



City of North Salt Lake
North Salt Lake, Utah

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2021
Together with Independent Auditor's Report

Prepared by:
City of North Salt Lake
Finance Department

**CITY OF NORTH SALT LAKE
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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of
City 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 the City of North Salt Lake as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of 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 the City of North Salt Lake, as of June 30, 2021, 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, schedule or the proportionate share of the net

pension liability, and the schedule of contributions 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of North Salt Lake's basic financial statements. 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, the schedule of net revenues and aggregate debt services, and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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, the schedule of net revenues and aggregate debt services, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, the schedule of net revenues and aggregate debt services, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, on our consideration of the City 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 the City 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 City of North Salt Lake's internal control over financial reporting and compliance.

Child, Richards CPAs & Advisors

Ogden, Utah
December 28, 2021

**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2021**

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, 2021. 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, 2021 by \$116,072,263. Of this amount, unrestricted net position of \$19,482,851 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's overall net position increased by \$10,132,264 from the prior year. Business-type activities increased net position by \$3,128,286 while governmental activities had an increase in net position of \$7,003,978.
- As of the close of the current fiscal year, the City of North Salt Lake's governmental funds reported combined ending fund balance of \$18,530,578 an increase of \$5,997,449 over the prior year. Of the total fund balance, \$3,143,990 is unassigned and available for spending. The remaining \$15,386,588 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 \$3,143,990 or 29.42% of total General Fund expenditures.
- The City of North Salt Lake's long-term debt obligations decreased by \$789,071. 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 \$112,512.

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, 2021

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 2021 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, 2021

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 \$88,680,588 (76.40%) 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.

City of North Salt Lake's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 24,842,395	\$ 18,114,704	\$ 9,026,228	\$ 7,114,993	\$ 33,868,623	\$ 25,229,697
Capital assets	62,770,400	62,557,314	34,777,846	33,918,681	97,548,246	96,475,995
Total assets	87,612,795	80,672,018	43,804,074	41,033,674	131,416,869	121,705,692
Deferred outflows of resources	681,790	658,015	228,015	219,705	909,805	877,720
Total Deferred inflows	681,790	658,015	228,015	219,705	909,805	877,720
Other liabilities	2,882,717	2,255,075	831,393	750,549	3,714,110	3,005,624
Long-term liabilities outstanding	4,181,675	5,567,660	3,642,723	4,367,378	7,824,398	9,935,038
Total liabilities	7,064,392	7,822,735	4,474,116	5,117,927	11,538,508	12,940,662
Deferred inflows of resources	4,156,295	3,437,378	559,608	265,373	4,715,903	3,702,751
Total Deferred inflows	4,156,295	3,437,378	559,608	265,373	4,715,903	3,702,751
Net Position:						
Net investment in capital assets	60,013,400	59,808,708	28,667,189	27,463,979	88,680,589	87,272,687
Restricted	5,781,798	3,760,974	2,127,026	1,228,055	7,908,824	4,989,029
Unrestricted	11,278,700	6,500,238	8,204,150	7,178,045	19,482,850	13,678,283
Total Net Position	<u>\$ 77,073,898</u>	<u>\$ 70,069,920</u>	<u>\$ 38,998,365</u>	<u>\$ 35,870,079</u>	<u>\$ 116,072,263</u>	<u>\$ 105,939,999</u>

An additional portion of the net position, \$7,908,823(6.81%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$19,482,850 (16.79%), 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.

**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2021**

Government-wide Financial Analysis (Continued)

The City's overall net position increased \$10,132,264 (9.56%), before the prior period adjustment. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

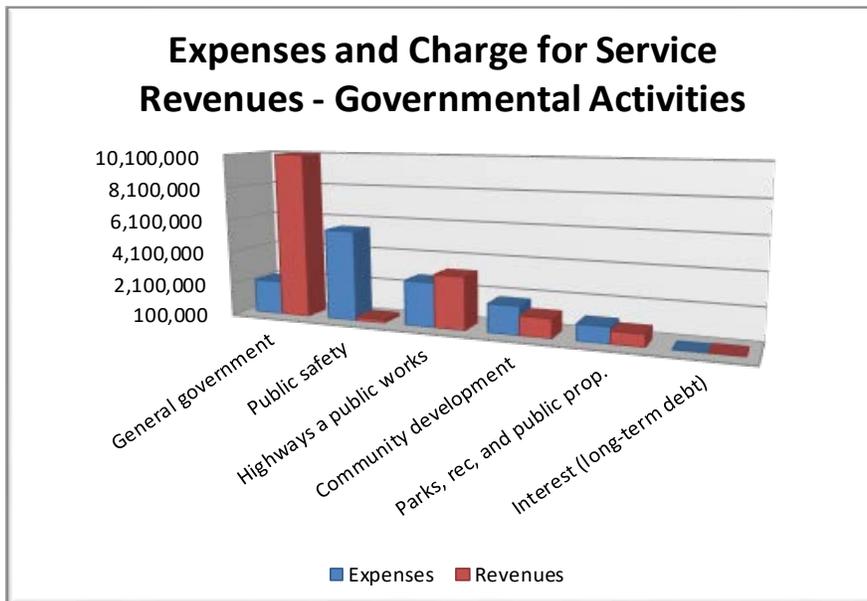
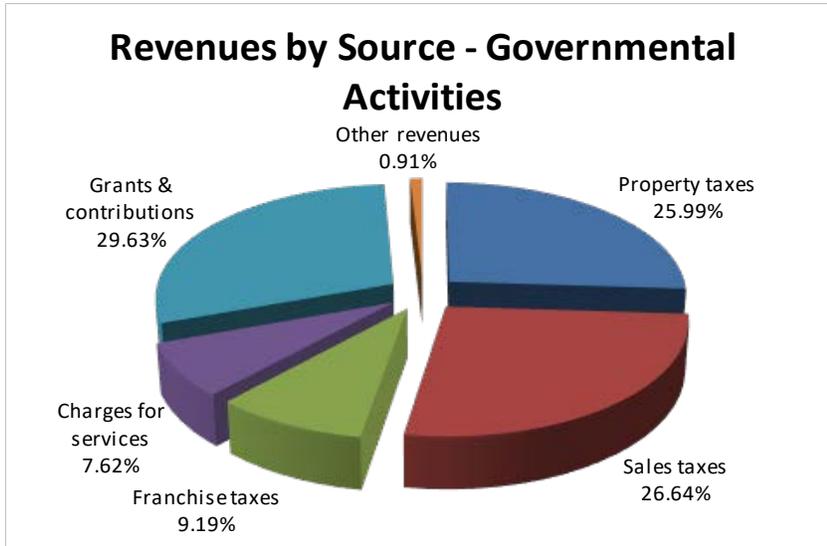
City of North Salt Lake's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,568,078	\$ 1,600,490	\$ 8,676,057	\$ 7,850,873	\$ 10,244,135	\$ 9,451,363
Operating grants and contributions	1,282,380	1,174,475	-	-	1,282,380	1,174,475
Capital grants and contributions	4,813,932	2,039,823	2,595,362	1,457,661	7,409,294	3,497,484
General revenues:						
Property taxes	5,347,589	4,966,739	-	-	5,347,589	4,966,739
Other taxes	7,372,264	6,593,491	-	-	7,372,264	6,593,491
Other	187,473	182,629	132,238	194,613	319,711	377,242
Total revenues	<u>20,571,716</u>	<u>16,557,647</u>	<u>11,403,657</u>	<u>9,503,147</u>	<u>31,975,373</u>	<u>26,060,794</u>
Expenses:						
General government	2,165,716	2,024,347	-	-	2,165,716	2,024,347
Public safety	5,585,833	5,372,842	-	-	5,585,833	5,372,842
Highways and public works	2,816,754	2,700,536	-	-	2,816,754	2,700,536
Community development	1,829,903	2,013,284	-	-	1,829,903	2,013,284
Parks, recreation, and public property	1,095,772	1,292,482	-	-	1,095,772	1,292,482
Redevelopment	-	-	-	-	-	-
Interest on long-term debt	73,760	125,968	-	-	73,760	125,968
Water	-	-	4,118,647	4,028,318	4,118,647	4,028,318
Pressurized irrigation	-	-	473,063	486,517	473,063	486,517
Storm water	-	-	776,159	752,092	776,159	752,092
Solid waste	-	-	1,299,255	1,141,185	1,299,255	1,141,185
Golf course	-	-	1,608,247	1,547,726	1,608,247	1,547,726
Total expenses	<u>13,567,738</u>	<u>13,529,459</u>	<u>8,275,371</u>	<u>7,955,838</u>	<u>21,843,109</u>	<u>21,485,297</u>
Increase (Decrease) in Net Position	7,003,978	3,028,188	3,128,286	1,547,309	10,132,264	4,575,497
Net Position - beginning of year	70,069,920	67,404,273	35,870,079	34,322,770	105,939,999	101,727,043
Prior Period Adjustment (Note 15)	-	(362,541)	-	-	-	(362,541)
Net Position - end of year	<u>\$ 77,073,898</u>	<u>\$ 70,069,920</u>	<u>\$ 38,998,365</u>	<u>\$ 35,870,079</u>	<u>\$ 116,072,263</u>	<u>\$ 105,939,999</u>

