously authorized budgets and staffing provisions, including compensation schedules of various city departments and funds represented, ought to be, and the same are, amended, re-adopted and enacted as amendments to the fiscal year 2022- 2023 Budget for South Ogden City.

The foregoing recitals are fully incorporated herein.

SECTION 3 - PRIOR ORDINANCES AND RESOLUTIONS

The body and substance of all prior Ordinances and Resolutions, together with their provisions, where not otherwise in conflict with this Ordinance, are reaffirmed and readopted.

SECTION 4 - REPEALER OF CONFLICTING ENACTMENTS

All orders, ordinances and resolutions regarding the changes herein enacted and adopted which have heretofore been adopted by the City, or parts thereof, which conflict with any of this Ordinance Amendment, are, to the extent of such conflict, repealed, except this repeal shall not be construed to revive any act, order or resolution, or part thereof, heretofore repealed.

SECTION 5 - SAVINGS CLAUSE

If any provision of this Ordinance shall be held or deemed to be or shall be invalid, inoperative or unenforceable for any reason, such reason shall not have the effect of rendering any other invalid, inoperative or unenforceable to any extent whatever, this Ordinance being deemed to be the separate independent and severable act of the City Council of South Ogden City.

SECTION VI - DATE OF EFFECT

This Resolution shall be effective on 17th day of January, 2023, and after publication or posting as required by law.

DATED this 17th day of January, 2023.

SOUTH OGDEN, a municipal corporation

by: _____
Russell Porter, Mayor

Attested and recorded

Leesa Kapetanov, CMC
City Recorder

ATTACHMENT "A"

RESOLUTION NO. 23-04

A Resolution Of South Ogden City, Utah, Amending The City's Fiscal Year 2022-2023 Budget By Making Certain Changes To Several Of The City's Funds And Compensation Plans; Accounting For Revenue And Expenditure Changes; Modifying Prior City Ordinances As Necessary, By These Actions; And Establishing An Effective Date.

17 Jan 23

STAFF REPORT



SUBJECT: Boundary Adjustment with Weber County
AUTHOR: Leesa Kapetanov
DEPARTMENT: Administration
DATE: January 17, 2023

RECOMMENDATION

Staff recommends approval of the boundary adjustment.

BACKGROUND

If this ordinance looks the same as one you recently passed, it's because it is. Back in August of 2022, you passed another ordinance for the same boundary adjustment. State statute says that we have to have the boundary adjustment plat submitted to the Lieutenant Governor's office within 60 days of passing the ordinance. Due to mis-communication and mis-interpretation of the statute, we did not meet the 60 day deadline.

ANALYSIS

To fix the problem, the state said to just pass another ordinance, so that is what we are doing.

SIGNIFICANT IMPACTS

None

ATTACHMENTS

None

ORDINANCE NO. 23-02

AN ORDINANCE OF THE SOUTH OGDEN CITY COUNCIL ADJUSTING THE CURRENT BOUNDARIES OF WEBER COUNTY AND SOUTH OGDEN CITY BY RELOCATING THEIR MUTUAL BOUNDARY, THEREBY ELIMINATING FROM WEBER COUNTY AREAS BEING SERVED BY SOUTH OGDEN CITY.

SECTION 1 - RECITALS

WHEREAS, South Ogden City ("City") is a municipal corporation duly organized and existing under the laws of the State of Utah;

WHEREAS, Ogden City ("Ogden") is a municipal corporation duly organized and existing under the laws of the State of Utah;

WHEREAS, certain properties currently within the boundaries of Weber County are incapable of being served by Weber County and are being served by the City, which properties are shown in Exhibit A attached hereto and incorporated herein by reference (the "Properties");

WHEREAS, the City and Weber County desire to take such measures as are required under the laws of the State of Utah to withdraw the Property from Weber County and add the Property to the boundaries of South Ogden City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF SOUTH OGDEN CITY, Utah, that the mutual boundary with Weber County, in accordance with the provisions of § 10-2-419, Utah Code, is hereby adjusted in order to provide for the withdrawal of the Properties from the boundaries of Weber County and into the boundaries of South Ogden shown in Exhibit A and described herein below as follows:

PROPERTY DESCRIPTIONS

All of Weber County Parcel # 06-0320067, 06-032-0070, 07-045-0051, 07-015-0039, 07-015-0041, 07-015-0042, 07-015-0040, 07-015-0047.

