

# City of North Salt Lake

## North Salt Lake, Utah



# GENERAL PURPOSE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019  
Together with Independent Auditor's Report

Prepared by:  
City of North Salt Lake  
Finance Department

**CITY OF NORTH SALT LAKE  
TABLE OF CONTENTS**

	<u>Page</u>
<b>Financial Section</b>	
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	3
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities .....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	16
Reconciliation of the 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 Net Position – Proprietary Funds .....	20
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	22
Statement of Cash Flows – Proprietary Funds.....	24
Notes to Financial Statements.....	26
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	55
Schedule of the Proportionate Share of the Net Pension Liability.....	57
Schedule of Contributions .....	58
Notes to the Required Supplementary Information Utah Retirement Systems.....	59

**Supplementary Information**

## Combining and Individual Fund Statements:

Combining Balance Sheet – Nonmajor Governmental Funds .....	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	61
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Capital Projects .....	62
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Major Park Development Capital Projects Fund.....	63
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Major Roadway Development Capital Projects Fund.....	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Redevelopment Agency Special Revenue Fund.....	65
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Local Building Authority Special Revenue Fund.....	66
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Housing Special Revenue Fund.....	67
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Debt Service Fund .....	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Police Facilities Capital Projects Revenue Fund .....	69
Schedule of Net Revenues and Aggregate Debt Service .....	70

**Auditor's Reports and Findings:**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of financial statements performed in Accordance with <i>Government Auditing Standards</i> .....	71
Independent Auditor's Report in Accordance with the State Compliance Audit Guide .....	73
Independent Auditor's Schedule of Findings .....	75

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of  
North Salt Lake

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Salt Lake, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise North Salt Lake's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Salt Lake, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, the schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to the required supplementary information on pages 3-13 and 55-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

The combining and individual nonmajor fund financial statements, the Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for major and nonmajor funds, and the Schedule of Net Revenues and Aggregate Debt Service are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for major and nonmajor funds, and the Schedule of Net Revenues and Aggregate Debt Service is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of North Salt Lake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 North Salt Lake'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 North Salt Lake's internal control over financial reporting and compliance.

*Child Richards CPAs & Advisors*

Ogden, UT  
December 20, 2019

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended June 30, 2019**

As management of the City of North Salt Lake, we offer to readers of the City of North Salt Lake's financial statements this narrative overview and analysis of the financial activities of the City of North Salt Lake for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the following basic financial statements and notes to the financial statements.

**Financial Highlights**

- The assets of the City of North Salt Lake exceeded its liabilities at June 30, 2019 by \$101,727,043. Of this amount, unrestricted net position of \$14,467,651 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's overall net position increased by \$2,016,614 from the prior year. Business-type activities increased net position by \$782,842 while governmental activities had an increase in net position of \$1,233,772.
- As of the close of the current fiscal year, the City of North Salt Lake's governmental funds reported combined ending fund balance of \$11,463,407, an increase of \$742,069 over the prior year. Of the total fund balance, \$2,984,546 is unassigned and available for spending. The remaining \$8,478,861 is either nonspendable in form, has been legally restricted by parties outside the financial reporting entity, or has been assigned to specific uses.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,984,546 or 30.41% of total General Fund expenditures.
- The City of North Salt Lake's long-term debt obligations decreased by \$1,050,940. The decrease was attributable to principal payments and bond premium amortizations made on existing debt. Compensated absences had a net increase in the amount of \$149,215.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of North Salt Lake's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** These statements are designed to provide readers with a broad overview of the City of North Salt Lake's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two 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.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2019**

**Overview of the Financial Statements (Continued)**

**Government-wide financial statements (continued).** The governmental activities of the City of North Salt Lake include general government, public safety, highways and streets, planning and engineering, parks, recreation, and redevelopment. The business-type activities of the City include water, pressurized irrigation, storm water, solid waste, golf, and fleet.

The government-wide financial statements include not only the City of North Salt Lake itself (known as the primary government), but also a legally separate Redevelopment Agency which is a component unit of the City. Financial information for this component unit is reported entirely within the primary government report.

**Fund financial statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of North Salt Lake can be divided into either a governmental or proprietary fund.

**Governmental funds.** These 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 near-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 near-term financing requirements.

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 government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Park Development Fund and, Road Development fund, which are considered major funds. Data from the other five funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplemental section of this report.

The City of North Salt Lake adopts a one-year budget for its General Fund, Capital Projects Fund, Park Development Fund, and Road Development Fund. All of which are major funds. A budgetary comparison statement has been provided for each of the aforementioned funds to demonstrate compliance with the fiscal year 2019 budget.

**Proprietary funds.**

*Enterprise service funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains five individual enterprise funds. Information is presented separately in the proprietary funds statement of net position and the proprietary funds statement of revenues, expenses and changes in net position for the Water Fund, Pressurized Irrigation Fund, Storm Water Fund, Solid Waste Fund, and the Golf Fund, which are considered major funds. Proprietary fund financial statements reinforce information provided in government-wide financial statements.

*Internal service funds* are used to account for the financing and operation of services provided by one department to other departments within the City. The city maintains an internal service fund for fleet management.

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2019**

**Overview of the Financial Statements (Continued)**

**Other information.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier, in connection with nonmajor funds, are presented immediately after the basic financial statements. Also included are budget comparisons for governmental funds other than the General, Park Development, and Road Development Funds.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. By far the largest portion of the City's net position \$83,539,323 (82.14%) reflects its investment in capital assets, less any related debt that is still outstanding and which was used to acquire those assets. Capital assets are used to provide services to citizens, and they are not available for future spending. Although the investment in 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.

	<b>City of North Salt Lake's Net Position</b>					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$17,566,264	\$ 15,653,972	\$ 7,220,153	\$ 6,329,183	\$ 24,786,417	\$ 21,983,155
Capital assets	61,328,655	60,962,741	33,350,834	33,945,600	94,679,489	94,908,341
Total assets	78,894,919	76,616,713	40,570,987	40,274,783	119,465,906	116,891,496
Deferred outflows of resources	1,355,319	1,279,556	492,900	463,218	1,848,219	1,742,774
Total Deferred inflows	1,355,319	1,279,556	492,900	463,218	1,848,219	1,742,774
Long-term liabilities outstanding	7,902,734	7,128,724	6,325,343	6,425,767	2,550,648	1,321,862
Other liabilities	2,168,987	936,224	381,661	385,638	14,228,077	13,554,491
Total liabilities	10,071,721	8,064,948	6,707,004	6,811,405	16,778,725	14,876,353
Deferred inflows of resources	2,774,244	3,660,820	34,113	386,668	2,808,357	4,047,488
Total Deferred inflows	2,774,244	3,660,820	34,113	386,668	2,808,357	4,047,488
Net Position:						
Net investment in capital assets	57,552,844	56,780,563	25,986,479	26,261,187	83,539,323	83,041,750
Restricted	2,908,571	2,784,365	811,498	776,655	3,720,069	3,561,020
Unrestricted	6,942,858	6,605,573	7,524,793	6,502,086	14,467,651	13,107,659
Total Net Position	<u>\$67,404,273</u>	<u>\$66,170,501</u>	<u>\$ 34,322,770</u>	<u>\$ 33,539,928</u>	<u>\$101,727,043</u>	<u>\$ 99,710,429</u>

An additional portion of the net position, \$3,720,069 (3.66%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$14,467,651 (14.22%), may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the city is able to report positive balances in all reported categories of net position both for the government as a whole, as well as for its separate governmental and business-type activities, with the exception of the Redevelopment Agency, a non-major, component unit of the city.

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2019**

**Government-wide Financial Analysis (Continued)**

The City's overall net position increased \$2,016,614 (2.02%). The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

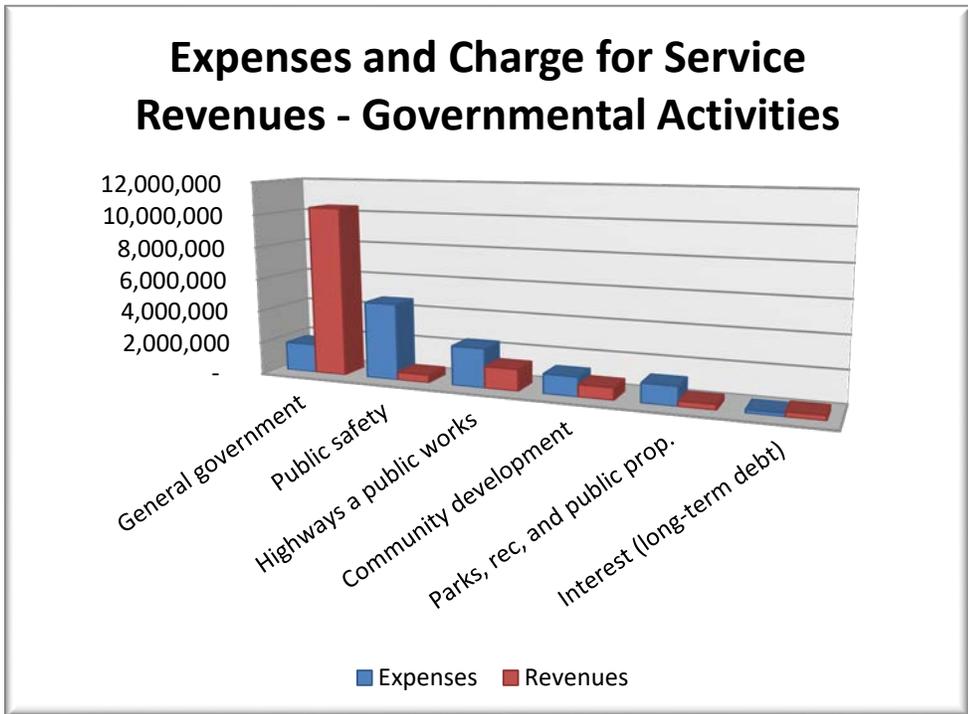
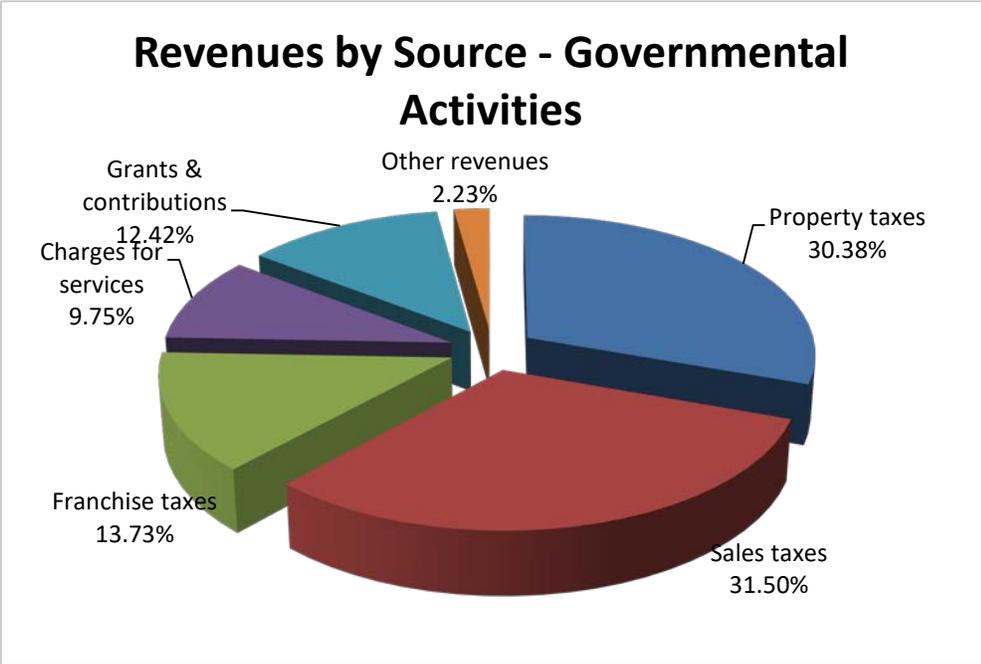
<b>City of North Salt Lake's Changes in Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,451,106	\$ 1,306,875	\$ 7,314,172	\$ 7,224,709	\$ 8,765,278	\$ 8,531,584
Operating grants and contributions	1,132,940	1,060,878	-	-	1,132,940	1,060,878
Capital grants and contributions	765,633	632,990	600,800	479,830	1,366,433	1,112,820
<b>General revenues:</b>						
Property taxes	4,261,613	4,156,080	-	-	4,261,613	4,156,080
Other taxes	6,263,358	6,177,569	-	-	6,263,358	6,177,569
Other	394,276	301,558	222,726	184,625	617,002	486,183
Total revenues	<u>14,268,926</u>	<u>13,635,950</u>	<u>8,137,698</u>	<u>7,889,164</u>	<u>22,406,624</u>	<u>21,525,114</u>
<b>Expenses:</b>						
General government	2,578,761	1,781,285	-	-	2,578,761	1,781,285
Public safety	5,258,423	4,714,790	-	-	5,258,423	4,714,790
Highways and public works	2,458,376	2,416,780	-	-	2,458,376	2,416,780
Community development	1,327,770	1,201,333	-	-	1,327,770	1,201,333
Parks, recreation, and public property	1,229,561	1,176,697	-	-	1,229,561	1,176,697
Interest on long-term debt	182,263	207,531	-	-	182,263	207,531
Water	-	-	3,665,662	3,426,219	3,665,662	3,426,219
Pressurized irrigation	-	-	428,136	405,998	428,136	405,998
Storm water	-	-	665,970	612,976	665,970	612,976
Solid waste	-	-	997,394	914,144	997,394	914,144
Golf course	-	-	1,597,694	1,534,030	1,597,694	1,534,030
Total expenses	<u>13,035,154</u>	<u>11,498,416</u>	<u>7,354,856</u>	<u>6,893,367</u>	<u>20,390,010</u>	<u>18,391,783</u>
Increase (Decrease) in Net Position	1,233,772	2,137,534	782,842	995,797	2,016,614	3,133,331
Net Position - beginning of year	<u>66,170,501</u>	<u>64,032,967</u>	<u>33,539,928</u>	<u>32,544,131</u>	<u>99,710,429</u>	<u>96,577,098</u>
Net Position - end of year	<u>\$67,404,273</u>	<u>\$66,170,501</u>	<u>\$ 34,322,770</u>	<u>\$ 32,544,131</u>	<u>\$ 101,727,043</u>	<u>\$ 99,710,429</u>

**Governmental activities.** As indicated by the data in the table above, governmental activities increased the net position of the City's by \$1,233,772 (1.86%). Comparison of total revenues and total expenditures to fiscal year 2018 shows an increase in revenues from governmental activities of \$632,976, while total expenses increased by \$1,536,738.

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2019**

**Government-wide Financial Analysis (Continued)**

**Governmental Activities (Continued).** The graph presented below and on the following page reflects only regular operating revenues from governmental activities and not the effects of special one-time items or transfers.



