



SOUTH OGDEN CITY

BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

Together with Independent Auditor's Report

**SOUTH OGDEN CITY
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors’ Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	13
Statement of Activities	15
Balance Sheet – Governmental Funds	16
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Community Development and Renewal Agency	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Notes to Basic Financial Statements	27
Required Supplementary Information:	
Schedule of the Proportionate Share of the Net Position Liability – Utah Retirement Systems	54
Schedule of Contributions – Utah Retirement Systems	56
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	58
Notes to Required Supplementary Information.....	59
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	61



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, CPA₂

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**

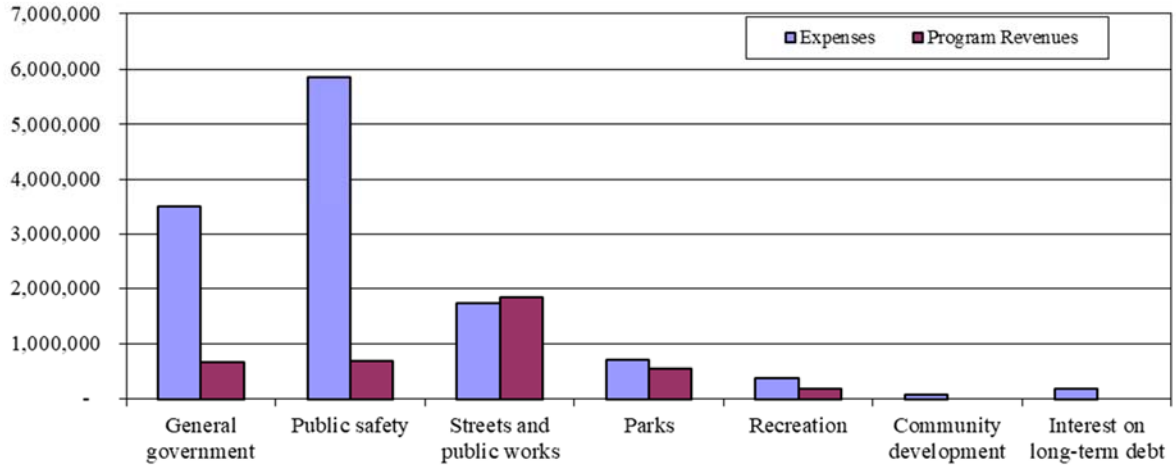
concept, yet the Council is mindful of economic conditions and other factors impacting the residents. A small tax increase was voted in by Council for FY 2022. As mentioned, sales tax revenues continue to increase as local sales continue to be strong and the City is able to add some new businesses. The 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

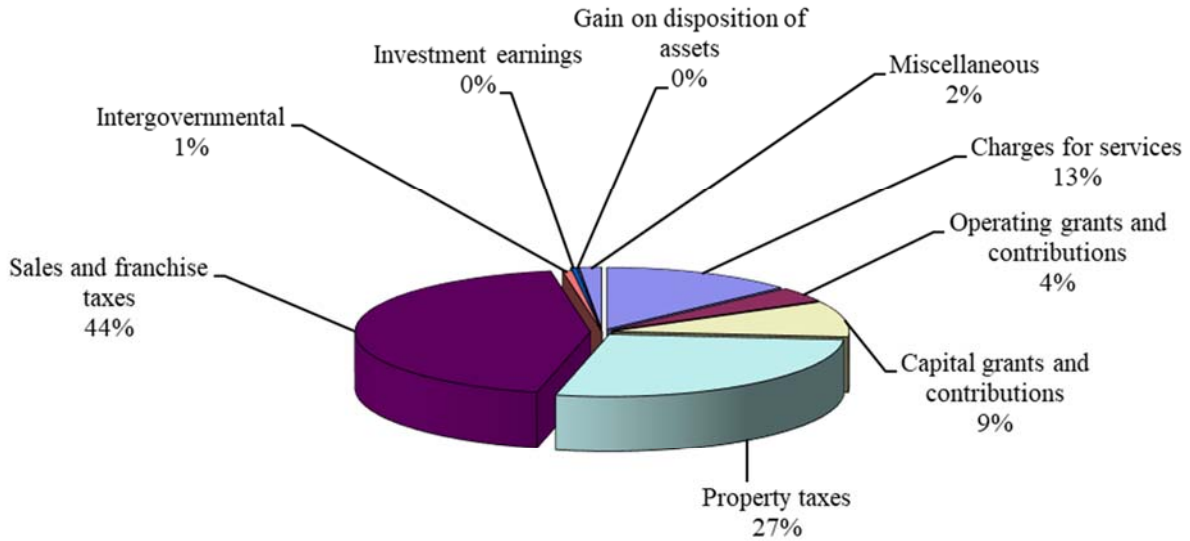
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 1,972,517	\$ 1,735,600	\$ 7,277,284	\$ 6,910,343	\$ 9,249,801	\$ 8,645,943
Operating grants and contributions	576,241	2,640,565	-	-	576,241	2,640,565
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	\$ 45,693,426	\$ 43,172,367	\$ 18,715,879	\$ 16,627,220	\$ 64,409,305	\$ 59,799,587