SECTION II - REPEALER OF CONFLICTING ENACTMENTS:

All orders, ordinances and resolutions regarding the changes enacted and adopted which have been adopted by the City, or parts, which are in conflict with this Ordinance, are, to the extent of such conflict, repealed, except this repeal shall not be construed to revive any act, order or resolution, or part repealed.

SECTION III - PRIOR ORDINANCES:

The body and substance of any and all prior Ordinances, with their specific provisions, where not otherwise in conflict with this Resolution, are reaffirmed and readopted.

SECTION IV - SAVINGS CLAUSE:

If any provision of this Ordinance shall be held or deemed or shall be invalid, inoperative or unenforceable such reason shall not have the effect of rendering any other provision or provisions invalid, inoperative or unenforceable to any extent whatever, this Ordinance being deemed the separate independent and severable act of the City Council of South Ogden City.

SECTION V - DATE OF EFFECT:

This Ordinance shall be effective on the 17th day of January, 2023, and after publication or posting as required by law.

PASSED AND ADOPTED AND ORDERED POSTED by the City Council of South Ogden City, Utah this 17th day of January, 2023.

SOUTH OGDEN CITY

Russell L. Porter, Mayor

ATTEST:

Leesa Kapetanov, City Recorder

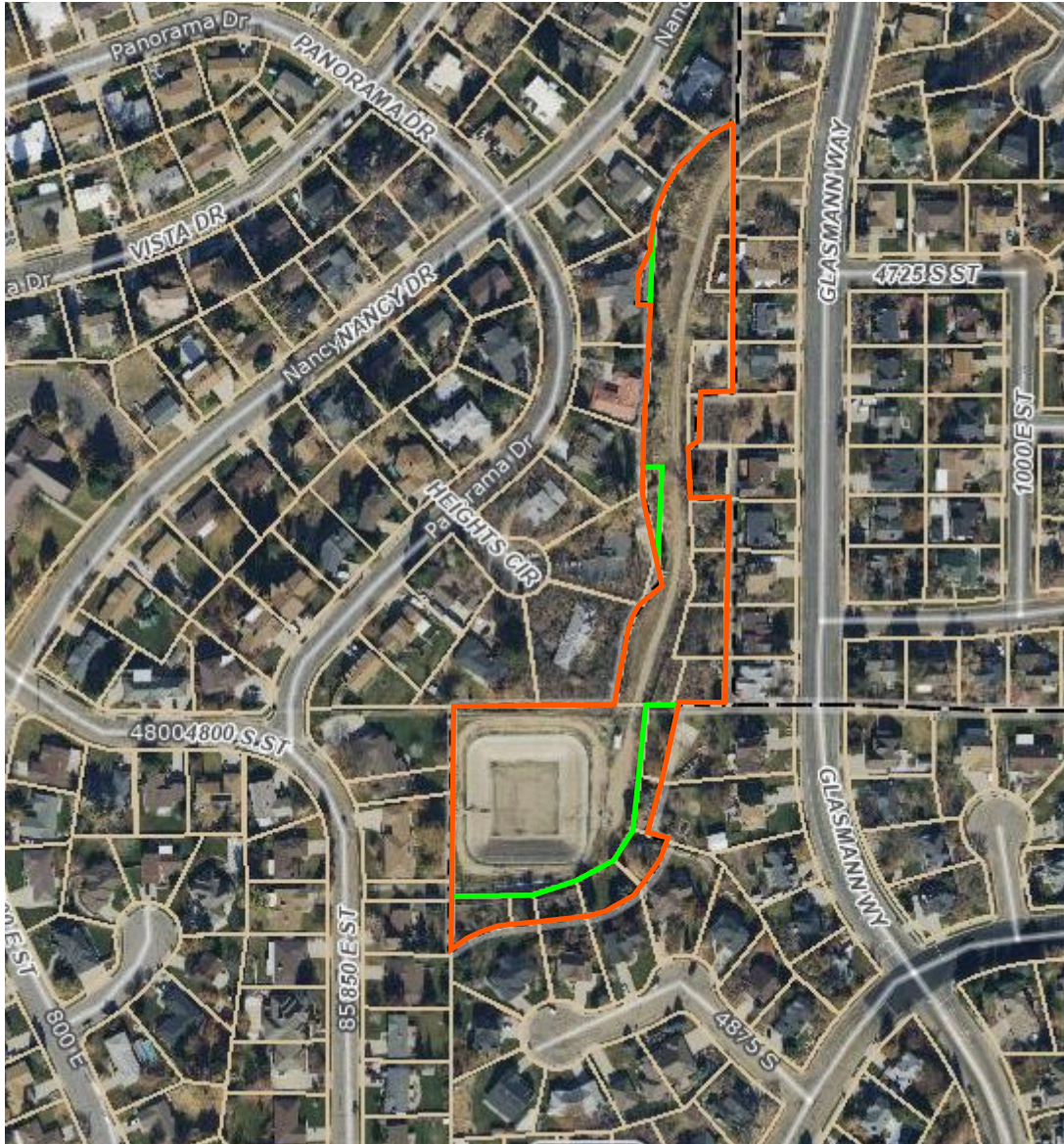
EXHIBIT “A”