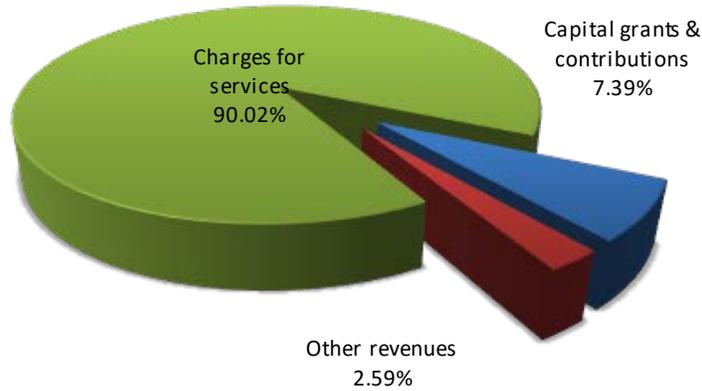
**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2019**

**Government-wide Financial Analysis (Continued)**

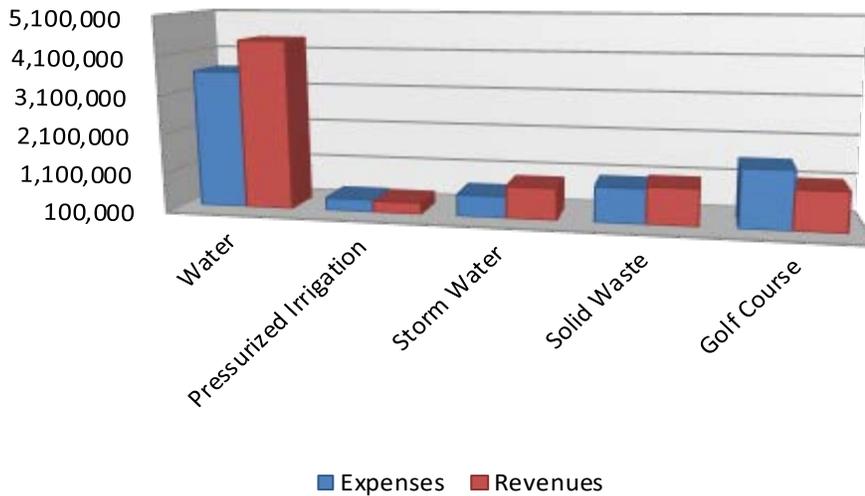
**Business-type activities.** Business-type activities increased the City's net position by \$782,842 (3.08%). As indicated by the data in the table on page 6, the increase in the City's net position provided this year by business-type activities was \$212,955 less than the prior year. In comparison to the previous fiscal year 2018, revenues from all business-type activities increased by \$241,201, while expenses from all business-type activities increased by \$454,156.

The graphs presented below reflect only regular operating revenues and expenses from business-type activities and not the effects of special one-time items or transfers.

**Revenues by Source - Business-Type Activities**



**Expenses and Charge for Service Revenues - Business-type Activities**



**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2019**

**Financial Analysis of the Government's Funds**

**Governmental funds.** The purpose of these funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, committed, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2019, the City's governmental funds reported combined ending fund balance of \$11,463,407 an increase of \$742,069 from the prior fiscal year. \$3,004,546 (26.21%) is available for spending at the government's discretion. The remaining \$8,362,848, of fund balance is not available for new spending because it is non-spendable in form (prepaid expenses; legally restricted by parties outside the financial reporting entity for 1) impact fees, (\$2,200,387), 2) debt service (\$28,696), 3) road tax construction projects \$448,304, 4) construction projects \$129,255, and 5) housing restriction (\$101,929); or assigned to specific fund purposes (\$5,454,277).

General Fund - The General Fund is the City's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,984,546. As a measure of the General Fund's liquidity, it may be useful to compare this amount to total fund expenditures of \$9,813,368 (30.41%). The fund balance of the City's General Fund decreased \$142,619 during the current fiscal year. This represents a 4.34% change in fund balance.

This change in fund balance is \$304,966 less than the prior year. Total revenues in the general fund increased by \$343,454 while expenditures increased by \$543,931. The General Fund had a net transfer out of \$2,185,008 in the current year while last year it had a net transfer out of \$2,093,609.

The changes in revenue can be principally attributed to: 1) sales tax revenue increased \$172,683, 2) charges for services increased \$202,458, 3) intergovernmental revenue increased \$70,921, 4) miscellaneous revenue increased \$18,554, and 5) interest revenue increased \$31,142. The revenue increases were offset by decreases in; 1) property tax \$11,426, 2) licenses and permit fees \$6,865, 3) other tax revenue \$86,894, and 4) fines and forfeitures \$47,119.

The principal changes in general fund expenditures are related to: 1) a \$382,564 increase in public safety, 2) a \$19,680 net increase in public works, 3) \$51,688 increase in general government, and 4) a \$147,815 net increase in parks in general government. Expenditures decreased in community development in the amount of \$10,236.

Capital Projects Fund - This fund has a total fund balance of \$4,285,084, all of which has been assigned to finance future capital projects within the City. This fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities and equipment of the City other than those financed by proprietary and special revenue funds. During the year ended June 30, 2019, the fund balance in the Capital Projects Fund increased by \$14,107 compared to last year's increase of \$1,182,234. The increase in the City's Capital Projects Fund balance is primarily a result of the transfers in from the General Fund and Public Safety Capital Fund in the amount of \$684,000, and project expenditures related to the slide mitigation in the amount of \$710,643.

Park Development Fund - This fund has a total fund balance of \$564,203, of which \$318,595 is restricted for impact fee related park projects, \$129,255 is restricted for RAP tax related projects, and \$116,353 is assigned to park projects. The increase in fund balance during the current fiscal year was, \$177,496 compared to last year's increase of \$162,554. The net change in fund balance consisted of: 1) impact fee revenue and related interest in the amount of \$128,000, 2) transfer in from Debt Service Fund in the amount of \$175,000 and 3) interest revenue in the amount of \$13,854. The revenue increases were offset by expenditures for park projects in the amount of \$141,858.

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2019**

**Financial Analysis of the Government's Funds (Continued)**

Road Development Fund – This fund has a total fund balance of \$2,678,262, of which \$1,873,495 is restricted for impact fee related road projects, \$381,828 is road tax funds restricted for related road projects, and \$422,939 assigned to road development projects. The net increase in fund balance during the current fiscal year was \$590,264 compared to last year's increase of \$216,584. The net change in fund balance consisted of impact fee revenue and related interest in the amount of \$245,581, transfers in of \$1,568,008, offset by expenditures in the amount of \$1,513,571.

**Proprietary funds.** At June 30, 2019, the City's proprietary funds reported combined ending net position of \$34,322,770 an increase of \$754,912 over the prior year. The unrestricted portion of proprietary fund net position has a balance of \$7,524,793. The remaining \$26,797,977 of net position is not available for new spending because it is invested in capital assets \$25,986,479 or legally restricted by parties outside the financial reporting entity for 1) debt service \$447,581 and 2) impact fees \$363,917.

Water Fund – This fund ended fiscal year 2019 with a total net position of \$18,898,587; a net position increase of \$931,318, compared to a prior year increase of \$903,814. Operating revenue in the water fund experienced a net increase \$49,883. Primary factors in the increase were as follows: 1) an increase of \$66,552 from metered water sales resulting from a 3% increase in user rates, and 2) an offsetting decreases in connection fees and miscellaneous revenue totaling \$16,769. Operating expenses increased a total of \$254,919. Primary factors in the increase were as follows 1) a \$46,763 increase water purchases, 2) an increase in salaries and benefits of \$945,709, 3) an increase of \$69,554 in equipment and supplies, and 4) an increase in special department supplies in the amount of \$75,370. These increases were offset by a decrease in power purchases of \$46,763. Net non-operating income increased a total of \$232,540, primarily resulting from an increase of \$77,604 in interest income and 2) \$169,775 in capital contributions from developers.

Pressurized Irrigation Fund - This fund has a total net position of \$5,987,390; a net position decrease of \$9,512, compared to a prior year increase of \$85,846. The decrease is primarily attributable to 1) decrease in metered water sales of \$58,703, 2) a decrease in impact fee revenues in the amount of \$26,346.

Storm Water - This fund has a total net position \$6,864,749. During the year ended June 30, 2019, the Storm Water Fund's net position increased \$281,538 compared to prior year increase of \$302,783. Charges for services revenue increased from the prior year in the amount of \$6,592, impact fee revenues increased \$7,606, while operating expenditures increased in the amount of \$55,197.

Solid Waste - This fund has total net positions of, \$335,793. The total net position did not have significant change from prior year and the fund had a positive current year operating income of \$57,170.

Golf Funds - This fund has a total net position \$2,236,251. The net position of the fund decreased in the amount of \$477,672, compared to a decrease in the prior year of \$321,209. The Golf Fund experienced a net operating loss in the amount of \$468,265, compared to the operating loss in the prior year of \$376,329. The loss is primarily attributable to a decrease in operating revenue in the amount of \$34,617 and an increase in expenditures in the amount of \$57,319.

**General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the City budget to reflect new information they received regarding revenues and expenditures. The originally adopted budget has been adjusted as follows:

- Police fee revenues and police wage and benefit expenditures were both revised upwards \$90,000, attributable to an increase in contracted police services provided to non- governmental entities.
- Intergovernmental revenues and park expenditures were revised upward \$3,250 to reflect a change in State grant revenue for tree planting projects.

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2019**

**General Fund Budgetary Highlights (Continued)**

- Contracted Fire expenditures were revised upwards \$30,700.
- Overall the general fund expenditures increased by \$123,950, from original to final budget.
- Other Financing Sources Uses increased \$1,238,800 as a result of increases in transfers-out to 1) Road Capital Fund in the amount of \$738,800, and 2) the Capital Projects Fund in the amount of \$500,000.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at June 30, 2019, amounts to \$94,679,489 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, vehicles and equipment, furniture and fixtures, streetlights, sidewalks, curb and gutter, roads, water rights, and water utilities infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$228,852 (a total .24% decrease equaling increases of \$365,914 for governmental activities and a reduction of \$594,766 for business-type activities).

Major capital asset activity during the current fiscal year has been summarized in the following two tables.

<b>City of North Salt Lake's Capital Assets (Net of depreciation)</b>						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 25,066,381	\$ 25,066,381	\$ 2,551,013	\$ 2,551,013	\$ 27,617,394	\$ 27,617,394
Water rights	-	-	2,864,052	2,864,052	2,864,052	2,864,052
Construction in progress	704,531	188,320	247,286	342,512	951,817	530,832
Buildings	5,212,741	5,446,331	797,157	829,579	6,009,898	6,275,910
Improvements	6,814,328	6,923,242	-	-	6,814,328	6,923,242
Golf course	-	-	2,481,028	2,579,866	2,481,028	2,579,866
Water distribution system	-	-	17,283,905	17,793,690	17,283,905	17,793,690
Storm water system	-	-	5,907,118	5,593,327	5,907,118	5,593,327
Machinery, equip, and vehicles	2,161,678	2,177,261	1,219,275	1,391,561	3,380,953	3,568,822
Infrastructure	21,368,996	21,161,206	-	-	21,368,996	21,161,206
<b>Total</b>	<b>\$ 61,328,655</b>	<b>\$ 60,962,741</b>	<b>\$ 33,350,834</b>	<b>\$ 33,945,600</b>	<b>\$ 94,679,489</b>	<b>\$ 94,908,341</b>

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2019**

**Capital Asset and Debt Administration (Continued)**

<b>City of North Salt Lake's Schedule of Capital Asset Changes From Prior Year</b>			
	Governmental Activities	Business-type Activities	Totals
Handicap Accessible Doors	\$ 25,624	\$ -	25,624
Kubota	17,200	-	17,200
Center St & Foxboro Sidewalk	154,131	-	154,131
Current year expenses 1100 North Overlay	68,799	-	68,799
Oakwood Valley View Reconstruction	84,779	-	84,779
Current year expenses Signal light at Center Str & 400 W	136,135	-	136,135
Orch Dr N to Eaglewod Dr Recon	405,526	-	405,526
Asphalt Overlay US-89 Parkway	10,029	-	10,029
Fencing	38,245	-	38,245
Current year expenses Sports Turf Regional Park	59,500	-	59,500
Current year expenses Tunnel Springs Park Development	16,369	-	16,369
Current year expenses Foxboro Wetlands Park	10,216	-	10,216
Current year expenses 120 East Center to Orchard Dr	367,537	-	367,537
Current year expenses Redwood Road Betterment	46,986	-	46,986
Current year expenses Orchard Dr Sidewalk 89 S-183 S	57,794	-	57,794
Current year expenses Redwood Road Sidewalk	69,429	-	69,429
Fleet vehicles	545,369	-	545,369
Towne Center-waterline	-	45,115	45,115
GG Subdivision-waterline	-	124,660	124,660
Redwood Road Betterment-waterline	-	171,500	171,500
Current year expenses Nathan Clark Basin to Coventry storm water	-	18,447	18,447
Current year expenses Equalization 350 East and Morton	-	99,935	99,935
Current year expenses Misc Interior Piping Reservoirs	-	6,252	6,252
Current year expenses 5200 Pump Building Retrofit	-	20,000	20,000
Current year expenses Eaglewood Pump Station Morton	-	41,485	41,485
Foxboro 1100 N Swale Improvement storm drain	-	98,040	98,040
Current year expenses Eaglepointe estates auxillary storm drain	-	109,585	109,585
Golf course machinery and equipment	-	93,501	93,501
Less current year deletions	(309,976)	(34,863)	(344,839)
Less current year depreciation expense (Fleet is in governmental)	(1,619,949)	(1,423,286)	(3,043,235)
Add current year accumulated depreciation deletions	182,171	34,863	217,034
<b>Total</b>	<b>\$ 365,914</b>	<b>\$ (594,766)</b>	<b>\$ (228,852)</b>

Additional information on the City's capital assets can be found in Note 4 of this report.

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2019**

**Capital Asset and Debt Administration (Continued)**

**Long-term debt.** At the end of the current fiscal year, the City had \$8,402,497 in outstanding long-term debt. All of the bonded debt was secured by specific revenue sources.

<b>City of North Salt Lake's Outstanding debt</b>						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Notes payable	\$ -	\$ -	\$ 904,478	\$ 904,478	\$ 904,478	\$ 904,478
Sales Tax revenue bonds	2,490,000	2,675,000	-	-	2,490,000	2,675,000
Water revenue bonds	-	-	3,534,625	4,100,636	3,534,625	4,100,636
RDA bonds	832,000	924,000	-	-	832,000	924,000
Capital leases	453,921	583,178	187,583	266,145	641,504	849,323
<b>Total</b>	<b>\$ 3,775,921</b>	<b>\$ 4,182,178</b>	<b>\$ 4,626,686</b>	<b>\$ 5,271,259</b>	<b>\$ 8,402,607</b>	<b>\$ 9,453,437</b>

During the 2019 fiscal year, the City's total debt decreased by \$1,050,830. The change is primarily a result of normally scheduled debt service payments, net of new lease agreements for the purchase of vehicles in the governmental funds and vehicles and golf carts in the business-type funds. Additional information on the City's long-term debt can be found in Note 7 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Property tax revenue in the general fund is budgeted and expected to decrease 1% from the prior fiscal year. The decrease primarily results from property tax revenue in development areas being reclassified from general property tax revenue to tax increment revenue in the redevelopment fund, which is contractually due to developers
- Sales tax revenue was budgeted conservatively for fiscal year 2019, with an expected increase of 7% or an amount of \$329,000 over the previous year. The most recent sales tax revenue estimates project actual sales tax revenues will close to the original fiscal year 2019 budget.
- The unemployment rate for the State of Utah is currently 2.5 percent, which is a slight decrease of .5 percent, from a rate of 3 percent a year ago. The local unemployment rate is likely to remain near the current level experienced by the State of Utah.
- The City will present a utility rate analysis to Council during fiscal year 2020, along with recommendations for any necessary rate adjustments. The City is committed to building long-term financial stability in the enterprise utility funds.
- Growth in residential and commercial construction is expected to continue through the upcoming fiscal year; however, growth is expected at a slower rate than experienced in recent years.
- Interest rates are expected to remain unchanged during fiscal year 2019.
- On the expenditure side, increases are expected in wages, health insurance premiums, as well as pension and other employee benefit costs.