Governmental activities. As indicated by the data in the table above, governmental activities increased the net position of the City's by \$7,003,978 (10%). Comparison of total revenues and total expenditures to fiscal year 2020 shows an increase in revenues from governmental activities of \$4,014,069, while total expenses increased by \$38,279.

**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2021**

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.



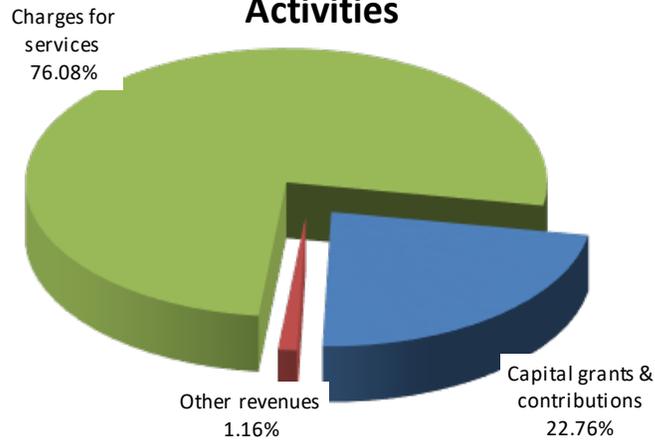
**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2021**

Government-wide Financial Analysis (Continued)

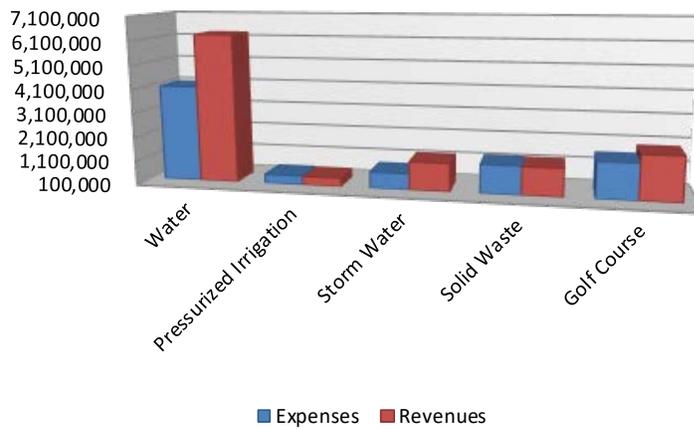
Business-type activities. Business-type activities increased the City's net position by \$3,128,286 (8.72%). As indicated by the data in the table on page 6, the increase in the City's net position provided this year by business-type activities was \$1,580,977 more than the prior year. In comparison to the previous fiscal year 2020, revenues from all business-type activities increased by \$1,900,510, while expenses from all business-type activities increased by \$319,533.

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, 2021

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, 2021, the City's governmental funds reported combined ending fund balance of \$18,530,578 an increase of \$5,987,449, from the prior fiscal year. \$3,143,990 (29.42%) is available for spending at the government's discretion. The remaining \$15,386,588, 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, (\$4,278,544), 2) debt service (\$1,279,950), 3) road tax construction projects (\$887,562), 4) construction projects (\$6,191,921,) 5) local building authority (\$60,569) and 6) housing restriction (\$303,090); or assigned to specific fund purposes (\$2,384,952).

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 \$3,143,980. As a measure of the General Fund's liquidity, it may be useful to compare this amount to total fund expenditures of \$10,686,242 (29.7%). The fund balance of the City's General Fund increased \$484,544 from activities during the current fiscal year. This represents a 16.98% change in fund balance.

This increase in fund balance is \$489,672, more than the prior year. Total revenues in the general fund increased by \$2,770,608 while expenditures increased by \$108,286. The General Fund had a net transfer out of \$3,970,000 in the current year while last year it had a net transfer out of \$1,858,000.

The changes in revenue can be principally attributed to: 1) intergovernmental revenue increased \$1,969,216, 2) sales tax revenue increased \$786,896, 3) charges for services increased \$66,879, and 4) property tax increased \$56,478. The revenue increases were offset by decreases in; 1) court revenues decreased \$115,462 and 2) interest revenue decreased \$31,084.

The principal changes in general fund expenditures are related to: 1) a \$454,414 increase in general government, 2) a \$300,081 increase in public safety. The revenue increases were offset by decreases of; 1) \$476,651 decrease in highways and public improvements, and 2) a \$196,718 in parks, recreation and public.

Capital Projects Fund - This fund has a total fund balance of \$5,865,074, 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, 2021, the fund balance in the Capital Projects Fund increased by \$1,368,649 compared to last year's increase of \$211,341. 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 \$1,346,800.

Park Development Fund – This fund has a total fund balance of \$1,940,214, of which \$1,384,112 is restricted for impact fee related park projects, \$229,255 is restricted for RAP tax related projects, and \$326,847 is assigned to park projects. The increase in fund balance during the current fiscal year was, \$729,244 compared to last year's increase of \$646,767. The net change in fund balance consisted of: 1) impact fee revenue in the amount of \$736,400, 2) transfer in from Debt Service Fund in the amount of \$100,000, 3) and transfer out to the Local Building Authority in the amount of \$130,000 and 4) interest revenue in the amount of \$4,762. The revenue increases were offset by total expenditures for park projects in the amount of \$50,852.

Road Development Fund – This fund has a total fund balance of \$5,499,102, of which \$2,672,957 is restricted for impact fee related road projects, \$772,339 is road tax funds restricted for related road projects, and \$2,053,806 assigned to road development projects. The net increase in fund balance during the current fiscal year was \$2,644,668 compared to last year's increase of \$176,172. The net change in fund balance consisted of impact fee revenue in the amount of \$582,615, grant revenue in the amount of \$173,750, and transfers in of \$2,844,400, offset by expenditures in the amount of \$966,284.

CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2021

Financial Analysis of the Government's Funds (Continued)

Proprietary funds. At June 30, 2021, the City's proprietary funds reported combined ending net position of \$38,998,365 an increase of \$3,128,286 over the prior year. The unrestricted portion of proprietary fund net position has a balance of \$8,204,152. The remaining \$30,794,213 of net position is not available for new spending because it is invested in capital assets \$28,667,188 or legally restricted by parties outside the financial reporting entity for 1) debt service \$1,804,928 and 2) impact fees \$322,097.