**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

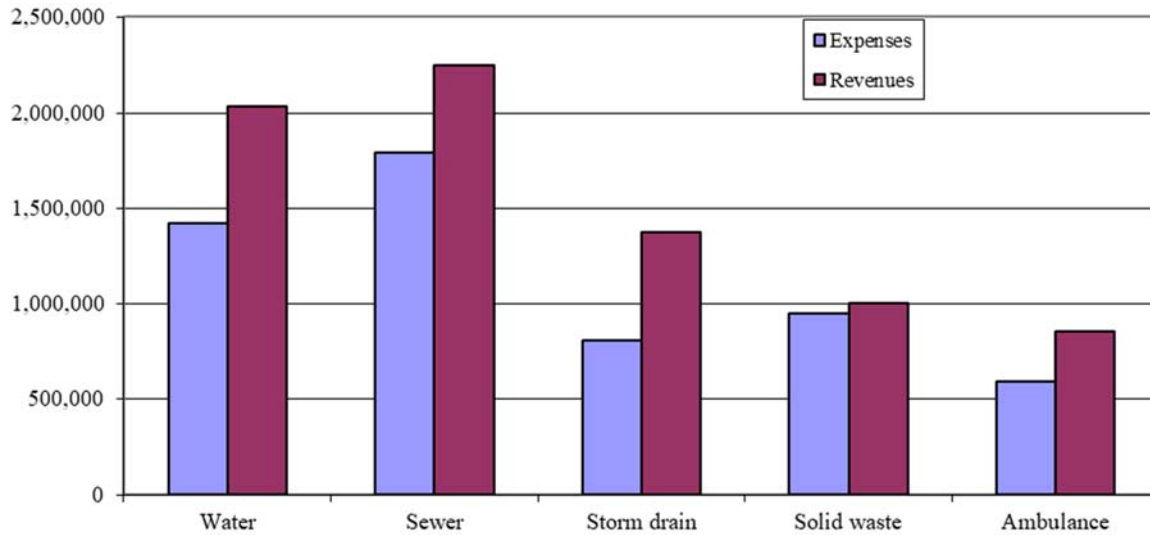


**SOUTH OGDEN CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

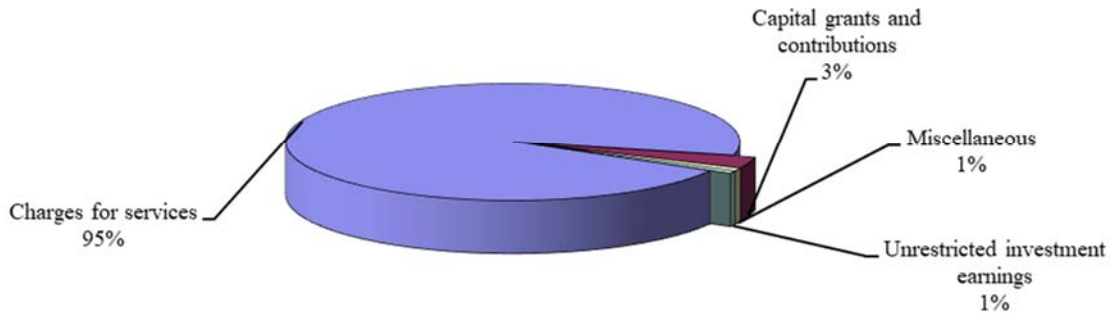
Business-type Activities: Business-type activities have increased, including prior period adjustments, the City's net position by \$2,088,659 during fiscal year 2022.