**Requests for Information**

This financial report is designed to provide a general overview of the City of North Salt Lake's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of North Salt Lake, 10 East Center Street, North Salt Lake, UT 84054.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,515,717	\$ 7,641,855	\$ 15,157,572
Receivables:			
Taxes	2,816,608	-	2,816,608
Accounts net	308,323	846,755	1,155,078
Intergovernmental	1,183,121	-	1,183,121
Internal balances	2,737,380	(2,737,380)	-
Inventories	-	300,953	300,953
Prepays	96,544	356,472	453,016
Restricted cash and cash equivalents	2,908,571	811,498	3,720,069
Capital assets not being depreciated:			
Land	25,066,381	2,551,013	27,617,394
Water rights	-	2,864,052	2,864,052
Construction in progress	704,531	247,286	951,817
Capital assets, net of accumulated depreciation:			
Buildings	5,212,741	797,157	6,009,898
Improvements other than buildings	6,814,328	-	6,814,328
Golf course	-	2,481,028	2,481,028
Water distribution system	-	17,283,905	17,283,905
Storm water system	-	5,907,118	5,907,118
Machinery, equipment, and vehicles	2,161,678	1,219,275	3,380,953
Infrastructure	21,368,996	-	21,368,996
<b>Total Assets</b>	<b>78,894,919</b>	<b>40,570,987</b>	<b>119,465,906</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources relating to pensions	1,355,319	492,900	1,848,219
<b>Total Assets and Deferred outflows of resources</b>	<b>80,250,238</b>	<b>41,063,887</b>	<b>121,314,125</b>
<b>Liabilities</b>			
Accounts payable	1,477,628	287,845	1,765,473
Accrued liabilities	691,359	93,816	785,175
Developer and customer deposits	799,059	406,415	1,205,474
Noncurrent liabilities:			
Due within one year	694,816	813,981	1,508,797
Due in more than one year	3,602,914	4,095,262	7,698,176
Net pension liability	2,805,945	1,009,685	3,815,630
<b>Total Liabilities</b>	<b>10,071,721</b>	<b>6,707,004</b>	<b>16,778,725</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources relating to pensions	122,637	34,113	156,750
Unearned revenues - developer deposit	14,000	-	14,000
Unearned revenues - property taxes	2,637,607	-	2,637,607
<b>Total Deferred Inflows of Resources</b>	<b>2,774,244</b>	<b>34,113</b>	<b>2,808,357</b>
<b>Net Position</b>			
Net investment in capital assets	57,552,844	25,986,479	83,539,323
Restricted for:			
Impact fees	2,200,387	363,917	2,564,304
Debt service	28,696	447,581	476,277
Road tax projects	448,304	-	448,304
Construction projects	129,255	-	129,255
Housing restriction	101,929	-	101,929
Unrestricted	6,942,858	7,524,793	14,467,651
<b>Total Net Position</b>	<b>67,404,273</b>	<b>34,322,770</b>	<b>101,727,043</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 80,250,238</b>	<b>\$ 41,063,887</b>	<b>\$ 121,314,125</b>

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

**CITY OF NORTH SALT LAKE  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Government Activities</b>							
General governmental	\$ 2,578,761	\$ -	\$ -	\$ 129,585	\$ (2,449,176)	\$ -	\$ (2,449,176)
Public safety	5,258,423	501,743	20,947	-	(4,735,733)	-	(4,735,733)
Highways and public improvements	2,458,376	19,627	1,109,493	479,266	(849,990)	-	(849,990)
Community development	1,327,770	804,741	-	28,782	(494,247)	-	(494,247)
Parks, recreation, and public property	1,229,561	124,995	2,500	128,000	(974,066)	-	(974,066)
Interest on long-term debt	182,263	-	-	-	(182,263)	-	(182,263)
<b>Total Governmental Activities</b>	<b>13,035,154</b>	<b>1,451,106</b>	<b>1,132,940</b>	<b>765,633</b>	<b>(9,685,475)</b>	<b>-</b>	<b>(9,685,475)</b>
<b>Business-type Activities</b>							
Water	3,665,662	3,999,590	-	446,664	-	780,592	780,592
Pressurized irrigation	428,136	390,251	-	6,501	-	(31,384)	(31,384)
Storm water	665,970	764,504	-	147,635	-	246,169	246,169
Solid waste	997,394	1,047,462	-	-	-	50,068	50,068
Golf course	1,597,694	1,112,365	-	-	-	(485,329)	(485,329)
<b>Total Business-type Activities</b>	<b>7,354,856</b>	<b>7,314,172</b>	<b>-</b>	<b>600,800</b>	<b>-</b>	<b>560,116</b>	<b>560,116</b>
<b>Total Government</b>	<b>\$ 20,390,010</b>	<b>\$ 8,765,278</b>	<b>\$ 1,132,940</b>	<b>\$ 1,366,433</b>	<b>(9,685,475)</b>	<b>560,116</b>	<b>(9,125,359)</b>
<b>General Revenues</b>							
					4,261,613	-	4,261,613
					4,482,083	-	4,482,083
					1,781,275	-	1,781,275
					249,142	210,870	460,012
					64,369	9,021	73,390
					80,765	2,835	83,600
					<b>10,919,247</b>	<b>222,726</b>	<b>11,141,973</b>
					1,233,772	782,842	2,016,614
					<b>66,170,501</b>	<b>33,539,928</b>	<b>99,710,429</b>
					<b>\$ 67,404,273</b>	<b>\$ 34,322,770</b>	<b>\$ 101,727,043</b>

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

**CITY OF NORTH SALT LAKE**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<b>General</b>	<b>Capital Projects</b>	<b>Park Development</b>	<b>Road Development</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 3,222,871	\$ 2,215,162	\$ 168,597	\$ 814,104	\$ 540,120	\$ 6,960,854
Receivables:						
Taxes	2,732,358	-	-	-	84,250	2,816,608
Accounts - net	79,320	20,000	-	164,635	44,368	308,323
Intergovernmental	1,183,121	-	-	-	-	1,183,121
Prepays	96,013	-	-	-	531	96,544
Due from other funds	-	2,750,512	-	-	-	2,750,512
Restricted cash and cash equivalents	66,476	-	447,850	2,255,323	138,922	2,908,571
<b>Total Assets</b>	<b>\$ 7,380,159</b>	<b>\$ 4,985,674</b>	<b>\$ 616,447</b>	<b>\$ 3,234,062</b>	<b>\$ 808,191</b>	<b>\$ 17,024,533</b>
<b>Liabilities</b>						
Accounts payable	\$ 112,176	\$ 700,590	\$ 38,244	\$ 555,800	\$ 6,236	\$ 1,413,046
Accrued liabilities	684,282	-	-	-	-	684,282
Due to other funds	-	-	-	-	13,132	13,132
Developer deposits	799,059	-	-	-	-	799,059
Unearned revenue	-	-	14,000	-	-	14,000
<b>Total Liabilities</b>	<b>1,595,517</b>	<b>700,590</b>	<b>52,244</b>	<b>555,800</b>	<b>19,368</b>	<b>2,923,519</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues - property taxes	2,637,607	-	-	-	-	2,637,607
<b>Total Deferred Inflows of Resources</b>	<b>2,637,607</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,637,607</b>
<b>Fund Balances</b>						
Nonspendable:						
Prepays	96,013	-	-	-	-	96,013
Restricted:						
Impact fees	-	-	318,595	1,873,495	8,297	2,200,387
Debt service	-	-	-	-	28,696	28,696
Road tax projects	66,476	-	-	381,828	-	448,304
Construction projects	-	-	129,255	-	-	129,255
Housing restriction	-	-	-	-	101,929	101,929
Assigned:						
Road development	-	-	-	422,939	-	422,939
Construction projects	-	4,285,084	116,353	-	-	4,401,437
Debt service	-	-	-	-	649,901	649,901
Unassigned	2,984,546	-	-	-	-	2,984,546
<b>Total Fund Balances</b>	<b>3,147,035</b>	<b>4,285,084</b>	<b>564,203</b>	<b>2,678,262</b>	<b>788,823</b>	<b>11,463,407</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 7,380,159</b>	<b>\$ 4,985,674</b>	<b>\$ 616,447</b>	<b>\$ 3,234,062</b>	<b>\$ 808,191</b>	<b>\$ 17,024,533</b>

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

**CITY OF NORTH SALT LAKE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF NET POSITION**  
**June 30, 2019**

Amounts reported for governmental activities in the statement of net position are different because:

<b>Total fund balance - governmental funds</b>	\$ 11,463,407
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	1,310,967
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	59,467,454
Long-term liabilities are not due and payable in the current period and therefore are not recorded in the funds.	(6,552,772)
Deferred inflows of resources, report net position that applies to future periods, is not shown in the fund statements	(119,842)
Internal service funds are used by management to charge the cost of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,835,059
<b>Total net position - governmental activities</b>	<b>\$ 67,404,273</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2019**

	<u>General</u>	<u>Capital Projects</u>	<u>Park Development</u>	<u>Road Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 9,148,619	\$ -	\$ -	\$ -	\$ 1,376,352	\$ 10,524,971
Licenses and permits	225,940	-	-	-	-	225,940
Rental income	-	-	-	-	55,596	55,596
Intergovernmental	1,142,189	24,000	2,500	282,626	93,835	1,545,150
Charges for services	775,740	-	-	-	-	775,740
Fines and forfeitures	387,522	-	-	-	-	387,522
Impact fees	-	-	128,000	196,640	28,782	353,422
Interest	109,873	48,774	13,854	50,253	18,038	240,792
Miscellaneous	57,924	-	-	6,308	-	64,232
<b>Total Revenues</b>	<u>11,847,807</u>	<u>72,774</u>	<u>144,354</u>	<u>535,827</u>	<u>1,572,603</u>	<u>14,173,365</u>
<b>Expenditures</b>						
Current:						
General government	1,540,688	-	-	-	-	1,540,688
Public safety	5,105,573	-	-	-	-	5,105,573
Highways and public improvements	1,670,084	-	-	63,738	-	1,733,822
Community development	527,210	-	-	-	780,955	1,308,165
Parks, recreation, and public property	969,813	-	-	-	-	969,813
Debt service:						
Principal	-	-	-	-	277,000	277,000
Interest	-	-	-	-	169,827	169,827
Capital outlay:						
General government	-	710,643	-	-	-	710,643
Public safety	-	32,024	-	-	-	32,024
Highways and public improvements	-	-	-	1,449,833	-	1,449,833
Parks, recreation, and public property	-	-	141,858	-	-	141,858
<b>Total Expenditures</b>	<u>9,813,368</u>	<u>742,667</u>	<u>141,858</u>	<u>1,513,571</u>	<u>1,227,782</u>	<u>13,439,246</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>2,034,439</u>	<u>(669,893)</u>	<u>2,496</u>	<u>(977,744)</u>	<u>344,821</u>	<u>734,119</u>
<b>Other Financing Sources (Uses)</b>						
Transfer in	22,000	684,000	175,000	1,568,008	132,000	2,581,008
Transfer out	(2,207,008)	-	-	-	(374,000)	(2,581,008)
Contributions	7,950	-	-	-	-	7,950
<b>Total Other Financing Sources (Uses)</b>	<u>(2,177,058)</u>	<u>684,000</u>	<u>175,000</u>	<u>1,568,008</u>	<u>(242,000)</u>	<u>7,950</u>
<b>Net Change in Fund Balances</b>	(142,619)	14,107	177,496	590,264	102,821	742,069
<b>Fund Balance, Beginning</b>	<u>3,289,654</u>	<u>4,270,977</u>	<u>386,707</u>	<u>2,087,998</u>	<u>686,002</u>	<u>10,721,338</u>
<b>Fund Balance, Ending</b>	<u>\$ 3,147,035</u>	<u>\$ 4,285,084</u>	<u>\$ 564,203</u>	<u>\$ 2,678,262</u>	<u>\$ 788,823</u>	<u>\$ 11,463,407</u>

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

**CITY OF NORTH SALT LAKE**  
**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, 2019**

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

<b>Net change in fund balances - total governmental funds</b>	\$ 742,069
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,229,525)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	1,568,298
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	277,000
The internal service fund is used by management to charge the costs of fleet management to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.	196,936
The long term portion of accrued leave does not require the use of current financial resources and therefore is not recorded as an expenditure in the Governmental Funds.	(97,124)
The Statement of Activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund statements.	(223,882)
 <b>Change in net position of governmental activities</b>	 <u><u>\$ 1,233,772</u></u>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF FUND NET POSITION – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2019**

	<b>Business-type Activities</b>					<b>Governmental Activities</b>	
	<b>Water</b>	<b>Pressurized Irrigation</b>	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Golf</b>	<b>Total Enterprise</b>	<b>Internal Service Fund - Fleet</b>
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$ 5,362,245	\$ 797,531	\$ 1,213,023	\$ 265,094	\$ 3,962	\$ 7,641,855	\$ 554,864
Receivables:							
Accounts receivable, net	551,162	56,992	100,571	124,982	13,048	846,755	-
Inventories	168,247	29,844	-	-	102,862	300,953	-
Prepaid expenses	274,202	70,728	484	-	11,058	356,472	-
<b>Total Current Assets</b>	<b>6,355,856</b>	<b>955,095</b>	<b>1,314,078</b>	<b>390,076</b>	<b>130,930</b>	<b>9,146,035</b>	<b>554,864</b>
<b>Noncurrent Assets</b>							
Restricted cash and cash equivalents	447,581	94,791	269,126	-	-	811,498	-
Net pension asset	-	-	-	-	-	-	-
Capital assets:							
Land	197,538	-	-	-	2,353,475	2,551,013	-
Water rights	163,937	2,700,115	-	-	-	2,864,052	-
Buildings	294,908	-	-	-	1,198,068	1,492,976	-
Golf course	-	-	-	-	4,810,424	4,810,424	-
Water distribution system	23,773,998	3,098,284	-	-	-	26,872,282	-
Storm water system	-	-	7,211,485	-	-	7,211,485	-
Machinery, equipment, and vehicles	1,122,843	116,774	228,742	205,431	1,516,250	3,190,040	4,278,729
Construction-in-progress	230,940	-	18,446	-	-	249,386	-
Less accumulated depreciation	(9,621,102)	(938,246)	(1,415,059)	(170,497)	(3,745,920)	(15,890,824)	(2,417,529)
<b>Total Noncurrent Assets</b>	<b>16,610,643</b>	<b>5,071,718</b>	<b>6,312,740</b>	<b>34,934</b>	<b>6,132,297</b>	<b>34,162,332</b>	<b>1,861,200</b>
<b>Total Assets</b>	<b>22,966,499</b>	<b>6,026,813</b>	<b>7,626,818</b>	<b>425,010</b>	<b>6,263,227</b>	<b>43,308,367</b>	<b>2,416,064</b>
<b>Deferred outflows of resources</b>							
Deferred outflows of resources relating to pensions	206,193	25,157	46,639	12,283	202,628	492,900	44,351
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 23,172,692</b>	<b>\$ 6,051,970</b>	<b>\$ 7,673,457</b>	<b>\$ 437,293</b>	<b>\$ 6,465,855</b>	<b>\$ 43,801,267</b>	<b>\$ 2,460,415</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF FUND NET POSITION – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2019**