ORDINANCE NO. 23-02

An Ordinance Of The South Ogden City Council Adjusting The Current Boundaries Of Weber County And South Ogden City By Relocating Their Mutual Boundary, Thereby Eliminating From Weber County Areas Being Served By South Ogden City.

16 Aug 22

- Current Boundary Line
- Boundary Changes Due to Adjustment



ORDINANCE NO. 23-03

AN ORDINANCE OF SOUTH OGDEN CITY, UTAH, ADOPTING THE MODERATE INCOME HOUSING CHAPTER OF THE GENERAL PLAN OF THE CITY; APPROVING AND ADOPTING THE MAPS AND TEXT REQUIRED TO GIVE EFFECT TO THESE CHANGES; AND ESTABLISHING AN EFFECTIVE DATE FOR THOSE CHANGES.

SECTION I - RECITALS

WHEREAS, South Ogden City ("City") is a municipal corporation duly organized and existing under the laws of the State of Utah; and,

WHEREAS, in conformance with Utah Code ("UC") § 10-3-717, and UC § 10-3-701, the governing body of the city may exercise all administrative and legislative powers by resolution or ordinance; and,

WHEREAS, in conformance with UC §10-9a-401, the governing body of the city must prepare and adopt a comprehensive, long-range General Plan; and,

WHEREAS, South Ogden City is in the process of preparing a new comprehensive, long-range General Plan for the City; and,

WHEREAS, in conformance with UC §10-9a-403(2)(a)(iii), the governing body shall include a Moderate Income Housing Element as part of the General Plan; and

WHEREAS, the Moderate Income Housing Element of the General Plan must be included in the annual Moderate Income Housing Report required the Utah Department of Workforce Services; and,

WHEREAS, the Utah Department of Workforce Services has set a deadline of February 16, 2023 for submission of the Moderate Income Housing Element as part of South Ogden's Moderate Income Housing Report; and,

WHEREAS, in order to meet the deadline, the City chooses to adopt the Moderate Income Housing Element separately from the new Comprehensive General Plan still being prepared; and,

WHEREAS, the City Council finds that the City Planning Commission has recommended the Moderate Income Housing Chapter of the General Plan as set out in Attachment "A" attached hereto;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF SOUTH OGDEN CITY, UTAH that the City's General Plan be changed and amended to include as an integral part thereof, as if it had been fully set out, the changes and additions contained in Attachment "A" and by this reference incorporated, and that these amendments are adopted, as drafted, to include all maps, charts, tables and other explanatory, regulatory, and advisory language and as set out therein, to be, from the effective date of this Ordinance forward, considered to constitute an integral part of the City's General Plan.