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
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	<u>13,458,410</u>	<u>1,843,321</u>	<u>15,301,731</u>
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	<u>9,140,084</u>	<u>663,910</u>	<u>9,803,994</u>
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	<u>45,693,426</u>	<u>18,715,879</u>	<u>64,409,305</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 68,291,920</u>	<u>\$ 21,223,110</u>	<u>\$ 89,515,030</u>

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	Capital Projects	Nonmajor	Total
		CDRA		Governmental Funds	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>45,693,426</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 Fund	<u>Special Revenue</u> CDRA	Capital Projects	Nonmajor Governmental Funds	Total Governmental 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.	<u>(500,000)</u>
Changes in net position of governmental activities	<u><u>\$ 2,521,059</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 – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>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>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>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					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
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					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
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					Total
	Water	Sewer	Storm Drain	Solid Waste	Ambulance	
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

	<u>Business-type Activities - Enterprise Funds</u>					<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Solid Waste</u>	<u>Ambulance</u>	
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	<u>\$ 656,422</u>	<u>\$ 916,401</u>	<u>\$ 117,096</u>	<u>\$ 84,682</u>	<u>\$ 308,497</u>	<u>\$ 2,083,098</u>

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><u>\$ 17,169,287</u></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><u>\$ 17,169,287</u></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	4,852
Total depreciation expense - governmental activities	\$ 2,666,493

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

Business-type Activities:	Balance			Balance
	June 30, 2021	Additions	Deletions	June 30, 2022
Capital assets, not being depreciated:				
Land and water rights	\$ 412,413	\$ -	\$ -	\$ 412,413
Construction in progress	53,026	150,325	(21,702)	181,649
Total capital assets, not being depreciated	465,439	150,325	(21,702)	594,062
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	16,884,339	633,574	-	17,517,913
Total capital assets, being depreciated	19,592,260	963,967	(203,475)	20,352,752
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	(7,233,607)	(365,884)	-	(7,599,491)
Total accumulated depreciation	(9,289,658)	(551,187)	203,475	(9,637,370)
Total capital assets, net of accumulated depreciation	10,302,602	412,780	-	10,715,382
Business-type activities capital assets, net	\$ 10,768,041	\$ 563,105	\$ (21,702)	\$ 11,309,444

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
		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)	-	-
	\$ 12,827,606	\$ 1,093,071	\$ (2,809,704)	\$ 11,110,973	\$ 2,114,065
Governmental activities long-term liabilities					

SOUTH OGDEN CITY
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 LONG-TERM LIABILITIES (Continued)

	<u>June 30,</u> <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2022</u>	<u>Due Within</u> <u>One Year</u>
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	<u>494,066</u>	<u>430,825</u>	<u>(173,735)</u>	<u>751,156</u>	<u>214,974</u>
	<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>
--	-------------------

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	<u>\$ 1,921,766</u>
Financed Purchases from Direct Borrowings - Governmental Activities	\$ 1,441,426
Financed Purchases from Direct Borrowings - Business-type Activities	<u>480,340</u>
	<u>\$ 1,921,766</u>

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
	\$ 79,509	\$ 114,263

**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:

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

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:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
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:

	1% Decrease (3.00%)	Current Rates (4.00%)	1% Increase (5.00%)
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	(36,458)
Net Change in Total OPEB Liability	60,275
Total OPEB Liability, Beginning	826,752
Total OPEB Liability, Ending	\$ 887,027

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			
<i>Contributory</i>			
122 Tier 2 DB Hybrid Public Safety	2.27%	26.99%	N/A
<i>Noncontributory</i>			
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%
	\$ 3,019,554	\$ -			

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	-
	\$ 1,171,747	\$ 4,019,603

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

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:

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long Term expected portfolio real rate of return</u>
Equity securities	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%
	<u>Inflation</u>		<u>2.50%</u>
	<u>Expected arithmetic nominal return</u>		<u>7.39%</u>

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:

<u>System</u>	<u>1% Decrease (5.85%)</u>	<u>Discount Rate (6.85%)</u>	<u>1% Increase (7.85%)</u>
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	<u>\$ 238,100</u>	<u>\$ 392,217</u>	<u>\$ 293,470</u>	<u>\$ 122,847</u>	<u>\$ 1,046,634</u>

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	<u>\$ 464,160</u>	<u>\$ 1,609,639</u>	<u>\$ 1,557,336</u>	<u>\$ 166,063</u>	<u>\$ 112,547</u>	<u>\$ 122,847</u>	<u>\$ 4,032,592</u>

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		6,301	
Total tax increment received by RDA	\$	114,196	

Property Tax Increment Expended:

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

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><u>\$ 887,027</u></u>	<u><u>\$ 826,752</u></u>	<u><u>\$ 811,960</u></u>	<u><u>\$ 951,635</u></u>	<u><u>\$ 921,432</u></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>		<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Road Improvement Fee</u>	<u>South Ogden Days</u>		
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

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