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Accounts payable	\$ 129,553	\$ 349	\$ 75,769	\$ 69,027	\$ 13,147	\$ 287,845	\$ 64,582
Compensated absences	43,491	4,090	8,259	3,611	91,092	150,543	3,299
Accrued liabilities	51,386	1,444	7,040	962	32,984	93,816	7,077
Leases payable	-	-	-	-	80,424	80,424	132,516
Revenue and general obligation bonds payable	557,858	-	25,156	-	-	583,014	-
<b>Total Current Liabilities</b>	<b>782,288</b>	<b>5,883</b>	<b>116,224</b>	<b>73,600</b>	<b>217,647</b>	<b>1,195,642</b>	<b>207,474</b>
<b>Noncurrent Liabilities</b>							
Compensated absences	38,055	3,578	7,226	3,160	79,706	131,725	2,886
Customer deposits	406,415	-	-	-	-	406,415	-
Due to other funds	-	-	-	-	2,737,380	2,737,380	-
Notes payable	-	-	247,478	-	657,000	904,478	-
Leases payable	-	-	-	-	107,159	107,159	321,404
Net pension liability	422,428	53,676	92,594	24,893	416,094	1,009,685	90,797
Revenue and general obligation bonds payable	2,609,034	-	342,866	-	-	2,951,900	-
<b>Total Noncurrent Liabilities</b>	<b>3,475,932</b>	<b>57,254</b>	<b>690,164</b>	<b>28,053</b>	<b>3,997,339</b>	<b>8,248,742</b>	<b>415,087</b>
<b>Total Liabilities</b>	<b>4,258,220</b>	<b>63,137</b>	<b>806,388</b>	<b>101,653</b>	<b>4,214,986</b>	<b>9,444,384</b>	<b>622,561</b>
<b>Deferred inflows of resources</b>							
Deferred inflows of resources relating to pensions	15,885	1,443	2,320	(153)	14,618	34,113	2,795
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>4,274,105</b>	<b>64,580</b>	<b>808,708</b>	<b>101,500</b>	<b>4,229,604</b>	<b>9,478,497</b>	<b>625,356</b>
<b>Net Position</b>							
Net investment in capital assets	12,996,170	4,976,927	5,428,114	34,934	5,287,714	25,986,479	1,407,280
Restricted:							
Debt service	447,581	-	-	-	-	447,581	-
Impact fees	-	94,791	269,126	-	-	363,917	-
Unrestricted	5,454,836	915,672	1,167,509	300,859	(3,051,463)	7,524,793	427,779
<b>Total Net Position</b>	<b>18,898,587</b>	<b>5,987,390</b>	<b>6,864,749</b>	<b>335,793</b>	<b>2,236,251</b>	<b>34,322,770</b>	<b>1,835,059</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 23,172,692</b>	<b>\$ 6,051,970</b>	<b>\$ 7,673,457</b>	<b>\$ 437,293</b>	<b>\$ 6,465,855</b>	<b>\$ 43,801,267</b>	<b>\$ 2,460,415</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2019**

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
<b>Operating Revenues</b>							
Charges for services:							
Metered water sales	\$ 3,962,531	\$ 390,251	\$ -	\$ -	\$ -	\$ 4,352,782	\$ -
User fees	-	-	764,504	1,047,462	-	1,811,966	892,026
Connection and servicing fees	37,059	-	-	-	-	37,059	-
Admissions and lesson fees	-	-	-	-	572,294	572,294	-
Equipment and facility rents	-	-	-	-	381,282	381,282	-
Concession and merchandise sales	-	-	-	-	158,789	158,789	-
Miscellaneous	4,199	-	-	-	4,822	9,021	-
<b>Total Operating Revenues</b>	<b>4,003,789</b>	<b>390,251</b>	<b>764,504</b>	<b>1,047,462</b>	<b>1,117,187</b>	<b>7,323,193</b>	<b>892,026</b>
<b>Operating Expenses</b>							
Salaries and benefits	945,709	112,351	250,731	78,626	818,539	2,205,956	187,890
Office expense and supplies	105,918	13,219	21,653	20,769	10,170	171,729	-
Equipment - supplies and maintenance	230,972	30,208	145,830	44,948	134,527	586,485	191,950
Buildings and grounds - supplies and maintenance	67,074	-	-	-	42,336	109,410	-
Special department supplies	214,691	-	-	25,130	-	239,821	-
Power purchases	370,584	-	-	-	35,006	405,590	-
Water purchases	590,806	138,948	-	-	106,173	835,927	-
Professional services	120,229	8,778	27,773	2,400	34,863	194,043	-
Contracted services	-	-	-	804,005	-	804,005	-
Merchandise	-	-	-	-	102,089	102,089	-
Depreciation	826,299	114,954	195,434	21,516	265,083	1,423,286	390,424
Miscellaneous	26,923	9,678	2,702	-	36,666	75,969	-
<b>Total Operating Expenses</b>	<b>3,499,205</b>	<b>428,136</b>	<b>644,123</b>	<b>997,394</b>	<b>1,585,452</b>	<b>7,154,310</b>	<b>770,264</b>
<b>Operating Income (Loss)</b>	<b>\$ 504,584</b>	<b>\$ (37,885)</b>	<b>\$ 120,381</b>	<b>\$ 50,068</b>	<b>\$ (468,265)</b>	<b>\$ 168,883</b>	<b>\$ 121,762</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2019**

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
<b>Nonoperating Income (Expense)</b>							
Interest income	\$ 146,527	\$ 21,872	\$ 35,369	\$ 7,102	\$ -	\$ 210,870	\$ 8,347
Interest expense	(166,457)	-	(21,847)	-	(12,242)	(200,546)	(12,489)
Gain (loss) from sale of capital assets	-	-	-	-	2,835	2,835	79,316
<b>Total Nonoperating Income (Expense)</b>	<b>(19,930)</b>	<b>21,872</b>	<b>13,522</b>	<b>7,102</b>	<b>(9,407)</b>	<b>13,159</b>	<b>75,174</b>
Income (loss) before contributions and transfers	484,654	(16,013)	133,903	57,170	(477,672)	182,042	196,936
<b>Capital Contributions</b>	169,775	-	-	-	-	169,775	-
<b>Build America Bond Interest Subsidy</b>	49,689	-	7,715	-	-	57,404	-
<b>Impact Fees</b>	227,200	6,501	139,920	-	-	373,621	-
<b>Change in Net Position</b>	<b>931,318</b>	<b>(9,512)</b>	<b>281,538</b>	<b>57,170</b>	<b>(477,672)</b>	<b>782,842</b>	<b>196,936</b>
<b>Net Position, Beginning</b>	<b>17,967,269</b>	<b>5,996,902</b>	<b>6,583,211</b>	<b>278,623</b>	<b>2,713,923</b>	<b>33,539,928</b>	<b>1,638,123</b>
<b>Net Position, Ending</b>	<b>\$ 18,898,587</b>	<b>\$ 5,987,390</b>	<b>\$ 6,864,749</b>	<b>\$ 335,793</b>	<b>\$ 2,236,251</b>	<b>\$ 34,322,770</b>	<b>\$ 1,835,059</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2019**

	<b>Business-type Activities</b>					<b>Governmental Activities</b>	
	<b>Water</b>	<b>Pressurized Irrigation</b>	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Golf</b>	<b>Total Enterprise</b>	<b>Internal Service Fund - Fleet</b>
<b>Cash Flows From Operating Activities</b>							
Receipts from customers and users	\$ 4,073,630	\$ 431,693	\$ 758,701	\$ 1,028,743	\$ 1,112,169	\$ 7,404,936	\$ 892,027
Receipts from customer deposits	16,557	-	-	-	-	16,557	-
Payments to suppliers and service providers	(1,868,977)	(202,639)	(143,247)	(889,553)	(507,892)	(3,612,308)	(131,827)
Payments to employees and related benefits	(901,426)	(105,857)	(237,738)	(72,143)	(743,073)	(2,060,238)	(176,142)
<b>Net cash flows from operating activities</b>	<b>1,319,784</b>	<b>123,197</b>	<b>377,716</b>	<b>67,047</b>	<b>(138,796)</b>	<b>1,748,947</b>	<b>584,058</b>
<b>Cash Flows From Non-Capital Financing Activities</b>							
Due to/from other funds	-	-	-	-	324,226	324,226	-
<b>Net cash flows from non-capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>324,226</b>	<b>324,226</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>							
Acquisition and construction of capital assets	(339,172)	-	(226,067)	-	(93,499)	(658,738)	(545,369)
Proceeds from sales of capital assets	-	-	-	-	2,835	2,835	207,120
Impact fees and interest subsidies received	276,889	6,501	147,635	-	-	431,025	-
Principal paid on capital bonds and leases	(541,529)	-	(24,194)	-	(78,562)	(644,285)	(129,257)
Interest paid on capital bonds and leases	(166,457)	-	(21,847)	-	(12,242)	(200,546)	(12,489)
<b>Net cash flows from capital and related financing activities</b>	<b>\$ (770,269)</b>	<b>\$ 6,501</b>	<b>\$ (124,473)</b>	<b>\$ -</b>	<b>\$ (181,468)</b>	<b>\$ (1,069,709)</b>	<b>\$ (479,995)</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2019**

	<b>Business-type Activities</b>					<b>Governmental Activities</b>	
	<b>Water</b>	<b>Pressurized Irrigation</b>	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Golf</b>	<b>Total Enterprise</b>	<b>Internal Service Fund - Fleet</b>
<b>Cash Flows From Investing Activities</b>							
Interest on investments	\$ 146,527	\$ 21,872	\$ 35,369	\$ 7,102	\$ -	\$ 210,870	\$ 8,347
<b>Net cash flows from investing activities</b>	<u>146,527</u>	<u>21,872</u>	<u>35,369</u>	<u>7,102</u>	<u>-</u>	<u>210,870</u>	<u>8,347</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	696,042	151,570	288,612	74,149	3,962	1,214,335	112,410
<b>Cash and Cash Equivalents, Beginning</b>	<u>5,113,784</u>	<u>740,752</u>	<u>1,193,537</u>	<u>190,945</u>	<u>-</u>	<u>7,239,018</u>	<u>442,454</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 5,809,826</u>	<u>\$ 892,322</u>	<u>\$ 1,482,149</u>	<u>\$ 265,094</u>	<u>\$ 3,962</u>	<u>\$ 8,453,353</u>	<u>\$ 554,864</u>
<b>Reconciliation of operating income to net cash flows from operating activities</b>							
Earnings (loss) from operations	\$ 504,584	\$ (37,885)	\$ 120,381	\$ 50,068	\$ (468,265)	\$ 168,883	\$ 121,762
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:							
Depreciation	826,299	114,954	195,434	21,516	265,083	1,423,286	390,424
Changes in assets and liabilities							
Accounts receivable, net	69,843	41,441	(5,802)	(18,719)	(5,016)	81,747	-
Inventories	(69,380)	(29,844)	-	-	4,580	(94,644)	-
Prepaid expenses	(16,174)	27,336	-	-	218	11,380	-
Net pension liability	36,432	5,419	9,151	2,993	36,873	90,868	8,327
Accounts payable	(52,719)	349	56,528	7,853	(8,560)	3,451	62,443
Compensated absences	7,849	1,076	3,841	3,490	38,593	54,848	3,422
Accrued liabilities	(3,507)	351	(1,817)	(154)	(2,302)	(7,429)	(2,320)
Customer deposits	16,557	-	-	-	-	16,557	-
<b>Net cash flows from operating activities</b>	<u>\$ 1,319,784</u>	<u>\$ 123,197</u>	<u>\$ 377,716</u>	<u>\$ 67,047</u>	<u>\$ (138,796)</u>	<u>\$ 1,748,947</u>	<u>\$ 584,058</u>
<b>Schedule of non-cash capital and related financing activities:</b>							
Contributions of capital assets	\$ 169,775	\$ -	\$ -	\$ -	\$ -	\$ 169,775	\$ -

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

## **CITY OF NORTH SALT LAKE NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of North Salt Lake (the City) was incorporated under the laws of the State of Utah in 1946 and operates under a manager-council form of government and provides the following services as authorized by its charter: public safety, public health, public improvements, highways, recreation, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The City has adopted GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB. The more significant accounting policies established in GAAP and used by the City are discussed below.

#### The Reporting Entity

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. In defining the government, 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 by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, The Financial Reporting Entity, the financial reporting entity consists of the primary government and the following component units:

#### Blended Component Units

The City established a Redevelopment Agency (RDA) pursuant to state code and designated the Mayor and City Council as the Redevelopment Agency Board. In conformity with accounting principles generally accepted in the United States of America, the financial statements of the RDA have been included in the financial reporting entity as a blended component unit as a nonmajor governmental fund.

The City established a Local Building Authority (LBA) pursuant to state code. The Governing Board of the LBA Board is comprised of the Mayor and members of the City Council. The purpose of the Authority is to serve the City as a financing agency for debt financed projects.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the LBA have been included in the financial reporting entity as a blended component unit as a nonmajor governmental fund.

Financial information for the above mentioned component units may be obtained at the City's offices, located at 10 East Center Street, North Salt Lake, UT 84054.

#### Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general governmental services, public safety, highways and public improvements, parks, recreation, and public property, and community development are classified as governmental activities. The City's water, secondary water, storm water, solid waste, and golf course services are classified as business-type activities.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-Wide and Fund Financial Statements (Continued)

The government-wide financial statements (i.e., the *statement of net position* and the *statement of activities*) report information on all of the activities of the City and its blended component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

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 which are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (generally within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when the City receives cash.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary Funds and Special Revenue Funds). Capital project funds are used to account for resources designated to construct governmental capital assets which may require more than one fiscal year for completion.

The Park Development Fund is a capital project fund. Capital project funds account for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary Funds and Special Revenue Funds). This fund is used to account for the park impact fees received.

The Road Development Fund is a capital projects fund. Capital project funds account for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary Funds and Special Revenue Funds). This fund is used to account for the road impact fees received.

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of the City's culinary and the City's east side secondary water distribution system.

The Pressurized Irrigation Fund accounts for the activities of the City's west side secondary water distribution system.

The Storm Water Fund accounts for the activities of the City's storm water collection system.