SECTION II - REPEALER OF CONFLICTING ENACTMENTS:

All orders, ordinances and resolutions regarding the changes enacted and adopted which have heretofore been adopted by the City, or parts thereof, which conflict with any of this Ordinance, are, for such conflict, repealed, except this repeal will not be construed to revive any act, order or resolution, or part thereof, heretofore repealed.

SECTION III - PRIOR ORDINANCES AND RESOLUTIONS:

The body and substance of all prior Ordinances and Resolutions, with their specific provisions, where not otherwise in conflict with this Ordinance, are reaffirmed and readopted.

SECTION IV - SAVINGS CLAUSE:

If any provision of this Ordinance be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such reason will not render any other provision or provisions invalid, inoperative or unenforceable to any extent whatever, this Ordinance being deemed to be the separate independent and severable act of the City Council of South Ogden City.

SECTION V - DATE OF EFFECT

This Ordinance will be effective on the 17th day of January, 2023, and after publication or posting as required by law.

PASSED, ADOPTED AND ORDERED POSTED by the City Council of South Ogden City, Utah this 17th day of January, 2023.

SOUTH OGDEN CITY, a municipal corporation

by: _____
Russell L. Porter,
Mayor

Attested and recorded

Leesa Kapetanov, CMC
City Recorder

ATTACHMENT "A"

ORDINANCE NO. 23-03

An Ordinance Of South Ogden City, Utah, Adopting The Moderate Income
Housing Chapter Of The General Plan Of The City; Approving And
Adopting The Maps And Text Required To Give Effect To These Changes;
And Establishing An Effective Date For Those Changes.

17 Jan 23



PROPOSAL FOR:
SOUTH OGDEN CITY
MODERATE INCOME
ELEMENT OF GENERAL PLAN

DECEMBER 2022

**LEWIS YOUNG ROBERTSON
& BURNINGHAM, INC.**



MODERATE-INCOME HOUSING ELEMENT OF GENERAL PLAN

Utah Code 10-9a-403 requires that municipalities include within their General Plan a Moderate-Income Housing element. The moderate-income housing element should include the following:

1. Provide for a realistic opportunity to meet the need for additional moderate-income housing within the next five years.
2. Three or more moderate-income housing strategies (as defined in Utah Code) for implementation.
3. An implementation plan.

When drafting the moderate-income housing element, the planning commission should facilitate a reasonable opportunity for a variety of housing, including moderate income housing to meet the needs of people of various income levels living, working, or desiring to live or work in the community; and to allow people with various incomes to benefit from and fully participate in all aspects of neighborhood and community life.

HOUSING STRATEGIES AND RECOMMENDATIONS

To qualify for State transportation funding, the State requires municipalities to select three housing affordability strategies to implement in their community. In addition, the legislature is giving priority funding designation to those communities that adopt two additional strategies. South Ogden City has selected the following strategies for implementing moderate-income housing in the community.

- Rezone for densities necessary to facilitate the production of moderate-income housing (Strategy A).
- Zone or rezone for higher density or moderate-income residential development in commercial or mixed-use zones near major transit investment corridors, commercial centers, or employment centers (Strategy F).
- Amend land use regulations to eliminate or reduce parking requirements for residential development where a resident is less likely to rely on the residence's own vehicle, such as residential development near major transit investment corridors or senior living facilities (Strategy H).
- Create or allow for, and reduce regulations related to, multifamily residential dwellings compatible in scale and form with detached single-family residential dwellings and located in walkable communities within residential or mixed-use zones (Strategy W).
- Create or allow for, and reduce regulations related to, internal or detached accessory dwelling units in residential zones (Strategy E).