Water Fund – This fund ended fiscal year 2021 with a total net position of \$22,601,139; a net position increase of \$2,264,381, compared to a prior year increase of \$1,442,171. Operating revenue in the water fund experienced a net increase \$17,657. Primary factors in the increase were as follows: 1) an increase of \$55,339 from metered water sales, and 2) and increase in miscellaneous revenue of \$2,291. These increases were offset by a decrease in connection and servicing fees in the amount of \$35,073. Operating expenses increased a total of \$104,804. Primary factors in the increase were as follows 1) a \$77,078 increase water purchases, 2) an increase in special department supplies in the amount of \$57,440 3) and an increase of \$51,465 in equipment and supplies. These increases were offset by a decrease in salaries and benefits in the amount of \$81,827. Net non-operating loss increased a total of \$82,712, primarily resulting from a decrease of \$97,187 in interest income, and a decrease in interest expense of \$14,475. Capital contributions also increased \$606,097 and impact fee revenues increased \$385,175.

Pressurized Irrigation Fund - This fund has a total net position of \$5,957,021; a net position decrease of \$14,223, compared to a prior year decrease of \$16,146. The total net position did not have significant change from prior year and the fund had an insignificant current year operating loss of \$31,251.

Storm Water - This fund has a total net position \$7,764,614. During the year ended June 30, 2021, the Storm Water Fund's net position increased \$504,542 compared to prior year increase of \$395,323. Charges for services revenue increased from the prior year in the amount of \$27,147, impact fee revenues increased \$132,314, while operating expenditures increased in the amount of \$166,501.

Solid Waste - This fund has total net positions of, \$423,782. The total net position did not have significant change from prior year and the fund had an insignificant current year operating loss of \$22,887.

Golf Funds - This fund has a total net position \$2,247,809. The net position of the fund increased in the amount of \$396,473 compared to a decrease in the prior year of \$384,915. The Golf Fund experienced a net operating income in the amount of \$406,498 compared to the operating loss in the prior year of \$368,739. The reduction of the operating loss compared to the prior year is primarily due to an increase in operating revenue in the amount of \$850,909 and a decrease in operating expenditures in the amount of \$75,672.

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:

- Intergovernmental revenue was revised upwards \$2,179,600, mid-year as actual revenues were considerably higher than anticipated primarily due to 1) Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, in the amount of \$1,784,100, 2) Road and transportation tax revenue in the amount of \$215,500 and 3) grant revenue received from FEMA for a Wind Event in the amount of \$180,000.
- Sales tax revenue was revised upwards \$1,398,600, mid-year as actual revenues were considerably higher than anticipated.
- Franchise tax revenue was revised upwards \$54,500, mid-year as actual revenues were considerably higher than anticipated.
- Charges for services related to development activities were revised upwards \$112,000.

CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2021

General Fund Budgetary Highlights (Continued)

- Court fines and forfeitures were reduced \$170,000 due to State Courts requiring closure of City Court as a response to the COVID 19 virus.
- Legislative expenditures were revised upwards \$436,900 due to payments of CARES Act revenue to third party entities.
- Administrative expenditures were revised upwards \$202,431, primarily due to the cost of responding to a wind event disaster.
- Police expenditures were revised upwards \$368,100 due to a wage and benefit increases for sworn officers.
- Emergency response expenditures were revised upwards \$30,000 for unanticipated equipment and supplies purchased in response to COVID-19.
- Streets expenditures were revised upward \$71,800 to reflect an increase in repair and maintenance projects.
- Park expenditures were revised upward \$12,700 for additional grounds maintenance costs.
- Overall the general fund expenditures increased by \$1,164,800, from original to final budget.
- Other Financing Sources Uses increased \$3,262,000 as a result of increases in transfers-out to the Capital Projects Fund.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2021, amounts to \$97,548,246 (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 increase in the City's investment in capital assets for the current fiscal year was \$1,072,251, a total 1.1% increase equaling increases of \$213,086 for governmental activities and an increase of \$859,165 for business-type activities).

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

City of North Salt Lake's Capital Assets (Net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 25,437,544	\$ 25,287,149	\$ 2,551,013	\$ 2,551,013	\$ 27,988,557	\$ 27,838,162
Water rights	-	-	2,864,052	2,864,052	2,864,052	2,864,052
Construction in progress	539,081	337,706	574,488	1,348,055	1,113,569	1,685,761
Buildings	4,898,322	5,177,056	747,792	764,412	5,646,114	5,941,468
Improvements	6,373,810	6,604,784	-	-	6,373,810	6,604,784
Golf course	-	-	2,283,352	2,382,190	2,283,352	2,382,190
Water distribution system	-	-	18,299,786	16,541,991	18,299,786	16,541,991
Storm water system	-	-	6,632,271	6,481,288	6,632,271	6,481,288
Machinery, equip, and vehicle:	1,727,043	2,010,439	825,091	985,680	2,552,134	2,996,119
Infrastructure	23,794,600	23,140,180	-	-	23,794,600	23,140,180
Total	\$ 62,770,400	\$ 62,557,314	\$ 34,777,846	\$ 33,918,681	\$ 97,548,246	\$ 96,475,995

CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2021

Capital Asset and Debt Administration (Continued)

City of North Salt Lake's Schedule of Capital Asset Changes From Prior Year			
	Governmental Activities	Business-type Activities	Totals
Land Purchase 100 So HYW 89	\$ 150,395	\$ -	\$ 150,395
Vermeer BC 100 Chipper	40,204	-	10,000
Cameras and Lights	23,142	-	23,142
Eagleridge Dr Road Reconstruction	150,754	-	150,754
Redwood road trail sidewalk	158,629	-	158,629
Eaglewood Landslide Trail	22,879	-	22,879
Developer Contributions	1,140,887	896,159	2,037,046
Current year expenses Foxboro Dr Reconstruction	7,483	-	7,483
Current year expenses 1100 No RR Cross Widening	19,258	-	19,258
Current year expenses Hatch Park	3,410	-	3,410
Current year expenses Trail Development	10,000	-	10,000
Current year expenses City Center 25 East Redevelopment	55,655	-	55,655
Current year expenses Eaglewood Loop So Rockwood	8,403	-	8,403
Current year expenses Main Street Reconstruction	86,850	-	86,850
Current year expenses Foxboro Wetlands Park	10,314	-	10,314
Fleet vehicles	128,145	-	128,145
SCADA Upgrade	-	42,223	42,223
US 89 Water Line Ctr to 100 No	-	43,662	43,662
Centennial Way Line Replacement	-	345,056	-
Completed 5480 Tank Conversion to Secondary	-	35,502	-
Completed Eaglewood Pump Station	-	171,495	171,495
Completed PRV Vault and Valve Replacement	-	73,399	73,399
Current year expenses PRV Vault and Valve Replacement	-	10,730	10,730
Current year expenses 250 No 300 No Line Replacement	-	45,978	45,978
Current year expenses Eaglewood Cove Secondary Phase 2	-	4,999	-
Current year expenses Transfer Line Tanglewood	-	11,052	-
Current year expenses 150 No Existing 4" Main to Frwy	-	37,109	-
Current year expenses Secondar, Eaglewood S, Rockwood, Tanglewood	-	48,073	-
Current year expenses Drainage Project @ Hole #14	-	2,310	2,310
Current year expenses New Wash Basin	-	394,387	394,387
Completed Pipe UPPR-Union to Main	-	60,070	60,070
Current year expenses Club House Renovation	-	19,845	19,845
Golf course Concrete Work	-	16,125	-
Golf course machinery and equipment	-	13,160	13,160
Less current year deletions	(111,983)	-	(111,983)
Less current year depreciation expense (Fleet is in governmental)	(1,803,322)	(1,412,169)	(3,215,491)
Add current year accumulated depreciation deletions	111,983	-	111,983
Total	\$ 213,086	\$ 859,165	\$ 544,131

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, 2021**

Capital Asset and Debt Administration (Continued)

Long-term debt. At the end of the current fiscal year, the City had \$6,163,017 in outstanding long-term debt. All of the bonded debt was secured by specific revenue sources.