The Solid Waste Fund accounts for the activities of the City's solid waste services.

The Golf Course Fund accounts for the activities of the City's golf course.

Additionally, the City reports the following fund types:

Internal service fund – Fleet. The fleet internal service fund accounts for fleet management provided to the City's governmental funds on a cost-reimbursement basis. Each proprietary fund provides its own fleet management services.

As mentioned above, special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The City accounts for the Redevelopment Agency Fund as a nonmajor special revenue funds.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

As mentioned on previously, debt service funds are used to account for resources that will be used to service general long-term debt. The City has a nonmajor debt service fund and its principal function is the collection of RAP tax revenue and the payment of RAP tax revenue bonds.

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 operations. The principal operating revenues of the enterprise funds are charges to customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City policy states that when fund balance is available for use the following spending order will be followed: restricted, committed, assigned, and then unassigned fund balance as it is needed.

The City records utility revenues billed to its customers when meters are read on a monthly basis.

Budgets

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year, which begins July 1.

Budgets include activities in several different funds, including the General Fund, special revenue funds, Debt Service Fund, and proprietary funds. Annual budgets are also adopted for capital projects, which may include activities overlapping several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year-end.

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 25% of the next year's budgeted revenues.

By resolution, the City Council can amend the budget to any extent, provided the amended budget does not exceed the original budgeted expenditures, in which case a public hearing must be held. With the consent of the City Manager, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgets for the General Fund, special revenue funds, debt service funds, and Capital Projects Fund are prepared on the modified accrual basis of accounting. The City does not use encumbrance accounting.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is neither practicable, nor appropriate, to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Taxes

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are assessed and collected by Davis County. Taxes are attached as an enforceable lien 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 before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 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 on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by natural gas, electric utilities, and cable television companies and remitted to the City periodically.

Cash & Cash Equivalents and Investments

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Inventory and Prepaid Items

Inventories of materials used in the construction and repair of the transmission, distribution, and collection systems are valued at the lower of cost or market on a weighted average basis. Golf course merchandise inventories are valued at the lower of cost or market on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the governmental funds are accounted for using the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, curb and gutter, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair value at the date of donation.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The cost of normal maintenance and repairs that do not add materially to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Buildings	30-50
Improvements other than buildings	30-50
Infrastructure	30-50
Machinery and equipment	5-12
Vehicles	5-7

Interfund transactions

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered and for short-term interfund loans or transfers. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Loans are reported as receivables and payables and are classified as "due from other funds" or "due to other funds" on the balance sheet of the governmental fund financial statements. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

When an internal service fund provides goods or services to another fund, redundancy is inherent because expenditures/expenses are reported in both the fund providing and the fund receiving the goods or services. Since internal service funds primarily benefit governmental funds, they are included in the governmental activities in the entity-wide statements. The basic assumption for internal service funds is that they operate on a breakeven basis. Accordingly, any net profit or loss has been allocated to the functions that benefited from the goods or services provided based on proportionate benefit. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation between the governmental fund statements and the government-wide columnar presentation.

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 issuance costs are deferred and amortized over the life of the applicable debt.

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

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are reported in both the government-wide statements and the governmental fund statements.

Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a bi-weekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement or termination, all unpaid accrued vacation, up to 240 hours, is paid to the employee. Sick leave is earned at a rate of 8 hours (one day) per month. Sick pay amounts are charged to expenditures when incurred. Employees with at least 400 hours of accumulated sick leave are allowed to cash in one-third 100% of their annual sick leave accrued during the calendar year. Employees with at least 200 hours of accumulated sick leave are allowed to cash in two-thirds of their annual sick leave accrued during the calendar year. Employees with at least 120 hours of accumulated sick leave are allowed to cash in one-third of their annual sick leave accrued during the calendar year. Accumulated sick leave paid to employees upon retirement is limited to 20% to 50% of accumulated hours depending upon years of service. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave. The amount of accumulated leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Pensions

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

Equity – Fund Financial Statements

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

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.

Restricted fund balance classifications are restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance classification include those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council and remain binding unless removed in the same manner.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, as established by the City Manager. 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 or in the General Fund, that are intended to be used for specific purposes.

Unassigned fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not be assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Equity – Government-wide & Proprietary Financial Statements

Equity is classified as net position and displayed in three components:

1. Invested in capital assets, net of related debt – Consists of 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.

Equity is classified as net position and displayed in three components (Continued):

2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**NOTE 2 DEPOSIT AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Each fund's portion of this pool is displayed as “Cash and Cash Equivalents” which also includes cash accounts that are separately held by some of the City's funds. Deposits are not collateralized nor are they required to be by State statute.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. This Act requires the depositing of City funds in a “qualified depository”.

The Act defines a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

*Deposits*

*Custodial Credit Risk*

Custodial credit risk is the risk that, in the event of a bank failure, the City deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2019, the \$187,582 in the City's bank balances is fully insured.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 DEPOSIT AND INVESTMENTS (Continued)**

*Investments*

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the City's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. 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 of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 DEPOSIT AND INVESTMENTS (Continued)**

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, 2019, the City had the following recurring fair value measurements.

	<b>Fair Value Measurements Using</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Investments by fair value level</b>				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 18,356,772	\$ -	\$ 18,356,772	\$ -
Total debt securities	<u>\$ 18,356,772</u>	<u>\$ -</u>	<u>\$ 18,356,772</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to the City's average daily balance in the Fund; and,

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2019, the City's investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
PTIF Investments	\$ 18,356,772	\$ 18,356,772	-	-	-
	<u>\$ 18,356,772</u>	<u>\$ 18,356,772</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 DEPOSIT AND INVESTMENTS (Continued)**

*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 reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At June 30, 2019, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	\$ 18,356,772	-	-	-	\$ 18,356,772
	\$ 18,356,772	-	-	-	\$ 18,356,772

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial credit risk (investments) – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

The following are the City's cash on hand, on deposit, and investments as of June 30, 2019:

Cash on hand and on deposit:

Cash on deposit	\$ 517,169
Petty cash	3,700
PTIF investment	18,356,773
Total cash and investments	<u>\$ 18,877,641</u>

Cash and investments are included in the accompanying combined statement of net position as follows:

Cash	\$ 15,157,572
Restricted Cash	3,720,069
Total cash and investments	<u>\$ 18,877,641</u>

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 RESTRICTED BALANCES**

The following table illustrates the amounts reported as restricted net position, restricted fund balance, and restricted cash. The variances between restricted cash and restricted net position occur under two occasions. First, if expenditures have been incurred for restricted purposes, but have yet to be paid with cash. Second, if the restriction is also offset by a corresponding debt such as the unspent bond proceeds.

	Restricted Cash	Restricted Net Position	Restricted Fund Balance
Water Bonds Debt Service Reserves	\$ 447,581	\$ 447,582	\$ -
Sales Tax Bonds Debt Service Reserves	28,696	28,696	28,696
Impact Fees	2,564,303	2,564,303	2,564,303
Construction projects	129,255	-	129,255
Redevelopment low income housing	101,930	-	101,930
Unspent B&C Road Money	448,304	448,304	448,304
	<u>\$ 3,720,069</u>	<u>\$ 3,488,885</u>	<u>\$ 3,272,488</u>

**NOTE 4 ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance for doubtful accounts receivable at June 30, 2019 for all funds is \$10,000.

**NOTE 5 CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2019, is as follows:

	Balance June 30, 2018	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2019
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 25,066,381	\$ -	\$ -	\$ -	\$ 25,066,381
Construction in progress	188,320	568,331	-	(52,120)	704,531
Total capital assets, not being depreciated	<u>25,254,701</u>	<u>568,331</u>	<u>-</u>	<u>(52,120)</u>	<u>25,770,912</u>
Capital assets, being depreciated					
Infrastructure	25,444,687	849,369	-	45,468	26,339,524
Buildings	7,741,394	25,624	-	-	7,767,018
Improvements other than buildings	8,514,943	107,774	-	6,652	8,629,369
Machinery, equipment, and vehicles	5,530,818	562,569	(309,975)	-	5,783,412
Total capital assets, being depreciated	<u>47,231,842</u>	<u>1,545,336</u>	<u>(309,975)</u>	<u>52,120</u>	<u>48,519,323</u>
Less accumulated depreciation for					
Infrastructure	(4,283,481)	(687,047)	-	-	(4,970,528)
Buildings	(2,295,063)	(259,214)	-	-	(2,554,277)
Improvements other than buildings	(1,591,701)	(223,340)	-	-	(1,815,041)
Machinery, equipment, and vehicles	(3,353,557)	(450,348)	182,171	-	(3,621,734)
Total accumulated depreciation	<u>(11,523,802)</u>	<u>(1,619,949)</u>	<u>182,171</u>	<u>-</u>	<u>(12,961,580)</u>
Total capital assets, being depreciated, net	<u>35,708,040</u>	<u>(74,613)</u>	<u>(127,804)</u>	<u>52,120</u>	<u>35,557,743</u>
Governmental activities capital assets, net	<u>\$ 60,962,741</u>	<u>\$ 493,718</u>	<u>\$ (127,804)</u>	<u>\$ -</u>	<u>\$ 61,328,655</u>

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 CAPITAL ASSETS (Continued)**

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

Governmental activities	
General government	\$ 266,519
Community development	3,562
Public safety	169,753
Highways and public improvements	889,479
Parks, recreation, and public property	<u>290,636</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,619,949</u></u>

The Enterprise Funds' property, plant and equipment consist of the following at June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2019
Business-type Activities					
Capital assets, not being depreciated					
Land	\$ 2,551,013	\$ -	\$ -	\$ -	\$ 2,551,013
Water rights	2,864,052	-	-	-	2,864,052
Construction in progress	<u>342,512</u>	<u>186,118</u>	<u>-</u>	<u>(281,344)</u>	<u>247,286</u>
Total capital assets, not being depreciated	<u>5,757,577</u>	<u>186,118</u>	<u>-</u>	<u>(281,344)</u>	<u>5,662,351</u>
Capital assets, being depreciated					
Buildings	1,492,976	-	-	-	1,492,976
Golf course	4,810,424	-	-	-	4,810,424
Water distribution system	26,533,111	341,271	-	-	26,874,382
Storm water system	6,722,514	207,627	-	281,344	7,211,485
Machinery, equipment, and vehicles	<u>3,131,402</u>	<u>93,501</u>	<u>(34,863)</u>	<u>-</u>	<u>3,190,040</u>
Total capital assets, being depreciated	<u>42,690,427</u>	<u>642,399</u>	<u>(34,863)</u>	<u>281,344</u>	<u>43,579,307</u>
Less accumulated depreciation for					
Buildings	(663,397)	(32,422)	-	-	(695,819)
Golf course	(2,230,558)	(98,838)	-	-	(2,329,396)
Water distribution system	(8,739,421)	(851,056)	-	-	(9,590,477)
Storm water system	(1,129,187)	(175,180)	-	-	(1,304,367)
Machinery, equipment, and vehicles	<u>(1,739,841)</u>	<u>(265,787)</u>	<u>34,863</u>	<u>-</u>	<u>(1,970,765)</u>
Total accumulated depreciation	<u>(14,502,404)</u>	<u>(1,423,283)</u>	<u>34,863</u>	<u>-</u>	<u>(15,890,824)</u>
Total capital assets, being depreciated, net	<u>28,188,023</u>	<u>(780,884)</u>	<u>-</u>	<u>281,344</u>	<u>27,688,483</u>
Business-type activities capital assets, net	<u><u>\$ 33,945,600</u></u>	<u><u>\$ (594,766)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,350,834</u></u>

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 CAPITAL ASSETS (Continued)**

Depreciation expense was charged to funds of the business-type activities as follows:

Business-type Activities	
Water	\$ 826,297
Secondary Water	114,954
Storm Water	195,434
Solid Waste	21,516
Golf Course	<u>265,083</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,423,283</u></u>

**NOTE 6 DEFERRED INFLOW OF RESOURCES**

In conjunction with the implementation of GASB Statement No. 33, “*Accounting and Financial Reporting for Nonexchange Transactions*” the City has accrued a property tax receivable and a deferred inflow of resources for unavailable property tax revenue in the General Fund in the amounts of \$2,624,326.

Property taxes in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). 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.

Since the property tax to be levied on October 1, 2019 is not expected to be received within 60 days after the year ended June 30, 2019, the City is required to record a receivable and a deferred inflow of resources for unavailable property tax revenue of the estimated amount of the total property tax to be levied on October 1, 2019.

In addition to the deferred inflow of resources from property taxes as described above, the City has recorded deferred outflows of resources and deferred inflows of resources related to their pension. See note 10 for information on how those amounts are derived and when they will be charged to expense in the following years.

**NOTE 7 DEVELOPER AND CUSTOMER DEPOSITS**

General Fund deposits are principally deposits and construction bonds from developers that are held by the City until building projects receive the required City inspections and are in compliance with all City ordinances.

Water fund deposits are customer deposits the City requires from all residential or commercial customers before they receive a water connection. The deposit is a flat fee charged based on the size of the water meter. The deposit is refunded only at termination of service.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2019:

	Long-term debt payable at June 30, 2018			Long-term debt payable at June 30, 2019		Due within One Year
	Additions	Reductions				
<b>Governmental activities</b>						
Series 2010 Sales Tax	\$ 2,675,000	\$ -	\$ 185,000	\$ 2,490,000		\$ 190,000
Series 2016 Lease Revenue Bond	924,000	-	92,000	832,000		94,000
2016 Public Works Lease	130,941	-	20,489	110,452		21,004
2017 Public Works Lease	202,902	-	48,665	154,237		49,946
2018 Public Works Lease	249,335	-	60,103	189,232		61,566
Compensated Absences	421,262	463,388	362,841	521,809		278,299
	<u>\$ 4,603,440</u>	<u>\$ 463,388</u>	<u>\$ 769,098</u>	<u>\$ 4,297,730</u>		<u>\$ 694,815</u>
<b>Governmental activity long-term liabilities</b>						
<b>Business-type activities</b>						
Series 2010 Water Revenue	\$ 2,890,000	\$ -	\$ 180,000	\$ 2,710,000		\$ 185,000
Plus unamortized premium	28,070	-	1,863	26,207		2,160
Series 2015 Water Revenue	1,171,000	-	380,000	791,000		392,000
Plus unamortized premium	11,566	-	3,858	7,708		3,854
2015 Golf Equipment Capital Lease	56,572	-	27,934	28,638		28,638
2018 Golf Equipment Capital Lease	209,573	-	50,628	158,945		51,786
Eaglewood Development N/P	657,000	-	-	657,000		-
Compass Development N/P	247,478	-	-	247,478		-
Compensated Absences	227,414	250,155	195,301	282,268		150,543
	<u>\$ 5,498,673</u>	<u>\$ 250,155</u>	<u>\$ 839,584</u>	<u>\$ 4,909,244</u>		<u>\$ 813,981</u>
<b>Business-type activity long-term liabilities</b>						

The General Fund and all Enterprise Funds typically liquidate the liability for compensated absences.

For the year ended June 30, 2019, \$182,263 of interest was charged as a direct expense on the *statement of activities* for Governmental activities and \$200,546 of interest was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2019, in Governmental or Business-type Activities.