To track and prioritize implementation measures for each strategy, the City will incorporate the five housing strategies into the South Ogden Strategic Plan. The Strategic Plan, annually adopted by the South Ogden City Council, outlines and prioritizes directives to guide policy decisions and prioritize community needs. The Strategic Plan identifies the required resources, the department personnel involved, a tentative due date, and the City's overall progress relative to each directive.

See: https://www.southogdencity.com/government/mayor_&_city_council/index.php

STRATEGY 1: REZONE FOR DENSITIES

South Ogden has rezoned for densities to facilitate the production of moderate-income housing (Strategy A)

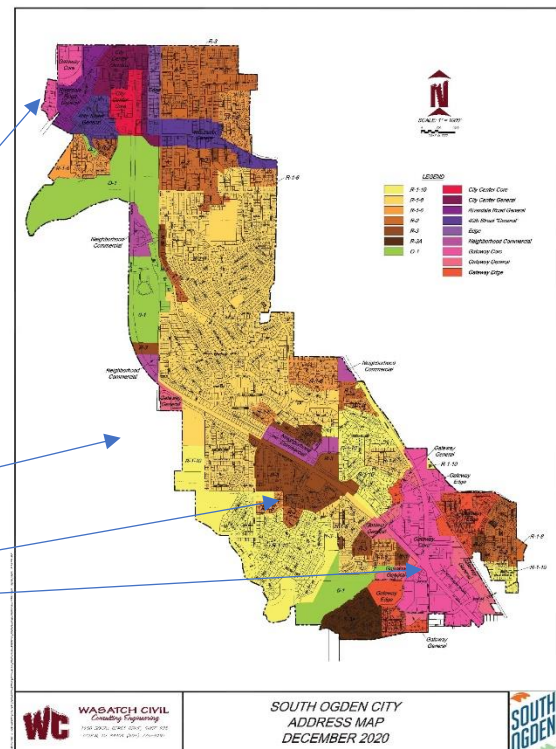
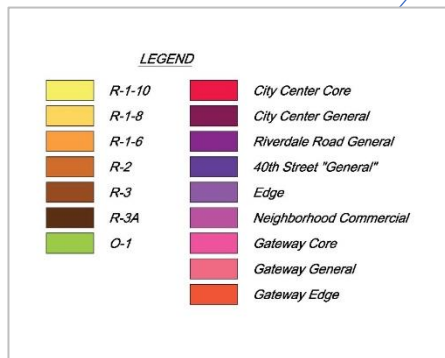
The City has rezoned for mixed use and high density as part of their form-based code initiative. The rezone process was a complete review of existing zoning and the establishment of form-based code in order to promote redevelopment of commercial areas to mixed use zones suitable for higher density housing. This initiative included a steering committee, public review process, planning commission review, public hearing, and adoption by City Council and was completed over 2-years period. The City will continue to update zoning to meet current demands.

IMPLEMENTATION:

- Review and update the zoning code to allow for higher density in redeveloping residential areas (Winter 2023 – Spring 2024)
- Work with Planning Commission, Community Development and Renewal Agency (CDR), and the City Council to modify zoning in anticipation for redevelopment efforts (Spring 2024)

The City created nine additional zones to facilitate the production of moderate-income housing:

- 40th Street General
- City Center General
- City Center Core
- Riverdale Road General
- Edge
- Gateway Core
- Gateway General
- Neighborhood Commercial
- Gateway Edge Subdistricts



STRATEGY 2: ZONE OR REZONE FOR HIGHER DENSITY OR MODERATE-INCOME RESIDENTIAL DEVELOPMENT

South Ogden has zoned or rezoned for higher density or moderate-income residential development in commercial or mixed-use zones near major transit investment corridors, commercial centers, or employment centers (Strategy F).

The City's form-based code creates three (3) districts:

- **Neighborhood Commercial**: a number of smaller areas that provide convenient local commercial services for residents.
- **Wall Avenue**: flexible mixed-use district that allows for a broad range of commercial uses and building types
- **South Gateway**: flexible mixed-use district that allows for a broad range of commercial uses and building types.