City of North Salt Lake's Outstanding debt						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes payable	\$ -	\$ -	\$ 809,419	\$ 904,478	\$ 809,419	\$ 904,478
Sales Tax revenue bonds	2,115,000	2,332,000	-	-	2,115,000	2,332,000
Water revenue bonds		-	2,356,887	2,549,047	2,356,887	2,549,047
RDA bonds	642,000	738,000		-	642,000	738,000
Capital leases	185,526	321,405	54,185	107,158	239,711	428,563
Total	\$ 2,942,526	\$ 3,391,405	\$ 3,220,491	\$ 3,560,683	\$ 6,163,017	\$ 6,952,088

During the 2021 fiscal year, the City's total debt decreased by \$789,071. The change is primarily a result of normally scheduled debt service payments. 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

- The most significant economic factor for the Fiscal Year 2021 budget is the unknown impact of COVID-19. The City took a very conservative approach to the budget and made drastic reductions in both revenues and expenditures from the prior year. To date, the City has not experienced a reduction in revenues as anticipated. However, as the situation continues there is still uncertainty about the longer range economic effect.
- As mentioned above, due to the uncertainty resulting from COVID-19 economic impact. Sales tax revenue was budgeted significantly lower for fiscal year 2021. The reduction compared to the prior year actual revenue was in the amount of \$929,215. The most recent sales tax revenue received is much higher than the original budgeted amount FY 2021 budget.
- Property tax revenue in the general fund is budgeted and every close to the prior fiscal year. The amount remains the same because the majority of new construction in the city is taking place in development areas, resulting in general property tax revenue being reclassified to tax increment revenue in the redevelopment fund, which is contractually due to developers.
- Growth in residential and commercial construction is expected to continue through the upcoming fiscal year. The growth is expected to continue for the near future.
- In the current year the City received a CARES Act funding in the amount of \$1,784,021. These funds will be used to reimburse COVID-19 related expenditures.
- On the expenditure side, due to COVID19 several expenditure categories were significantly reduced. These reductions included a wage freeze and a hold on fleet capital replacement cost charges. These reductions were implemented because of anticipated reductions in revenue. If sales tax continues to be received at the rate experienced in the first few months of the fiscal year, a budget adjustment may be proposed to increase expenditures.
- The unemployment rate for the State of Utah is currently 2.4 percent, which is 1.7% lower than the rate of 4.1 percent a year ago. As a result of COVID-19, the local unemployment rate in the near future is uncertain.

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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 11,307,779	\$ 8,302,775	\$ 19,610,554
Receivables:			
Taxes	2,977,553	-	2,977,553
Accounts net	292,954	796,263	1,089,217
Intergovernmental	1,480,712	-	1,480,712
Internal balances	2,921,931	(2,921,931)	-
Inventories	-	295,705	295,705
Prepays	79,668	426,390	506,058
Restricted cash and cash equivalents	5,781,798	2,127,026	7,908,824
Capital assets not being depreciated:			
Land	25,437,544	2,551,013	27,988,557
Water rights	-	2,864,052	2,864,052
Construction in progress	539,081	574,488	1,113,569
Capital assets, net of accumulated depreciation:			
Buildings	4,898,322	747,792	5,646,114
Improvements other than buildings	6,373,810	-	6,373,810
Golf course	-	2,283,352	2,283,352
Water distribution system	-	18,299,786	18,299,786
Storm water system	-	6,632,271	6,632,271
Machinery, equipment, and vehicles	1,727,043	825,091	2,552,134
Infrastructure	23,794,600	-	23,794,600
Total Assets	87,612,795	43,804,074	131,416,869
Deferred Outflows of Resources			
Deferred outflows of resources relating to pensions	681,790	228,015	909,805
Total Assets and Deferred Outflows of Resources	88,294,585	44,032,089	132,326,674
Liabilities			
Accounts payable	1,046,506	281,405	1,327,911
Accrued liabilities	213,950	113,107	327,057
Developer and customer deposits	1,622,261	436,881	2,059,142
Noncurrent liabilities:			
Due within one year	797,396	391,691	1,189,087
Due in more than one year	2,782,646	3,060,186	5,842,832
Net pension liability	601,633	190,846	792,479
Total Liabilities	7,064,392	4,474,116	11,538,508
Deferred Inflows of Resources			
Deferred inflows of resources relating to pensions	1,376,824	496,994	1,873,818
Unearned revenues - golf prepaid	-	62,614	62,614
Unearned revenues - property taxes	2,779,471	-	2,779,471
Total Deferred Inflows of Resources	4,156,295	559,608	4,715,903
Net Position			
Net investment in capital assets	60,013,400	28,667,189	88,680,589
Restricted for:			
Impact fees	4,278,544	1,822,617	6,101,161
Debt service	22,778	304,409	327,187
Road tax projects	887,562	-	887,562
Construction projects - RAP tax	229,255	-	229,255
Local building authority	60,569	-	60,569
Housing restriction	303,090	-	303,090
Unrestricted	11,278,700	8,204,150	19,482,850
Total Net Position	77,073,898	38,998,365	116,072,263
Total Liabilities, Deferred Inflows, and Net Position	\$ 88,294,585	\$ 44,032,089	\$ 132,326,674

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, 2021**

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
Government Activities							
General governmental	\$ 2,165,716	\$ -	\$ -	\$ 1,944,173	\$ (221,543)	\$ -	\$ (221,543)
Public safety	5,585,833	281,511	20,700	-	(5,283,622)	-	(5,283,622)
Highways and public improvements	2,816,754	25,426	1,261,680	2,005,993	476,345	-	476,345
Community development	1,829,903	1,141,259	-	127,366	(561,278)	-	(561,278)
Parks, recreation, and public property	1,095,772	119,882	-	736,400	(239,490)	-	(239,490)
Interest on long-term debt	73,760	-	-	-	(73,760)	-	(73,760)
Total Governmental Activities	13,567,738	1,568,078	1,282,380	4,813,932	(5,903,348)	-	(5,903,348)
Business-type Activities							
Water	4,118,647	4,214,062	-	2,101,732	-	2,197,147	2,197,147
Pressurized irrigation	473,063	433,738	-	14,330	-	(24,995)	(24,995)
Storm water	776,159	796,585	-	479,300	-	499,726	499,726
Solid waste	1,299,255	1,274,008	-	-	-	(25,247)	(25,247)
Golf course	1,608,247	1,957,664	-	-	-	349,417	349,417
Total Business-type Activities	8,275,371	8,676,057	-	2,595,362	-	2,996,048	2,996,048
Total Government	\$ 21,843,109	\$ 10,244,135	\$ 1,282,380	\$ 7,409,294	(5,903,348)	2,996,048	(2,907,300)
			General Revenues				
			Property taxes		5,347,589	-	5,347,589
			Sales taxes		5,480,812	-	5,480,812
			Franchise taxes		1,891,452	-	1,891,452
			Unrestricted interest on investmen		62,166	37,471	99,637
			Miscellaneous		55,373	94,767	150,140
			Gain (Loss) on sale of capital asset		69,934	-	69,934
			Total General Revenues		12,907,326	132,238	13,039,564
			Changes in Net Position		7,003,978	3,128,286	10,132,264
			Net Position, Beginning		70,069,920	35,870,079	105,939,999
			Net Position, Ending		\$ 77,073,898	\$ 38,998,365	\$ 116,072,263