**Governmental Activities:**

Sales Tax Revenue Bonds, Series 2010

In May of 2010 the City issued the Sales Tax Revenue Bonds, Series 2010 with a par value of \$4,030,000. The bonds are Build America Bonds (BABS) and are not tax exempt to the holder of the bonds. The bonds have a net interest cost of 5.16% and a true interest cost of 3.38%. However, the City will be reimbursed by the Federal Government equal to 35% of the interest paid. The bonds require interest payments in June and December of each year until maturity in 2030. Principal payments are due in June of each year until June 2030. These bonds were issued for the purpose of park construction. The bonds proceeds were received in the Park Improvement Fund and will be liquidated in the Debt Service Fund.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT (Continued)**

Sales Tax Revenue Bonds, Series 2010 (Continued):

The annual debt service requirements to maturity, including principal and interest, for the Series 2010 Sales Tax Revenue Bonds, as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	4.50%	\$ 190,000	\$ 131,440	\$ 321,440
2021	4.65%	200,000	122,890	322,890
2022	4.80%	205,000	113,590	318,590
2023	4.90%	210,000	103,750	313,750
2024	5.15%	215,000	93,460	308,460
2025-2029	5.15-5.50%	1,205,000	286,738	1,491,738
2030	5.80%	265,000	15,370	280,370
		<u>\$ 2,490,000</u>	<u>\$ 867,238</u>	<u>\$ 3,357,238</u>
Total		<u>\$ 2,490,000</u>	<u>\$ 867,238</u>	<u>\$ 3,357,238</u>

Lease Revenue Bonds, Series 2016

In December of 2016 the City issued the Lease Revenue Bonds, Series 2016 with a par value of \$999,000. The bonds have an average interest cost of 1.49%. The bonds require interest payments due in June and December of each year until June 2026. Principal payments are due in December of each year until December 2026. These bonds were issued for the purpose of purchasing property for future park expansion and park construction. The bonds proceeds were received and will be liquidated in the Local Building Authority Fund.

The annual debt service requirements to maturity, including principal and interest, for the Series 2017 Lease Revenue Bonds, as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	2.27%	94,000	18,886	112,886
2021	2.56%	96,000	18,893	114,893
2022	2.81%	98,000	18,040	116,040
2023	3.04%	101,000	21,098	122,098
2024	3.04%	105,000	15,062	120,062
2025-2027	3.73-4.12%	338,000	26,513	364,513
		<u>\$ 832,000</u>	<u>\$ 118,492</u>	<u>\$ 950,492</u>
Total		<u>\$ 832,000</u>	<u>\$ 118,492</u>	<u>\$ 950,492</u>

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT (Continued)**

2016 Public Works Vehicle Capital Lease

In February 2016, the City entered into an equipment lease purchase in the amount of \$170,420. The lease is secured by capital equipment with a historical cost of \$170,655 and accumulated depreciation of \$34,904 at June 30, 2019. Payments are due in February of each year until 2024. The lease has an interest rate of 2.52%. The fleet fund is used to liquidate the lease. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	2.52%	\$ 21,004	\$ 2,783	\$ 23,787
2021	2.52%	21,534	2,254	23,788
2022	2.52%	22,077	1,711	23,788
2023	2.52%	22,633	1,155	23,788
2024	2.52%	23,204	585	23,789
Total		<u>\$ 110,452</u>	<u>\$ 8,488</u>	<u>\$ 118,940</u>

2017 Public Works Vehicle Capital Lease

In February 2017, the City entered into an equipment lease purchase in the amount of \$250,430. The lease is secured by capital equipment with a historical cost of \$250,430 and accumulated depreciation of \$31,327 at June 30, 2019. Payments are due in February of each year until 2022. The lease has an interest rate of 2.63%. The fleet fund is used to liquidate the lease. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	2.63%	\$ 49,945	\$ 4,045	\$ 53,991
2021	2.63%	51,259	2,732	53,991
2022	2.63%	53,033	1,384	54,417
Total		<u>\$ 154,237</u>	<u>\$ 8,160</u>	<u>\$ 162,398</u>

2018 Public Works Vehicle Capital Lease

In January 2018, the City entered into an equipment lease purchase in the amount of \$249,335. The lease is secured by capital equipment with a historical cost of \$249,335 and accumulated depreciation of \$18,102 at June 30, 2019. Payments are due in February of each year until 2022. The lease has an interest rate of 2.42%. The fleet fund is used to liquidate the lease. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	2.42%	\$ 61,566	\$ 4,209	\$ 65,775
2021	2.42%	63,065	2,710	65,775
2022	2.42%	64,601	1,175	65,776
Total		<u>\$ 189,232</u>	<u>\$ 8,094</u>	<u>\$ 197,326</u>

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT (Continued)**

**Business-type activities:**

Water Revenue Bonds, Series 2010

In December of 2010 the City issued Series 2010 Water Revenue Bonds with a par value of \$4,000,000. The bonds are Build America Bonds (BABS) and are not tax exempt to the holder of the bonds. The bonds have a net interest cost of 5.99% and a true interest cost of 3.88%. However, the City will be reimbursed by the Federal Government equal to 35% of the interest paid. The purpose of the bond issue was finance the cost of various capital improvements to the water distribution system, including the construction of wells, a pump building, waterlines, pump stations, and a 0.5 million-gallon water tank. Water sales are security for the bond. Payments are due in March and September of each year, with final payment being due in March 2031.

During the fiscal year ended June 30, 2015, the City used \$500,000 of these bond's issuance proceeds to fund a Storm Water project. This portion of the long-term debt outstanding was transferred along with the associated unamortized bond premium to the Storm Water fund during the fiscal year ended June 30, 2015, and will be liquidated/amortized throughout the remaining life of these bonds. The amortization schedule for these bonds presented on page 44 can be broken out between the Water and Storm Water funds by using each fund's percentage of the outstanding debt as follows: Water 86.56% and Storm Water 13.44%.

The Series 2010 Water Revenue Bonds have a rate covenant requirement. This requires the Water Fund to have its rates and fees (including connection fees) to be sufficient to pay the system's operation and maintenance expenses (excluding depreciation) and to provide net revenues of not less than 125% of the annual debt service requirement for the forthcoming year. The City did meet this requirement for the fiscal year ended June 30, 2018 using the water fund, pressurized irrigation fund, and storm water fund revenues and expenses in making the calculations. The calculation is shown in the supplementary information.

The City is required to, by the 15th day of each month, transfer and deposit into the Bond Fund, an amount equal to approximately one-sixth of the interest falling due on the next interest payment date, plus approximately one-twelfth of the principal and premium, if any, falling due on the next principal payment date, in an amount sufficient to pay the principal and interest on the bonds promptly on each such payment date.

A Debt Service Reserve Fund is required set at a total amount upon the time of issuance to be \$364,978. One-half of this reserve is satisfied with an insurance policy, the other half is satisfied with a deposit made into a reserve cash account at the time of issuance in the amount of \$182,489. At June 30, 2019, the City has \$177,596 in a reserved cash account with an additional \$4,893 in restricted cash to meet the debt covenants. The annual debt service requirements to maturity, including principal and interest for the Series 2010 Water Revenue Bonds as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	5.15%	185,000	107,861	292,861
2021	5.15%	190,000	101,668	291,668
2022	5.15%	195,000	95,184	290,184
2023	5.65%	205,000	88,023	293,023
2024	6.00%	210,000	80,494	290,494
2025- 2029	6.00-6.50%	1,180,000	270,334	1,450,334
2030 - 2031	6.50-6.75%	545,000	36,197	581,197
		2,710,000	\$ 779,761	\$ 3,489,761
Plus unamortized premium		26,207		
Total		\$ 2,736,207		

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT (Continued)**

Water Revenue Bonds, Series 2015

On January 27, 2015, the City issued the Series 2015 Water Revenue Refunding Bonds. The purpose of the issuance was to refund the outstanding Series 2006 Water Revenue Bonds. The refunding provided a net present value savings of \$59,126, with an average annual cash flow savings of \$8,846. Principal payments on the bonds are due on March 1st of each year through 2021 and interest payments are due on March 1st and September 1st of each year through March 1, 2021. The bonds carry an average coupon rate of 1.99%.

The anticipated annual requirement to amortize long-term debt and related interest as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	2.15%	\$ 392,000	\$ 17,805	\$ 409,805
2021	2.35%	399,000	9,377	408,377
		791,000	\$ 27,181	\$ 818,181
Plus unamortized premium		7,715		
Total		\$ 798,715		

Golf Course Note Payable – Eaglewood Development LTD

On December 18, 1992 the City entered into a non-interest bearing note payable agreement with Eaglewood Development LTD where the City borrowed \$657,000. The City shall pay a lender an amount equal to 100% of all cash flow until the lender shall have been paid an amount equal to 5% of the total participation net income which has accrued from the date hereof through the end of the fiscal year for which the payment is being made and which has not been previously paid to the lender. The City's obligation to make payments to the lender shall commence at such time as the City shall have accumulated in the golf enterprise fund an unrestricted net position balance the amount of \$175,000, which amount shall include any interest earned on funds deposited in the enterprise reserve fund. Prior to the accumulation of \$175,000, 100% of the cash flow shall be deposited in the enterprise fund. In any fiscal year the cash flow is not available to permit actual payment to the lender of amount required to be paid pursuant to the above stipulations, then payment of such amount shall be deferred until such time as cash flow shall be available to make payments with zero interest. The annual due date of all payments shall be 90 days after the close of each fiscal year. Computation of payment on this note is not determinable as it is based on net income. The golf course had an operating loss for the current year.

Eaglewood Village, Inc. (DBA Compass Development Group) Note Payable

On November 16, 2010 the City entered into a note payable agreement with Compass Development Group for the construction of storm drain improvements within the storm drainage service area #2 (Eaglewood Village). In exchange for the storm drain improvements, the City committed to a note of \$973,468 that would be repaid with storm drain impact fees as the fees are collected from that respective development area. The agreement stipulates that the City must remit to the developer 54.2 percent of the impact fees collected from service area #2 and that from the time the fees are collected to when they are remitted they bear interest at a rate of 6 percent. The total remaining payable to the developer at June 30, 2019 is \$247,479.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 LONG-TERM DEBT (Continued)**

2015 Golf Course Capital Lease

In March 2015 the City entered into an equipment lease purchase for \$136,330. The lease is secured by capital equipment amortized through depreciation expense. Payments are due in September and March of each year until 2020. The lease has an interest rate of 2.5%. The golf fund is used to liquidate the lease. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	2.50%	\$ 28,638	\$ 538	\$ 29,176
Total		<u>\$ 28,638</u>	<u>\$ 538</u>	<u>\$ 29,176</u>

2018 Golf Course Capital Lease

In August 2017 the City entered into an equipment lease purchase for \$136,330. The lease is secured by capital equipment amortized through depreciation expense. Payments are due in August of each year until 2022. The lease has an interest rate of 2.29%. The golf fund is used to liquidate the lease. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	2.29%	\$ 51,787	\$ 3,640	\$ 55,427
2021	2.29%	52,973	2,454	55,427
2022	2.29%	54,185	1,241	55,426
Total		<u>\$ 158,945</u>	<u>\$ 7,335</u>	<u>\$ 166,280</u>

**NOTE 9 INTERGOVERNMENTAL REVENUE**

Intergovernmental revenue for the year ended June 30, 2019 consists of the following:

<u>Revenue Source</u>	<u>Amount</u>	<u>% of Total</u>
Utah Class C Road Allotment	727,664	45.41%
Intergovernmental -Fuel Tax	381,828	23.83%
Intergovernmental -UDOT	282,626	17.64%
Intergovernmental -Jordan River Commission	2,500	0.16%
Utah Liquor Law Enforcement Grant	20,947	1.31%
CDBG Grant	47,898	2.99%
Court Grant	4,400	0.27%
JAG Grant	7,350	0.46%
Division of Emergency Management FEMA Grant	24,000	1.50%
Federal Build America Bond Interest Reimbursement Grant	103,341	6.45%
	<u>\$ 1,602,555</u>	<u>100.00%</u>

Of the \$1,602,555 in total intergovernmental revenue, \$1,545,151 was reported in governmental funds and the remaining \$57,404 was reported in the proprietary funds.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 10 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; and natural disasters. The City maintains commercial liability and property insurance for all major programs. There have been no significant reductions in insurance coverage. The City makes monthly premium payments to the insurance provider to cover any claims on workers compensation. Settlement amounts have not exceeded insurance coverage for the prior four years. The table below illustrates the coverage limits and deductibles for the various areas of risks that the City is exposed to:

	<u>Coverage Limits</u>	<u>Deductible</u>
General Liability	2,000,000	-
Auto Bodily Injury	2,000,000	-
Auto Property Damage	2,000,000	-
Underinsured Motorist	100,000	-
Uninsured Motorist	100,000	-
Building	10,926,300	1,000
Building Contents	2,275,287	1,000
Contractors Equipment	1,216,639	1,000
Electronic Data Equipment	59,800	1,000
Equipment in the Open	23,690	1,000
Mobile Equipment	45,640	1,000
Sewer/Water Buildings	4,566,600	1,000
Sewer/Water Building Contents	1,536,500	1,000
Position Bond	1,000,000	-

\* Deductible is per incidence

**NOTE 11 INTERFUND TRANSACTIONS**

At June 30, 2019, the City's internal balances due to or from other activities were as follows:

	<u>Due from</u>		
	<u>Governmental</u>	<u>Enterprise</u>	
<u>Due To</u>	<u>Redevelopment</u>	<u>Golf</u>	<u>Total</u>
	<u>Agency</u>	<u>Fund</u>	
Governmental:			
Capital Projects Fund	\$ -	\$ 2,737,380	\$ 2,737,380
Housing	13,132	-	13,132
Total	<u>\$ 13,132</u>	<u>\$ 2,737,380</u>	<u>\$ 2,750,512</u>

The Golf Fund payable represents transferred subsidies made to the Golf Fund from fiscal years 1994 through 2019. The City does not expect to be repaid from the Golf Fund. The Housing Fund payable will be repaid in Fiscal Year 2020.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 INTERFUND TRANSACTIONS (Continued)**

In addition to the above, transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2019 are as follows:

	Transfer - In	Transfer - Out
Governmental:		
General Fund	\$ 22,000	\$ 2,207,008
Redevelopment Agency	-	72,000
Housing Agency	50,000	-
Building Authority Fund	82,000	-
Debt Service Fund	-	257,000
Capital Projects Fund	684,000	-
Parks Capital Fund	175,000	-
Police Facilities Fund	-	45,000
Roadway Devel. Fund	1,568,008	-
	\$ 2,581,008	\$ 2,581,008

These transfers occurred primarily to finance programs, accounted for in one fund, with resources collected in other funds in accordance with budgetary authorizations. The General Funds transfers to the; 1) Roadway Development Fund was for the construction of C Road qualifying road projects and seal coating, 2) a transfer to Capital Projects Fund to reserve funds for future capital projects, and 3) a transfer to the Parks Capital Fund for future Park Projects. The transfers from the Redevelopment Agency were to; reimburse the General Fund is for administrative expenditures, and to the Housing Agency setting aside funds restricted for low income housing. The Police Facilities Fund transferred its share of the capital cost of the new building to the Capital Projects Fund. The transfer from the Park fund to the Local Building Authority funded a portion of the annual debt payment.