The major districts are further broken down into subdistricts:

- **Gateway Core**: The Gateway Core Subdistrict is intended to be the City's most flexible and inclusive subdistrict, ensuring a place for all of South Ogden's commercial needs. It includes a range of building types that will allow for a vibrant, mixed-use commercial area.
- **Gateway General**: The Gateway General Subdistrict provides the same function as the Gateway Core Subdistrict, but with a lower intensity of building to provide a buffer between residential neighborhoods and commercial areas.
- **Neighborhood Commercial**: The Neighborhood Subdistrict allows for smaller nodes of commercial uses, the purpose of which is to provide residents with easy access to businesses which provide local services and goods.
- **Gateway Edge**: The Edge Subdistricts are made up of smaller scale residential buildings, which provide a buffer between existing single family residential neighborhoods and the Commercial Subdistricts. (Ord. 17-21, 11-21-2017, eff. 11-21-2017)

The rezone districts allow for density variations based on permitted uses.

IMPLEMENTATION:

- Track the number of new housing units established from the City's form-based code districts (Neighborhood Commercial, Wall Avenue, and South Gateway) to monitor the number of units that qualify as moderate income housings units (Spring 2023 – Winter 2023).

STRATEGY 3: AMEND LAND USE REGULATIONS TO ELIMINATE OR REDUCE PARKING REQUIREMENTS

South Ogden has amended land use regulations to eliminate or reduce parking requirements for residential development where a resident is less likely to rely on the residence's own vehicle, such as residential development near major transit investment corridors or senior living facilities (Strategy H).

The City has created definitions related to group living arrangements with the City's municipal code. A group living or congregate living arrangement where groups of more than four (4) unrelated persons live together in a single dwelling or housekeeping unit, including, but not limited to, assisted living unit, boarding house, lodging house, nursing home, senior housing, assisted living facility, nursing care facility, residential facility for disabled persons, dormitory, student housing, fraternity, club, institutional group, half-way house, convent, monastery, or other similar group living or congregate living arrangement of unrelated persons. A group living arrangement does not include clinics, medical or dental; hospital(s) or hospital/clinic. In the subdistricts where a group living arrangement facility is permitted with development standards ("P2"), the facility is limited to twelve (12) rooms.

The City also allows a wide-range of parking alternatives, ranging from shared-use parking, car-share credits, transit credits (proximity to transit), etc.

See: <https://southogden.municipalcodeonline.com/book?type=ordinances#name=10-5.1A-8: Parking>.

IMPLEMENTATION:

- Identify areas of the City that could be suitable for further parking reductions (Summer 2023).
- Work with Planning Commission and City Council to draft a Code Amendment that reduces the requirement for the identified areas (Summer 2023 – Spring 2024).

STRATEGY 4: CREATE OR ALLOW FOR, AND REDUCE REGULATIONS RELATED TO MULTIFAMILY RESIDENTIAL

South Ogden has created or allowed for, and reduced regulations related to, multifamily residential dwellings compatible in scale and form with detached single-family residential dwellings and located in walkable communities within residential or mixed-use zones (Strategy W).

The City has achieved this goal primarily through the adoption and modification of the City's form-based codes. Prior to adoption, there were few areas in the City where multi-family residential development was permitted, and the areas where it was permitted was limited to a small range of options (8-plex units, 12-plex units, etc.). With the adoption of the form-based code, multi-family and missing-middle residential options are now allowed in nearly all form-based code subdistricts, with the exception of the Riverdale Road General district, which is dedicated for big-box-type commercial.

The new codes have no maximum densities as density is now a function of meeting form-based building and site parameters (height limits, parking, etc.). In addition, all reviews are now conducted by a Design Review committee composed of City staff. The Planning Commission was involved in the development of the codes but does not participate in the review committee or administration. This has streamlined the application process and shortened the review and approval process. Finally, creative parking codes such as shared parking, reduced parking in proximity to transit, etc. has reduced the impact those regulations previously had on project bottom lines, as discussed in Strategy 3.