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

CITY OF NORTH SALT LAKE
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2021

	General	Capital Projects	Park Development	Road Development	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,336,274	\$ 3,466,662	\$ 354,447	\$ 2,312,524	\$ 1,175,169	\$ 10,645,076
Receivables:						
Taxes	2,873,327	-	-	-	104,226	2,977,553
Accounts - net	185,249	-	-	107,704	-	292,953
Intergovernmental	1,480,712	-	-	-	-	1,480,712
Prepays	79,113	-	-	-	555	79,668
Due from other funds	-	2,921,931	-	-	-	2,921,931
Restricted cash and cash equivalents	115,223	-	1,613,367	3,445,296	607,912	5,781,798
Total Assets	\$ 8,069,898	\$ 6,388,593	\$ 1,967,814	\$ 5,865,524	\$ 1,887,862	\$ 24,179,691
Liabilities						
Accounts payable	\$ 142,624	\$ 523,519	\$ 13,600	\$ 366,422	\$ -	\$ 1,046,165
Accrued liabilities	201,216	-	-	-	-	201,216
Due to other funds	-	-	-	-	-	-
Developer deposits	1,608,261	-	14,000	-	-	1,622,261
Total Liabilities	1,952,101	523,519	27,600	366,422	-	2,869,642
Deferred Inflows of Resources						
Unavailable revenues - property taxes	2,779,471	-	-	-	-	2,779,471
Total Deferred Inflows of Resources	2,779,471	-	-	-	-	2,779,471
Fund Balances						
Nonspendable:						
Prepays	79,113	-	-	-	-	79,113
Restricted:						
Impact fees	-	-	1,384,112	2,672,957	221,475	4,278,544
Debt service	-	-	-	-	22,778	22,778
Road tax projects	115,223	-	-	772,339	-	887,562
Construction projects - RAP tax	-	-	229,255	-	-	229,255
Local building authority	-	-	-	-	60,569	60,569
Housing restriction	-	-	-	-	303,090	303,090
Assigned:						
Road development	-	-	-	2,053,806	-	2,053,806
Construction projects	-	5,865,074	326,847	-	-	6,191,921
Debt service	-	-	-	-	1,279,950	1,279,950
Unassigned	3,143,990	-	-	-	-	3,143,990
Total Fund Balances	3,338,326	5,865,074	1,940,214	5,499,102	1,887,862	18,530,578
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,069,898	\$ 6,388,593	\$ 1,967,814	\$ 5,865,524	\$ 1,887,862	\$ 24,179,691

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, 2021

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

Total fund balance - governmental funds	\$ 18,530,578
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	661,496
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	61,299,005
Long-term liabilities are not due and payable in the current period and therefore are not recorded in the funds.	(3,976,487)
Deferred inflows of resources, report net position that applies to future periods, is not shown in the fund statements	(1,325,420)
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.	1,884,726
Total net position - governmental activities	<u><u>\$ 77,073,898</u></u>

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, 2021

	<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>
Revenues						
Taxes	\$ 10,398,514	\$ -	\$ -	\$ -	\$ 2,321,338	\$ 12,719,852
Licenses and permits	230,085	-	-	-	-	230,085
Rental income	-	-	-	-	76,844	76,844
Intergovernmental	3,179,053	-	-	173,750	47,500	3,400,303
Charges for services	1,018,030	-	-	-	-	1,018,030
Fines and forfeitures	243,118	-	-	-	-	243,118
Impact fees	-	-	736,400	582,615	127,366	1,446,381
Interest	16,613	23,643	4,762	10,187	6,278	61,483
Miscellaneous	48,373	-	-	-	-	48,373
Total Revenues	<u>15,133,786</u>	<u>23,643</u>	<u>741,162</u>	<u>766,552</u>	<u>2,579,326</u>	<u>19,244,469</u>
Expenditures						
Current:						
General government	2,111,730	-	-	-	-	2,111,730
Public safety	5,695,381	-	-	-	-	5,695,381
Highways and public improvements	1,412,168	-	-	438,972	-	1,851,140
Community development	629,423	-	-	-	1,238,405	1,867,828
Parks, recreation, and public property	837,540	-	-	-	-	837,540
Debt service:						
Principal	-	-	-	-	313,000	313,000
Interest	-	-	-	-	66,377	66,377
Capital outlay:						
General government	-	1,794	-	-	-	1,794
Highways and public improvements	-	-	-	527,312	-	527,312
Parks, recreation, and public property	-	-	50,852	-	-	50,852
Total Expenditures	<u>10,686,242</u>	<u>1,794</u>	<u>50,852</u>	<u>966,284</u>	<u>1,617,782</u>	<u>13,322,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,447,544</u>	<u>21,849</u>	<u>690,310</u>	<u>(199,732)</u>	<u>961,544</u>	<u>5,921,515</u>
Other Financing Sources (Uses)						
Transfer in	75,000	1,346,800	100,000	2,844,400	235,078	4,601,278
Transfer out	(4,045,000)	-	(130,000)	-	(426,278)	(4,601,278)
Proceeds of refunding bonds	-	-	-	-	-	-
Sale of capital assets	-	-	68,934	-	-	68,934
Contributions	7,000	-	-	-	-	7,000
Total Other Financing Sources (Uses)	<u>(3,963,000)</u>	<u>1,346,800</u>	<u>38,934</u>	<u>2,844,400</u>	<u>(191,200)</u>	<u>75,934</u>
Net Change in Fund Balances	484,544	1,368,649	729,244	2,644,668	770,344	5,997,449
Fund Balance, Beginning	<u>2,853,782</u>	<u>4,496,425</u>	<u>1,210,970</u>	<u>2,854,434</u>	<u>1,117,518</u>	<u>12,533,129</u>
Fund Balance, Ending	<u>\$ 3,338,326</u>	<u>\$ 5,865,074</u>	<u>\$ 1,940,214</u>	<u>\$ 5,499,102</u>	<u>\$ 1,887,862</u>	<u>\$ 18,530,578</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, 2021

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

Net change in fund balances - total governmental funds	\$ 5,997,449
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.	
Depreciation expense	(1,803,323)
Less internal service fund depreciation expense included in net revenue below	<u>420,152</u>
	(1,383,170)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	
	747,379
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	
	313,000
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.	
	(98,861)
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.	
	(116,230)
The Statement of Activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund statements.	
	403,524
Capital assets contributed by developers constitute revenues on the government-wide	
	1,140,887
Change in net position of governmental activities	<u><u>\$ 7,003,978</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, 2021