**NOTE 12 CONTRACT AGREEMENTS**

The City participates in the following special districts to provide services to its residents:

- Davis County Solid Waste Management and Energy Recovery Special Service District
- South Davis Metro Fire Agency
- South Davis County Sewer District
- South Davis Recreation District

The Solid Waste Management District, Sewer District and Recreation District charge users directly for services received. During the current fiscal year, the City paid the Fire Agency \$1,334,651 for fire services.

The City has representatives on the governing boards of the above districts but does not have total or final control over the fiscal or administrative activities of these entities. Payments or services to these entities are included in the expenditures of the City's general fund. Separate financial statements are prepared by these districts and are publicly available through their respective offices.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 13 REDEVELOPMENT AGENCY OF THE CITY OF NORTH SALT LAKE**

In accordance with Utah State Law, the City makes the following disclosures relative to the North Salt Lake City Redevelopment Agency (RDA): The RDA collected 1) \$413,415 for project area 1 of tax increment monies, and 2) \$508,358 from project area 2. No funds were paid out to any taxing agency. The RDA has no outstanding bonds or other loans incurred to finance costs associated with its project area. Developer reimbursements were made in the amount of \$392,744 from revenue collected from project area 1 and \$305,015 from revenue collected from project area 2. The RDA expended \$9,952 towards professional and technical costs.

**NOTE 14 PENSION PLAN**

General Information about the Pension Plan

**Plan Description:**

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

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 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](http://www.urs.org).

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION PLAN (Continued)**

**Benefits Provided:**

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

<b>Summary of Benefits by System</b>				
System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent 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 on the employer
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 Firefighters System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65*	1.5% per year all years	Up to 2.5%

\* with actuarial reductions

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

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION PLAN (Continued)**

**Contributions:**

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

**Utah Retirement Systems**

	Employee Paid	Employer Contribution Rates	Employer rate for 401(k) Plan
<b>Contributory System</b>			
111 - Local Government Division Tier 2	N/A	15.54%	1.15%
<b>Noncontributory System</b>			
15 - Local Government Division Tier 1	N/A	18.47%	N/A
<b>Public Safety Retirement System</b>			
<b>Contributory</b>			
122 - Other Division A Contributory Tier 2	N/A	23.09%	0.74%
<b>Non Contributory</b>			
43 - Other Div A with 2.5% COLA	N/A	34.04%	N/A
<b>Tier 2 DC Only</b>			
211 - Local Government	N/A	6.69%	10.00%
222 - Public Safety	N/A	11.83%	12.00%

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

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 406,000	N/A
Public Safety System	377,813	-
Tier 2 Public Employees System	92,055	-
Tier 2 Public Safety and Firefighter	60,546	-
Tier 2 DC Only System	4,591	N/A
<b>Total Contributions</b>	<b>\$ 941,005</b>	<b>\$ -</b>

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.

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION PLAN (Continued)**

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$3,815,631.

	Measurement Date: December 31, 2018			Proportionate Share December 31, 2017	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 1,852,309	0.2515451%	0.2446027%	0.0069424%
Public Safety System	\$ -	\$ 1,937,168	0.7530044%	0.6765509%	0.0764535%
Tier 2 Public Employees System	\$ -	\$ 21,402	0.0499722%	0.0493908%	0.0005814%
Tier 2 Public Safety and Firefighter System	\$ -	\$ 4,752	0.1896608%	0.2255066%	-0.0358458%
Total Net Pension Asset/Liability	\$ -	\$ 3,815,631			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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, 2019, we recognized pension expense of \$1,264,176. At June 30, 2019, 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	\$ 26,157	\$ 131,166
Changes in assumptions	480,693	559
Net difference between projected and actual earnings on pension plan investments	730,051	-
Changes in proportion and differences between contributions and proportionate share of contributions	141,173	24,533
Contributions subsequent to the measurement date	470,144	-
Total	\$ 1,848,218	\$ 156,258

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION PLAN (Continued)**

\$470,144 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

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:

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 572,738
2020	191,319
2021	100,212
2022	346,541
2023	1,149
Thereafter	\$ 9,858

**Actuarial assumptions:**

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

**CITY OF NORTH SALT LAKE**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION PLAN (Continued)**

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	40%	6.15%	2.46%
Debt Securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private Equity	9%	9.95%	0.89%
Absolute Return	16%	2.85%	0.46%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

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

**Discount Rate:**

The discount rate used to measure the total pension liability was 6.95 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 sue the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

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

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

System	Discount Rate		
	1% Decrease (5.95%)	Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 3,796,233	\$ 1,852,308	\$ 233,533
Public Safety System	\$ 3,797,191	\$ 1,937,168	\$ 427,238
Tier 2 Public Employees System	\$ 85,741	\$ 21,402	\$ (28,251)
Tier 2 Public Safety and Firefighter	\$ 35,843	\$ 4,752	\$ (19,040)
Total Contributions	\$ 7,715,008	\$ 3,815,630	\$ 613,480

**CITY OF NORTH SALT LAKE  
NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 PENSION PLAN (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 Contribution 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.

City of North Salt Lake participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- \*401(k) Plan
- \*457(b) Plan
- \*Roth IRA Plan
- \*Traditional IRA Plan

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

<b>401(k) Plan</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Employer Contributions	\$ 210,989	\$ 217,712	\$ 214,408
Employee Contributions	\$ 78,015	\$ 67,068	\$ 84,324
<b>457 Plan</b>			
Employer Contributions	\$ 6,408	\$ 15,863	\$ -
Employee Contributions	\$ 22,126	\$ 31,355	\$ 63,161
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 28,932	\$ 24,918	\$ 8,148
<b>Traditional IRA</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ -	\$ -	\$ 275

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE-BUDGET AND ACTUAL- GENERAL FUNDS**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Property	\$ 2,956,000	\$ 2,956,000	\$ 2,885,261	\$ (70,739)
Sales and use	4,341,000	4,341,000	4,482,083	141,083
Franchise	1,832,000	1,832,000	1,781,275	(50,725)
Licenses and permits	233,000	233,000	225,940	(7,060)
Intergovernmental revenues	1,105,800	1,109,050	1,142,189	33,139
Charges for services	520,500	610,500	775,740	165,240
Fines and forfeitures	440,000	440,000	387,522	(52,478)
Interest	50,000	50,000	109,873	59,873
Miscellaneous	36,000	36,000	57,924	21,924
<b>Total Revenues</b>	<u>11,514,300</u>	<u>11,607,550</u>	<u>11,847,807</u>	<u>240,257</u>
<b>Expenditures</b>				
Current:				
General government:				
Legislative	237,700	237,700	219,852	17,848
Administrative	1,032,800	1,032,800	931,742	101,058
Buildings	99,400	99,400	77,994	21,406
Judicial	339,400	339,400	311,100	28,300
Total general government	<u>1,709,300</u>	<u>1,709,300</u>	<u>1,540,688</u>	<u>168,612</u>
Public safety:				
Police department	3,984,000	4,074,000	3,770,922	303,078
Fire department	1,304,000	1,334,700	1,334,651	49
Total public safety	<u>5,288,000</u>	<u>5,408,700</u>	<u>5,105,573</u>	<u>303,127</u>
Public works:				
Streets department	1,520,500	1,520,500	1,472,913	47,587
Engineering	233,300	233,300	197,171	36,129
Total public works	<u>1,753,800</u>	<u>1,753,800</u>	<u>1,670,084</u>	<u>83,716</u>
Community Development				
Planning and zoning	352,900	352,900	335,109	17,791
Building inspection	207,100	207,100	192,101	14,999
Total community development	<u>560,000</u>	<u>560,000</u>	<u>527,210</u>	<u>32,790</u>
Parks	985,600	988,850	969,813	19,037
<b>Total Expenditures</b>	<u>\$ 10,296,700</u>	<u>\$ 10,420,650</u>	<u>\$ 9,813,368</u>	<u>\$ 607,282</u>

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE-BUDGET AND ACTUAL- GENERAL FUNDS**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ 1,217,600	\$ 1,186,900	\$ 2,034,439	\$ 847,539
<b>Other Financing Sources (Uses)</b>				
Appropriations from fund balance	-	1,269,500	-	1,269,500
Transfer in	22,000	22,000	22,000	-
Transfer out	(1,188,000)	(2,426,800)	(2,207,008)	(219,792)
Sale of capital assets	-	-	-	-
Contributions	10,000	10,000	7,950	2,050
<b>Total Other Financing Sources (Uses)</b>	<u>(1,156,000)</u>	<u>(1,125,300)</u>	<u>(2,177,058)</u>	<u>1,051,758</u>
<b>Net Change in Fund Balance</b>	<u>\$ 61,600</u>	<u>\$ 61,600</u>	<u>(142,619)</u>	<u>\$ 1,899,297</u>
<b>Fund Balance, Beginning</b>			<u>3,289,654</u>	
<b>Fund Balance, Ending</b>			<u>\$ 3,147,035</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**The Year Ended June 30, 2019**

**with a measurement date of December 31, 2018**

Last 10 fiscal years\*

		Noncontributory System	Public Safety System	Tier 2	Tier 2
				Public Employees System	Public Safety and Firefighters System
Proportion of the net pension liability (asset)	2019	0.2515451%	0.7530044%	0.0499722%	0.1896608%
	2018	0.2446027%	0.6765509%	0.0493908%	0.2255066%
	2017	0.2530812%	0.6639816%	0.0492092%	0.1400266%
	2016	0.2504222%	0.6491617%	0.0506753%	0.1696343%
	2015	0.2382980%	0.6418601%	0.0632276%	0.1823782%
Proportion share of the net pension liability (asset)	2019	\$ 1,852,309	\$ 1,937,168	\$ 21,402	\$ 4,752
	2018	\$ 1,071,678	\$ 1,061,277	\$ 4,355	\$ (2,609)
	2017	\$ 1,625,091	\$ 1,347,402	\$ 5,489	\$ (1,216)
	2016	\$ 1,417,011	\$ 1,162,812	\$ (111)	\$ (2,478)
	2015	\$ 1,034,746	\$ 807,192	\$ (1,916)	\$ (2,698)
Covered employee payroll	2019	\$ 2,164,105	\$ 1,220,761	\$ 583,665	\$ 254,080
	2018	\$ 2,084,445	\$ 1,051,180	\$ 483,185	\$ 238,078
	2017	\$ 2,184,033	\$ 1,046,065	\$ 403,553	\$ 115,694
	2016	\$ 2,099,285	\$ 1,044,487	\$ 327,389	\$ 100,973
	2015	\$ 1,990,364	\$ 986,989	\$ 310,185	\$ 75,315
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2019	85.59%	158.69%	3.67%	1.87%
	2018	51.41%	100.96%	0.90%	-1.10%
	2017	74.41%	128.81%	1.36%	-1.05%
	2016	67.50%	115.76%	-0.03%	2.45%
	2015	52.00%	81.80%	-0.60%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	2019	87.00%	84.70%	90.80%	95.60%
	2018	91.90%	90.20%	97.40%	103.00%
	2017	87.30%	86.50%	95.10%	103.60%
	2016	87.80%	87.10%	100.20%	110.70%
	2015	90.20%	90.50%	103.50%	120.50%

\*In accordance with paragraph 81 of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year.

**CITY OF NORTH SALT LAKE  
SCHEDULE OF THE CONTRIBUTIONS  
UTAH RETIREMENT SYSTEM**

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contributions deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory System</b>	2016	386,831	386,831	-	2,174,060	17.79%
	2017	392,635	392,635	-	2,251,079	17.44%
	2018	386,946	386,946	-	2,154,015	17.96%
	2019	406,000	406,000	-	2,273,509	17.86%
<b>Public Safety System</b>	2016	320,818	320,818	-	1,005,185	31.92%
	2017	339,377	339,377	-	1,105,641	30.70%
	2018	345,508	345,508	-	1,126,936	30.66%
	2019	377,813	377,813	-	1,243,983	30.37%
<b>Tier 2 Public Employees System*</b>	2016	55,165	55,165	-	373,487	14.77%
	2017	63,238	63,238	-	424,134	14.91%
	2018	82,623	82,623	-	546,807	15.11%
	2019	92,055	92,055	-	600,656	15.33%
<b>Tier 2 Public Safety and Firefighter System*</b>	2016	23,489	23,489	-	104,394	22.50%
	2017	42,782	42,782	-	190,866	22.41%
	2018	55,789	55,789	-	247,935	22.50%
	2019	60,546	60,546	-	266,339	22.73%
<b>Tier 2 Public Employees DC Only System*</b>	2016	8,869	8,869	-	138,174	6.42%
	2017	8,898	8,898	-	149,806	5.94%
	2018	9,128	9,128	-	153,241	5.96%
	2019	4,591	4,591	-	85,419	5.37%

\* 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

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

**See Accompanying notes to required supplementary information**

**CITY OF NORTH SALT LAKE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**UTAH RETIREMENT SYSTEM**

Changes in Assumptions:

The assumptions and methods used to calculate the total pension liability remained unchanged from the prior year.