IMPLEMENTATION:

- Consider amendments to the City's form-based codes to attract more moderate income housing units developed within the form-based code districts (Summer 2023 – Winter 2023)
- Monitor development of future projects within the form-based code districts to measure new housing growth and track development trends (Winter 2023).

STRATEGY 5: CREATE OR ALLOW FOR AND REDUCE REGULATIONS RELATED TO INTERNAL ADUS

South Ogden has created regulations related to internal accessory dwelling units (ADUs) in residential zones (Strategy E).

In 2021, South Ogden amended City code to allow for the interior ADUs as permitted uses in single-family residential, two-family residential, and multiple-family residential zones. In addition, the City created an "Accessory Dwelling Unit" section in their municipal code (Adopted 9/21/2021) to provide reasonable regulations for supplementary living accommodations in internal ADUs located in residential areas of the city.

See: [https://southogden.municipalcodeonline.com/book?type=ordinances#name=10-14-23: Accessory Dwelling Units \(ADU\)](https://southogden.municipalcodeonline.com/book?type=ordinances#name=10-14-23: Accessory Dwelling Units (ADU)).

IMPLEMENTATION:

- Begin to track building permits and rental licenses related to ADUs (Spring 2023).
- Review "Accessory Dwelling Unit" code with City Council and Planning Commission to determine the feasibility of extending policy to allow for attached and detached ADUs (Winter 2023).

- Work with the Planning Commission and City Council on drafting and adopting ADU code amendment (Spring 2024).

ADDITIONAL STATE SUPPORT

The City could benefit from additional training related to MIHR requirements and data collection. In addition, training related to the 24 identified strategies and how to implement these strategies could be beneficial.

ADDITIONAL RECOMMENDATIONS

Numerous programs are available to encourage the development and preservation of affordable housing at all income levels. Homeownership programs are well established, and support should continue and expand. The Home Program and HOME Investment Partnership Act are important resources for moderate and low-income homeowners, and CDBG funds can also be used to assist homeowners. In addition, the Utah Housing Corporation provides homeownership assistance through below market loans (FirstHome), down payment and closing cost assistance, and lease to-own housing supported by Low Income Housing Tax Credits (CROWN). Further, HUD has special loans for the construction of rental and cooperative housing for the elderly and handicapped. In addition, funds are available under the Olene Walker Loan Fund and the McKinney Fund (with emphasis on transitional housing).

FINANCIAL RESOURCES FOR AFFORDABLE HOUSING DEVELOPMENT

Potential funding sources for housing include revenue from the general fund, CDBG grants and RDA affordable housing pass through. The general fund is essentially drawing upon the existing resources of the community and reallocating some of these resources to promote affordable housing. This could include earmarked sales tax or other revenue to provide development subsidies for deed-restricted affordable housing. The CDBG funds may require some reallocation of funds from infrastructure needs to housing, although both are valid projects.

PRESERVATION OF HOUSING STOCK

The preservation and rehabilitation of the current housing stock (rental and owner-occupied) will also be an important way to help keep housing affordable. The City should set a goal to rehabilitate a number of housing units before the year 2025. There are various programs available to the City to assist with home rehabilitation efforts. The HOME consortium and the Home Programs will be important to help people under 80 percent of HAMFI preserve the quality of their home investments. Additionally, CDBG funds can be obtained to manage and invest into low- and moderate-income areas. While infrastructure is important for community building, some portion of the CDBG budget should be targeted toward housing programs.

COMMUNITY REINVESTMENT AREAS

Additional Redevelopment Agency (RDA) funds could become available to the community with the establishment of Community Reinvestment Areas and the redevelopment of selected sites. Under Community Reinvestment Areas (CRAs), the redevelopment agency is required to allocate 10 to 20 percent of total tax increment revenues it receives (from CRAs) to affordable housing. In the event the City creates a new CRA, tax increment would be set aside for affordable housing.