	Business-type Activities					Governmental	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Assets							
Current Assets							
Cash and cash equivalents	\$ 5,475,985	\$ 956,007	\$ 922,507	\$ 392,136	\$ 556,140	\$ 8,302,775	\$ 662,704
Receivables:							
Accounts receivable, net	516,370	59,590	87,563	132,740	-	796,263	-
Inventories	167,603	29,844	-	-	98,258	295,705	-
Prepaid expenses	331,769	85,528	-	-	9,093	426,390	-
Total Current Assets	<u>6,491,727</u>	<u>1,130,969</u>	<u>1,010,070</u>	<u>524,876</u>	<u>663,491</u>	<u>9,821,133</u>	<u>662,704</u>
Noncurrent Assets							
Restricted cash and cash equivalents	1,804,929	112,485	209,612	-	-	2,127,026	-
Capital assets:							
Land	197,538	-	-	-	2,353,475	2,551,013	-
Water rights	163,937	2,700,115	-	-	-	2,864,052	-
Buildings	294,908	-	-	-	1,214,193	1,509,101	-
Golf course	-	-	-	-	4,810,424	4,810,424	-
Water distribution system	26,518,927	3,098,284	-	-	-	29,617,211	-
Storm water system	-	-	8,316,074	-	-	8,316,074	-
Machinery, equipment, and vehicles	1,165,066	116,774	228,742	79,724	1,465,399	3,055,705	4,444,388
Construction-in-progress	157,946	-	396,697	-	19,845	574,488	-
Less accumulated depreciation	(11,294,999)	(1,156,476)	(1,835,002)	(68,272)	(4,165,473)	(18,520,222)	(2,972,992)
Total Noncurrent Assets	<u>19,008,252</u>	<u>4,871,182</u>	<u>7,316,123</u>	<u>11,452</u>	<u>5,697,863</u>	<u>36,904,872</u>	<u>1,471,396</u>
Total Assets	<u>25,499,979</u>	<u>6,002,151</u>	<u>8,326,193</u>	<u>536,328</u>	<u>6,361,354</u>	<u>46,726,005</u>	<u>2,134,100</u>
Deferred outflows of resources							
Deferred outflows of resources relating to pensions	101,056	9,424	20,293	3,690	93,552	228,015	20,294
Total Assets and Deferred Outflows of Resources	<u>\$ 25,601,035</u>	<u>\$ 6,011,575</u>	<u>\$ 8,346,486</u>	<u>\$ 540,018</u>	<u>\$ 6,454,906</u>	<u>\$ 46,954,020</u>	<u>\$ 2,154,394</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, 2021

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Liabilities							
Current Liabilities							
Accounts payable	\$ 107,314	\$ 1,392	\$ 54,136	\$ 98,399	\$ 20,164	\$ 281,405	\$ 346
Compensated absences	43,906	8,721	14,310	2,811	70,598	140,346	7,321
Accrued liabilities	50,434	4,160	10,958	2,220	45,335	113,107	12,734
Leases payable	-	-	-	-	54,185	54,185	139,387
Revenue and general obligation bonds payable	170,660	-	26,500	-	-	197,160	-
Total Current Liabilities	<u>372,314</u>	<u>14,273</u>	<u>105,904</u>	<u>103,430</u>	<u>190,282</u>	<u>786,203</u>	<u>159,788</u>
Noncurrent Liabilities							
Compensated absences	38,423	7,633	12,523	2,459	61,767	122,805	6,406
Customer deposits	436,881	-	-	-	-	436,881	-
Due to other funds	-	-	-	-	2,921,931	2,921,931	-
Notes payable	-	-	120,654	-	657,000	777,654	-
Leases payable	-	-	-	-	-	-	46,139
Net pension liability	33,441	1,456	-	-	155,949	190,846	5,935
Revenue and general obligation bonds payable	1,869,189	-	290,538	-	-	2,159,727	-
Total Noncurrent Liabilities	<u>2,377,934</u>	<u>9,089</u>	<u>423,715</u>	<u>2,459</u>	<u>3,796,647</u>	<u>6,609,844</u>	<u>58,480</u>
Total Liabilities	<u>2,750,248</u>	<u>23,362</u>	<u>529,619</u>	<u>105,889</u>	<u>3,986,929</u>	<u>7,396,047</u>	<u>218,268</u>
Deferred inflows of resources							
Unearned revenue-golf prepaid	-	-	-	-	62,614	62,614	-
Deferred inflows of resources relating to pensions	245,648	31,192	52,253	10,347	157,554	496,994	51,400
Total Liabilities and Deferred Inflows of Resources	<u>2,995,896</u>	<u>54,554</u>	<u>581,872</u>	<u>116,236</u>	<u>4,207,097</u>	<u>7,955,655</u>	<u>269,668</u>
Net Position							
Net investment in capital assets	15,163,474	4,758,697	6,668,819	11,452	4,986,678	28,667,189	1,285,870
Restricted:							
Debt service	304,409	-	-	-	-	304,409	-
Impact fees	1,500,520	112,485	209,612	-	-	1,822,617	-
Unrestricted	5,636,736	1,085,839	886,183	412,330	(2,738,869)	8,204,150	598,856
Total Net Position	<u>22,605,139</u>	<u>5,957,021</u>	<u>7,764,614</u>	<u>423,782</u>	<u>2,247,809</u>	<u>38,998,365</u>	<u>1,884,726</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 25,601,035</u>	<u>\$ 6,011,575</u>	<u>\$ 8,346,486</u>	<u>\$ 540,018</u>	<u>\$ 6,454,906</u>	<u>\$ 46,954,020</u>	<u>\$ 2,154,394</u>

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, 2021

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Operating Revenues							
Charges for services:							
Metered water sales	\$ 4,092,351	\$ 433,738	\$ -	\$ -	\$ -	\$ 4,526,089	\$ -
User fees	-	-	796,585	1,274,008	-	2,070,593	484,500
Connection and servicing fees	121,711	-	-	-	-	121,711	-
Admissions and lesson fees	-	-	-	-	1,123,579	1,123,579	-
Equipment and facility rents	-	-	-	-	599,173	599,173	-
Concession and merchandise sales	-	-	-	-	234,912	234,912	-
Miscellaneous	39,637	8,074	-	-	47,056	94,767	2,417
Total Operating Revenues	4,253,699	441,812	796,585	1,274,008	2,004,720	8,770,824	486,917
Operating Expenses							
Salaries and benefits	1,006,266	149,650	271,868	92,383	786,176	2,306,343	233,326
Office expense and supplies	111,353	14,344	22,431	27,670	14,131	189,929	-
Equipment - supplies and maintenance	460,089	28,193	190,725	29,646	148,563	857,216	35,340
Buildings and grounds - supplies and maintenance	47,299	-	-	-	38,697	85,996	-
Special department supplies	184,254	-	-	27,596	-	211,850	-
Power purchases	391,656	-	-	-	27,649	419,305	-
Water purchases	753,334	164,256	-	-	110,579	1,028,169	-
Professional services	161,128	6,505	49,314	3,687	52,935	273,569	-
Contracted services	-	-	-	1,110,338	-	1,110,338	-
Merchandise	-	-	-	-	129,172	129,172	-
Depreciation	837,258	103,276	219,402	7,935	244,298	1,412,169	420,152
Miscellaneous	32,488	6,839	1,687	-	46,022	87,036	-
Total Operating Expenses	3,985,125	473,063	755,427	1,299,255	1,598,222	8,111,092	688,818
Operating Income (Loss)	\$ 268,574	\$ (31,251)	\$ 41,158	\$ (25,247)	\$ 406,498	\$ 659,732	\$ (201,901)

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, 2021

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Nonoperating Income (Expense)							
Interest income	\$ 27,597	\$ 2,698	\$ 4,816	\$ 2,360	\$ -	\$ 37,471	\$ 986
Interest expense	(133,522)	-	(20,732)	-	(10,025)	(164,279)	(7,687)
Gain (loss) from sale of capital assets	-	-	-	-	-	-	1,000
Total Nonoperating Income (Expense)	<u>(105,925)</u>	<u>2,698</u>	<u>(15,916)</u>	<u>2,360</u>	<u>(10,025)</u>	<u>(126,808)</u>	<u>(5,701)</u>
Income (loss) before contributions and transfers	162,649	(28,553)	25,242	(22,887)	396,473	532,924	(207,602)
Capital Contributions	606,097	-	290,062	-	-	896,159	-
Build America Bond Interest Subsidy and Other Grants	44,860	-	6,965	-	-	51,825	108,741
Impact Fees	1,450,775	14,330	182,273	-	-	1,647,378	-
Change in Net Position	2,264,381	(14,223)	504,542	(22,887)	396,473	3,128,286	(98,861)
Net Position, Beginning	20,340,758	5,971,244	7,260,072	446,669	1,851,336	35,870,079	1,983,587
Net Position, Ending	<u>\$ 22,605,139</u>	<u>\$ 5,957,021</u>	<u>\$ 7,764,614</u>	<u>\$ 423,782</u>	<u>\$ 2,247,809</u>	<u>\$ 38,998,365</u>	<u>\$ 1,884,726</u>