**SUPPLEMENTARY INFORMATION**

**CITY OF NORTH SALT LAKE**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<u>Redevelopment Agency</u>	<u>Housing Agency</u>	<u>Local Building Authority</u>	<u>Debt Service</u>	<u>Police Facilities</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 192,556	\$ -	\$ 24,601	\$ 322,963	\$ -	\$ 540,120
Accounts receivable - net	-	44,368	-	-	-	44,368
Prepays	-	-	531	-	-	531
Taxes receivable	-	-	-	84,250	-	84,250
Restricted cash and cash equivalents	-	101,929	-	28,696	8,297	138,922
<b>Total Assets</b>	<u>\$ 192,556</u>	<u>\$ 146,297</u>	<u>\$ 25,132</u>	<u>\$ 435,909</u>	<u>\$ 8,297</u>	<u>\$ 808,191</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	6,236	\$ -	\$ -	\$ -	\$ 6,236
Accrued liabilities	-	-	-	-	-	-
Due to other funds	-	13,132	-	-	-	13,132
<b>Total Liabilities</b>	<u>-</u>	<u>19,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,368</u>
<b>Fund Balances</b>						
Restricted:						
Impact fees	-	-	-	-	8,297	8,297
Debt service	-	-	-	28,696	-	28,696
Housing Restriction	-	101,929	-	-	-	101,929
Assigned	192,556	25,000	25,132	407,213	-	649,901
<b>Total Fund Balances</b>	<u>192,556</u>	<u>126,929</u>	<u>25,132</u>	<u>435,909</u>	<u>8,297</u>	<u>788,823</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 192,556</u>	<u>\$ 146,297</u>	<u>\$ 25,132</u>	<u>\$ 435,909</u>	<u>\$ 8,297</u>	<u>\$ 808,191</u>

**CITY OF NORTH SALT LAKE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2019**

	<b>Redevelopment Agency</b>	<b>Housing Agency</b>	<b>Local Building Authority</b>	<b>Debt Service</b>	<b>Police Facilities</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>						
Property taxes	\$ 921,773	\$ -	\$ -	\$ 454,579	\$ -	\$ 1,376,352
Rental income	-	-	55,596	-	-	55,596
Intergovernmental	-	47,898	-	45,937	-	93,835
Impact fees	-	-	-	-	28,782	28,782
Interest	1,249	2,601	-	13,582	606	18,038
<b>Total Revenues</b>	<u>923,022</u>	<u>50,499</u>	<u>55,596</u>	<u>514,098</u>	<u>29,388</u>	<u>1,572,603</u>
<b>Expenditures</b>						
General government	-	-	-	-	-	-
Community development	710,362	44,368	26,225	-	-	780,955
Debt service:						
Principal	-	-	92,000	185,000	-	277,000
Interest	-	-	27,832	141,995	-	169,827
<b>Total Expenditures</b>	<u>710,362</u>	<u>44,368</u>	<u>146,057</u>	<u>326,995</u>	<u>-</u>	<u>1,227,782</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>212,660</u>	<u>6,131</u>	<u>(90,461)</u>	<u>187,103</u>	<u>29,388</u>	<u>344,821</u>
<b>Other Financing Sources (Uses)</b>						
Loan proceeds	-	-	-	-	-	-
Transfer in	-	50,000	82,000	-	-	132,000
Transfer out	(72,000)	-	-	(257,000)	(45,000)	(374,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(72,000)</u>	<u>50,000</u>	<u>82,000</u>	<u>(257,000)</u>	<u>(45,000)</u>	<u>(242,000)</u>
Net Change in Fund Balances	140,660	56,131	(8,461)	(69,897)	(15,612)	102,821
<b>Fund Balance, Beginning</b>	<u>51,896</u>	<u>70,798</u>	<u>33,593</u>	<u>505,806</u>	<u>23,909</u>	<u>686,002</u>
<b>Fund Balance, Ending</b>	<u>\$ 192,556</u>	<u>\$ 126,929</u>	<u>\$ 25,132</u>	<u>\$ 435,909</u>	<u>\$ 8,297</u>	<u>\$ 788,823</u>

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – MAJOR CAPITAL PROJECTS FUND**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 20,000	\$ 20,000	\$ 48,774	\$ 28,774
Intergovernmental	-	24,000	24,000	-
<b>Total Revenues</b>	<u>20,000</u>	<u>44,000</u>	<u>72,774</u>	<u>28,774</u>
<b>Expenditures</b>				
General government	100,000	124,000	742,667	(618,667)
Public safety	-	282,352	-	282,352
<b>Total Expenditures</b>	<u>100,000</u>	<u>406,352</u>	<u>742,667</u>	<u>(336,315)</u>
<b>Excess (Deficiency) of Revenues</b> <b>Over (Under) Expenditures</b>	<u>(80,000)</u>	<u>(362,352)</u>	<u>(669,893)</u>	<u>(307,541)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	184,000	684,000	684,000	-
Transfer in	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>184,000</u>	<u>684,000</u>	<u>684,000</u>	<u>-</u>
<b>Net Change in Fund Balance *</b>	<u>\$ 104,000</u>	<u>\$ 321,648</u>	14,107	<u>\$ (307,541)</u>
<b>Fund Balance, Beginning</b>			<u>4,270,977</u>	
<b>Fund Balance, Ending</b>			<u>\$ 4,285,084</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL –MAJOR PARK DEVELOPMENT**  
**CAPITAL PROJECTS FUND**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Impact fees	\$ 303,000	\$ 303,000	\$ 128,000	\$ (175,000)
Intergovernmental revenues	-	-	2,500	2,500
Interest	3,000	3,000	13,854	10,854
<b>Total Revenues</b>	<u>306,000</u>	<u>306,000</u>	<u>144,354</u>	<u>(161,646)</u>
<b>Expenditures</b>				
Current:				
Improvements	274,000	447,576	141,858	305,718
<b>Total Expenditures</b>	<u>274,000</u>	<u>447,576</u>	<u>141,858</u>	<u>305,718</u>
<b>Excess (Deficiency) of Revenues</b> <b>Over (Under) Expenditures</b>	<u>32,000</u>	<u>(141,576)</u>	<u>2,496</u>	<u>144,072</u>
<b>Other Financing Sources (Uses)</b>				
Contributions	-	-	-	-
Transfer in	175,000	175,000	175,000	-
Transfer out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
<b>Net Change in Fund Balance *</b>	<u>\$ 207,000</u>	<u>\$ 33,424</u>	<u>177,496</u>	<u>\$ 144,072</u>
<b>Fund Balance, Beginning</b>			<u>386,707</u>	
<b>Fund Balance, Ending</b>			<u>\$ 564,203</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – MAJOR ROADWAY DEVELOPMENT**  
**CAPITAL PROJECTS FUND**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Impact fees	\$ 246,300	\$ 246,300	\$ 196,640	\$ (49,660)
Intergovernmental revenues	255,000	826,528	282,626	(543,902)
Interest	29,000	29,000	50,253	21,253
Miscellaneous	-	-	6,308	6,308
<b>Total Revenues</b>	<u>530,300</u>	<u>1,101,828</u>	<u>535,827</u>	<u>(566,001)</u>
<b>Expenditures</b>				
Highways and public improvements	466,000	2,806,430	1,513,571	1,292,859
<b>Total Expenditures</b>	<u>466,000</u>	<u>2,806,430</u>	<u>1,513,571</u>	<u>1,292,859</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>64,300</u>	<u>(1,704,602)</u>	<u>(977,744)</u>	<u>726,858</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	1,049,000	1,787,800	1,568,008	(219,792)
<b>Total Other Financing Sources (Uses)</b>	<u>1,049,000</u>	<u>1,787,800</u>	<u>1,568,008</u>	<u>(219,792)</u>
<b>Net Change in Fund Balance *</b>	<u>\$ 1,113,300</u>	<u>\$ 83,198</u>	590,264	<u>\$ 507,066</u>
<b>Fund Balance, Beginning</b>			<u>2,087,998</u>	
<b>Fund Balance, Ending</b>			<u>\$ 2,678,262</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – NONMAJOR REDEVELOPMENT AGENCY**  
**SPECIAL FUND**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 885,000	\$ 922,000	\$ 921,773	\$ (227)
Interest	800	800	1,249	449
<b>Total Revenues</b>	<u>885,800</u>	<u>922,800</u>	<u>923,022</u>	<u>222</u>
<b>Expenditures</b>				
Improvements	-	-	-	-
Community	710,750	742,850	710,362	32,488
<b>Total Expenditures</b>	<u>710,750</u>	<u>742,850</u>	<u>710,362</u>	<u>32,488</u>
<b>Excess (Deficiency) of Revenues</b> <b>Over (Under) Expenditures</b>	<u>175,050</u>	<u>179,950</u>	<u>212,660</u>	<u>32,710</u>
<b>Other Financing Sources (Uses)</b>				
Transfer out	(72,900)	(72,000)	(72,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(72,900)</u>	<u>(72,000)</u>	<u>(72,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (72,900)</u>	<u>\$ (72,000)</u>	140,660	<u>\$ -</u>
<b>Fund Balance, Beginning</b>			<u>51,896</u>	
<b>Fund Balance, Ending</b>			<u>\$ 192,556</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – NONMAJOR LOCAL BUILDING**  
**AUTHORITY SPECIAL FUND**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Rent	\$ 62,000	\$ 62,000	\$ 55,596	\$ (6,404)
Interest	-	-	-	-
<b>Total Revenues</b>	<u>62,000</u>	<u>62,000</u>	<u>55,596</u>	<u>(6,404)</u>
<b>Expenditures</b>				
Community	23,700	28,700	26,225	2,475
Debt service:				
Principal	92,000	92,000	92,000	-
Interest	28,300	28,300	27,832	468
<b>Total Expenditures</b>	<u>144,000</u>	<u>149,000</u>	<u>146,057</u>	<u>2,943</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(82,000)</u>	<u>(87,000)</u>	<u>(90,461)</u>	<u>(3,461)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	82,000	82,000	82,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>82,000</u>	<u>82,000</u>	<u>82,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>(8,461)</u>	<u>\$ -</u>
<b>Fund Balance, Beginning</b>			<u>33,593</u>	
<b>Fund Balance, Ending</b>			<u>\$ 25,132</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – NONMAJOR HOUSING SPECIAL FUND**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 87,470	\$ 47,898	\$ (39,572)
Interest	-	-	2,601	2,601
<b>Total Revenues</b>	<u>-</u>	<u>87,470</u>	<u>50,499</u>	<u>(36,971)</u>
<b>Expenditures</b>				
Community	-	87,470	44,368	43,102
<b>Total Expenditures</b>	<u>-</u>	<u>87,470</u>	<u>44,368</u>	<u>43,102</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>6,131</u>	<u>6,131</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	<u>50,000</u>	<u>50,900</u>	<u>50,000</u>	<u>(900)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>50,000</u>	<u>50,900</u>	<u>50,000</u>	<u>(900)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 50,000</u>	<u>\$ 50,900</u>	<u>56,131</u>	<u>\$ (900)</u>
<b>Fund Balance, Beginning</b>			<u>70,798</u>	
<b>Fund Balance, Ending</b>			<u>\$ 126,929</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – NONMAJOR DEBT SERVICE FUND**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Sales taxes	\$ 430,000	\$ 430,000	\$ 454,579	\$ 24,579
Intergovernmental	47,000	47,000	45,937	(1,063)
Interest	2,500	2,500	13,582	11,082
<b>Total Revenues</b>	<u>479,500</u>	<u>479,500</u>	<u>514,098</u>	<u>34,598</u>
<b>Expenditures</b>				
Debt service:				
Principal	185,000	185,000	185,000	-
Interest	142,100	142,100	141,995	105
<b>Total Expenditures</b>	<u>327,100</u>	<u>327,100</u>	<u>326,995</u>	<u>105</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>152,400</u>	<u>152,400</u>	<u>187,103</u>	<u>34,703</u>
<b>Other Financing Sources (Uses)</b>				
Transfer out	<u>(257,000)</u>	<u>(257,000)</u>	<u>(257,000)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(257,000)</u>	<u>(257,000)</u>	<u>(257,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (104,600)</u>	<u>\$ (104,600)</u>	<u>(69,897)</u>	<u>\$ 34,703</u>
<b>Fund Balance, Beginning</b>			<u>505,806</u>	
<b>Fund Balance, Ending</b>			<u>\$ 435,909</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL –NONMAJOR POLICE FACILITIES FUND**  
**For The Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Impact fees	\$ 53,500	\$ 53,500	\$ 28,782	\$ (24,718)
Interest	300	300	606	306
<b>Total Revenues</b>	<u>53,800</u>	<u>53,800</u>	<u>29,388</u>	<u>(24,412)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 8,800</u>	<u>\$ 8,800</u>	(15,612)	<u>\$ (24,412)</u>
<b>Fund Balance, Beginning</b>			<u>23,909</u>	
<b>Fund Balance, Ending</b>			<u>\$ 8,297</u>	

**CITY OF NORTH SALT LAKE  
WATER FUND  
SCHEDULE OF NET REVENUES AND AGGREGATE DEBT SERVICE  
AS DESCRIBED IN BOND DOCUMENTS  
For The Year Ended June 30, 2019**

<b>Net Revenues:</b>		
Total Operating Revenues		\$ 5,158,544
Non-Operating Revenues		
	Impact Fees	373,621
	Interest Income	203,768
		5,735,933
Operating Expenses (excluding depreciation)		3,434,777
	Total Expenses (excluding depreciation)	3,434,777
<b>Net Revenues</b>		<b>\$ 2,301,156</b>
 <b>Fiscal Year 2019 Debt Service Requirements:</b>		
	2010 Bonds	\$ 185,000
	2015 Bonds	392,000
		<b>\$ 577,000</b>
 <b>Fiscal Year 2019 Net revenues divided by aggregate fiscal year 2020 debt service</b>		 399%
<b>Minimum requirement</b>		125%
<b>Excess (Deficiency)</b>		274%



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor and Council of  
North Salt Lake

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of North Salt Lake, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise North Salt Lake’s basic financial statements, and have issued our report thereon dated December 20, 2019.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether North Salt Lake’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Child, Richards CPAs & Advisors*

Ogden, Utah  
December 20, 2019



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

To the Mayor and Council of  
North Salt Lake

**Report On Compliance**

We have audited North Salt Lake’s compliance with the following applicable state requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2019.

Budgetary Compliance	Restricted Taxes and Related Restricted Revenues
Fund Balance	Impact Fees
Justice Courts	Cash Management
Utah Retirement Systems	Public Treasurer’s Bond
Open and Public Meetings Act	

***Management’s Responsibility***

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

***Auditor’s Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement reported above. However, our audit does not provide a legal determination of North Salt Lake’s compliance with those requirements.

***Opinion on Compliance***

In our opinion, North Salt Lake complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed three instance of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings as item 2019-1, 2019-2 and 2019-3. Our opinion on compliance is not modified with respect to these matters.

North Salt Lake's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings. North Salt Lake's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report On Internal Control Over Compliance**

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

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

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

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

*Child Richards CPAs & Advisors*

Ogden, UT  
December 20, 2019

**NORTH SALT LAKE  
SCHEDULE OF FINDINGS  
JUNE 30, 2019**

---

**Internal Controls Over State Compliance:**

**2019-01: State Compliance – Fund balance limitation**

*Criteria:* The Utah State Code limits the unrestricted fund balance in the general fund to 5% to 25% of the general fund revenues.

*Condition:* As of June 30, 2019, the City's unrestricted fund balance including nonspendable amounts for prepaids was \$3,080,559, this amount was \$118,607 above the 25% limitation.

*Cause:* Revenues came in above anticipated amounts at year end.

*Effect:* There is no effect on the financial statements. The City is noncompliant with the state code requirement.

*Management's Response:* The City will make the necessary budget modifications to reduce the fund balance below the 25% limitation.

**2019-02: State Compliance – Open and Public Meetings training**

*Criteria:* The Utah State Code requires all members of the governing body attend an annual training on the requirements of open and public meetings.

*Condition:* As of June 30, 2019, one city council member had not received the training

*Cause:* Most council members received the training at a conference. One council member did not attend and no training was attended by the council member.

*Effect:* There is no effect on the financial statements. The City is noncompliant with the state code requirement.

*Management's Response:* During the first quarter of each calendar year, we will have our city attorney conduct our own open meetings training during a city council work session. At this time, we will also invite the planning commission to attend to ensure that both groups receive the required training. We will have certificates of completion prepared for the city attorney to sign for each attendee.

**2019-03: State Compliance – Posting minutes for public meetings**

*Criteria:* The Utah State Code requires that the minutes for all public meetings be posted within three days of the approval of the minutes

*Condition:* As of June 30, 2019, there was at least one instance where the City Council meeting minutes were posted 16 days after the approval of the minutes, due to the City Recorder being on vacation during that time.

*Cause:* The instance noted was due to the City Recorder being on vacation during that time.

*Effect:* There is no effect on the financial statements. The City is noncompliant with the state code requirement.

*Management's Response:* There is now a part-time administrative assistant /clerk who I have been training on the posting procedures of agendas, minutes, and associated records. In my absence, she will be available to follow-up and ensure they are posted.