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, 2021

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Cash Flows From Operating Activities							
Receipts from customers and users	\$ 4,275,550	\$ 444,580	\$ 797,397	\$ 1,274,640	\$ 2,009,232	\$ 8,801,399	\$ 486,917
Receipts from customer deposits	14,386	-	-	-	-	14,386	-
Payments to suppliers and service providers	(2,108,994)	(231,337)	(234,112)	(1,183,741)	(575,731)	(4,333,915)	(33,643)
Payments to employees and related benefits	(1,093,728)	(151,791)	(289,326)	(100,951)	(765,231)	(2,401,027)	(244,258)
Net cash flows from operating activities	1,087,214	61,452	273,959	(10,052)	668,270	2,080,843	209,016
Cash Flows From Non-Capital Financing Activities							
Due to/from other funds	-	-	-	-	-	-	-
Net cash flows from non-capital financing activities	-	-	-	-	-	-	-
Cash Flows From Capital and Related Financing Activities							
Acquisition and construction of capital assets	(869,280)	-	(456,768)	-	(49,131)	(1,375,179)	(128,145)
Proceeds from sales of capital assets	-	-	-	-	-	-	1,000
Impact fees and interest subsidies received	1,495,635	14,330	189,238	-	-	1,699,203	108,741
Principal paid on capital bonds and leases	(170,188)	-	(120,887)	-	(52,973)	(344,047)	(135,868)
Interest paid on capital bonds and leases	(133,522)	-	(20,732)	-	(10,025)	(164,279)	(7,687)
Net cash flows from capital and related financing activities	\$ 322,645	\$ 14,330	\$ (409,148)	\$ -	\$ (112,129)	\$ (184,302)	\$ (161,958)

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, 2021

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Cash Flows From Investing Activities							
Interest on investments	\$ 27,597	\$ 2,698	\$ 4,816	\$ 2,360	\$ -	\$ 37,471	\$ 986
Net cash flows from investing activities	<u>27,597</u>	<u>2,698</u>	<u>4,816</u>	<u>2,360</u>	<u>-</u>	<u>37,471</u>	<u>986</u>
Net Increase (Decrease) In Cash and Cash Equivalents	1,437,457	78,480	(130,373)	(7,692)	556,140	1,934,012	48,044
Cash and Cash Equivalents, Beginning	<u>5,843,457</u>	<u>990,012</u>	<u>1,262,492</u>	<u>399,828</u>	<u>-</u>	<u>8,495,789</u>	<u>614,660</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,280,914</u>	<u>\$ 1,068,492</u>	<u>\$ 1,132,119</u>	<u>\$ 392,136</u>	<u>\$ 556,140</u>	<u>\$ 10,429,801</u>	<u>\$ 662,704</u>
Reconciliation of operating income to net cash flows from operating activities							
Earnings (loss) from operations	\$ 268,574	\$ (31,251)	\$ 41,158	\$ (25,247)	\$ 406,498	\$ 659,732	\$ (201,901)
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:							
Depreciation	837,258	103,276	219,402	7,935	244,298	1,412,169	420,152
Changes in assets and liabilities							
Accounts receivable, net	21,851	2,768	812	632	4,512	30,575	-
Inventories	25,350	-	-	-	-	25,350	-
Prepaid expenses	(27,190)	(6,800)	484	-	358	(33,148)	-
Net pension liability	(76,742)	(10,111)	(21,528)	(7,668)	31,545	(84,504)	(17,382)
Accounts payable	34,915	(4,409)	28,614	15,415	(9,957)	64,578	(1,248)
Compensated absences	(10,720)	7,969	4,070	(900)	(10,600)	(10,181)	6,450
Accrued liabilities	(468)	10	947	(219)	1,616	1,886	2,945
Customer deposits	14,386	-	-	-	-	14,386	-
Net cash flows from operating activities	<u>\$ 1,087,214</u>	<u>\$ 61,452</u>	<u>\$ 273,959</u>	<u>\$ (10,052)</u>	<u>\$ 668,270</u>	<u>\$ 2,080,843</u>	<u>\$ 209,016</u>
Schedule of non-cash capital and related financing activities:							
Contributions of capital assets	\$ 606,097	\$ -	\$ 290,062	\$ -	\$ -	\$ 896,159	\$ -

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 120 hours of accumulated sick leave are allowed to cash in one-third of their annual sick leave accrued and unused 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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Pending Accounting Pronouncements

In 2017, the GASB issued Statement 87, Leases. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The provisions of this standard will be adopted by the City beginning July 1, 2021.

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.

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

NOTE 2 DEPOSIT AND INVESTMENTS (Continued)

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, 2021, the \$2,818,717 in the City's bank balances is uninsured.

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, 2021, the City had the following recurring fair value measurements.

Investments by fair value level	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 21,540,553	\$ -	\$ 21,540,553	\$ -
Total debt securities	\$ 21,540,553	\$ -	\$ 21,540,553	\$ -

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, 2021 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, 2021, 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	\$ 21,540,553	\$ 21,540,553	-	-	-
	\$ 21,540,553	\$ 21,540,553	-	-	-

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.

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

NOTE 2 DEPOSIT AND INVESTMENTS (Continued)

At June 30, 2021, the City’s investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	\$ 21,540,553	-	-	-	\$ 21,540,553
	\$ 21,540,553	-	-	-	\$ 21,540,553

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, 2021:

Cash on hand and on deposit:

Petty Cash	\$ 4,100
Cash on Deposit	5,974,725
PTIF Investment	21,540,553
Total cash and investments	<u>\$ 27,519,378</u>

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

Cash and cash equivalents	\$ 19,610,554
Restricted cash and cash equivalents	7,908,824
Total cash and investments	<u>\$ 27,519,378</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	\$ 304,409	\$ 304,409	\$ -
Sales Tax Bonds Debt Service Reserves	22,778	22,778	22,778
LBA Debt Service Reserves	60,569	60,569	60,569
Impact Fees	6,101,161	6,101,161	6,101,161
Construction projects	229,255	-	229,255
Redevelopment low income housing	303,090	-	303,090
Unspent B&C Road Money	887,562	887,562	887,562
	<u>\$ 7,908,824</u>	<u>\$ 7,376,479</u>	<u>\$ 7,604,414</u>

NOTE 4 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts receivable at June 30, 2021 for all funds is \$10,000.

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021, is as follows:

	Balance June 30, 2020	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2021
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 25,287,149	\$ 150,395	\$ -	\$ -	\$ 25,437,544
Construction in progress	337,706	201,375	-	-	539,081
Total capital assets, not being depreciated	<u>25,624,855</u>	<u>351,770</u>	<u>-</u>	<u>-</u>	<u>25,976,625</u>
Capital assets, being depreciated					
Infrastructure	28,825,760	1,473,149	-	-	30,298,909
Buildings	7,993,110	-	-	-	7,993,110
Improvements other than buildings	8,657,845	-	-	-	8,657,845
Machinery, equipment, and vehicles	5,870,182	191,491	(111,983)	-	5,949,690
Total capital assets, being depreciated	<u>51,346,897</u>	<u>1,664,640</u>	<u>(111,983)</u>	<u>-</u>	<u>52,899,554</u>
Less accumulated depreciation for					
Infrastructure	(5,685,580)	(818,729)	-	-	(6,504,309)
Buildings	(2,821,706)	(278,734)	-	-	(3,100,440)
Improvements other than buildings	(2,053,062)	(230,973)	-	-	(2,284,035)
Machinery, equipment, and vehicles	(3,859,744)	(474,886)	111,983	-	(4,222,647)
Total accumulated depreciation	<u>(14,414,440)</u>	<u>(1,803,322)</u>	<u>111,983</u>	<u>-</u>	<u>(16,111,431)</u>
Total capital assets, being depreciated, net	<u>36,932,457</u>	<u>(138,682)</u>	<u>-</u>	<u>-</u>	<u>36,793,775</u>
Governmental activities capital assets, net	<u>\$ 62,557,312</u>	<u>\$ 213,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,770,401</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	\$ 279,912
Community development	3,562
Public safety	148,429
Highways and public improvements	1,078,425
Parks, recreation, and public property	<u>292,994</u>
Total depreciation expense - governmental activities	<u>\$ 1,803,322</u>

The Enterprise Funds' property, plant and equipment consist of the following at June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2021
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>1,348,055</u>	<u>574,485</u>	<u>-</u>	<u>(1,348,052)</u>	<u>574,488</u>
Total capital assets, not being depreciated	<u>6,763,120</u>	<u>574,485</u>	<u>-</u>	<u>(1,348,052)</u>	<u>5,989,553</u>
Capital assets, being depreciated					
Buildings	1,492,976	16,125	-	-	1,509,101
Golf course	4,810,424	-	-	-	4,810,424
Water distribution system	26,993,950	1,275,209	-	1,348,052	29,617,211
Storm water system	7,965,942	350,132	-	-	8,316,074
Machinery, equipment, and vehicles	<u>3,000,322</u>	<u>55,383</u>	<u>-</u>	<u>-</u>	<u>3,055,705</u>
Total capital assets, being depreciated	<u>44,263,614</u>	<u>1,696,849</u>	<u>-</u>	<u>1,348,052</u>	<u>47,308,515</u>
Less accumulated depreciation for					
Buildings	(728,564)	(32,744)	-	-	(761,308)
Golf course	(2,428,234)	(98,838)	-	-	(2,527,072)
Water distribution system	(10,451,959)	(865,465)	-	-	(11,317,424)
Storm water system	(1,484,654)	(199,149)	-	-	(1,683,803)
Machinery, equipment, and vehicles	<u>(2,014,642)</u>	<u>(215,973)</u>	<u>-</u>	<u>-</u>	<u>(2,230,615)</u>
Total accumulated depreciation	<u>(17,108,053)</u>	<u>(1,412,169)</u>	<u>-</u>	<u>-</u>	<u>(18,520,222)</u>
Total capital assets, being depreciated, net	<u>27,155,561</u>	<u>284,680</u>	<u>-</u>	<u>1,348,052</u>	<u>28,788,293</u>
Business-type activities capital assets, net	<u>\$ 33,918,681</u>	<u>\$ 859,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,777,846</u>

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

Business-type Activities	
Water	\$ 837,258
Secondary Water	103,276
Storm Water	219,402
Solid Waste	7,935
Golf Course	<u>244,298</u>
Total depreciation expense - business-type activities	<u>\$ 1,412,169</u>

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

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 \$2,779,471.

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, 2021 is not expected to be received within 60 days after the year ended June 30, 2021, 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, 2020.

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, 2021:

	Long-term debt payable at June 30, 2020	Additions	Reductions	Long-term debt payable at June 30, 2021	Due within One Year
Governmental activities					
Series 2019 Sales Tax Refunding	\$ 2,332,000	\$ -	\$ 217,000	\$ 2,115,000	\$ 220,000
Series 2016 Lease Revenue Bond	738,000	-	96,000	642,000	98,000
2016 Public Works Lease	89,448	-	21,449	67,999	21,860
2017 Public Works Lease	104,291	-	51,259	53,032	53,032
2018 Public Works Lease	127,666	-	63,171	64,495	64,495
Compensated Absences	514,825	580,034	457,343	637,516	340,009
Governmental activity long-term liabilities	<u>\$ 3,906,230</u>	<u>\$ 580,034</u>	<u>\$ 906,222</u>	<u>\$ 3,580,042</u>	<u>\$ 797,396</u>
Business-type activities					
Series 2010 Water Revenue	\$ 2,525,000	\$ -	\$ 190,000	\$ 2,335,000	\$ 195,000
Plus unamortized premium	24,047	-	2,160	21,887	1,870
2018 Golf Equipment Capital Lease	107,158	-	52,973	54,185	54,185
Eaglewood Development N/P	657,000	-	-	657,000	-
Compass Development N/P	215,713	-	95,059	120,654	-
Compensated Absences	273,330	300,663	310,842	263,151	140,636
Business-type activity long-term liabilities	<u>\$ 3,802,248</u>	<u>\$ 300,663</u>	<u>\$ 651,034</u>	<u>\$ 3,451,877</u>	<u>\$ 391,691</u>

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

For the year ended June 30, 2021, \$73,760 of interest was charged as a direct expense on the *statement of activities* for Governmental activities and \$164,279 of interest was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2021, in Governmental or Business-type Activities.

Government-type activities:

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 receipted and will be liquidated in the Local Building Authority Fund.

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

NOTE 8 LONG-TERM DEBT (Continued)

The annual debt service requirements to maturity, including principal and interest, for the Series 2017 Lease Revenue Bonds, as of June 30, 2021, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
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	3.73%	108,000	12,607	120,607
2026	3.95%	113,000	9,085	122,085
2027	4.12%	117,000	4,820	121,820
Total		<u>\$ 642,000</u>	<u>\$ 80,713</u>	<u>\$ 722,713</u>

Sales Tax Revenue Bonds, Series 2019

On December 17, 2019 the City issued the Series 2019 Sales Tax Revenue Refunding Bonds. The purpose of the issuance was to refund the outstanding Series 2010 Sales Tax Revenue Bonds. The refunding provided a net present value savings of \$222,687, with an average annual cash flow savings of \$22,185. Principal payments on the bonds are due on June 15th of each year through 2030 and interest payments are due on June 15th and December 15th of each year through June 15, 2030. The bonds carry an annual interest rate of 1.82%.

The annual debt service requirements to maturity, including principal and interest, for the Series 2019-Sales Tax Refunding Revenue Bonds, as of June 30, 2021, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2022	4.80%	\$ 220,000	\$ 38,493	\$ 318,590
2023	4.90%	222,000	30,449	313,750
2024	5.15%	225,000	26,354	308,460
2024	5.15%	231,000	22,149	307,388
2025	5.15%	233,000	17,909	300,800
2027-2030	5.50-5.80%	984,000	45,118	1,163,920
Total		<u>\$ 2,115,000</u>	<u>\$ 180,472</u>	<u>\$ 2,712,908</u>

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 \$132,420 at June 30, 2021. 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, 2021, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2022	2.52%	\$ 21,860	\$ 1,711	\$ 23,571
2023	2.52%	22,850	1,155	24,005
2024	2.52%	23,289	585	23,874
Total		<u>\$ 67,999</u>	<u>\$ 3,451</u>	<u>\$ 71,450</u>

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

NOTE 8 LONG-TERM DEBT (Continued)

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 \$106,387 at June 30, 2021. 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, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	2.63%	\$ 53,032	\$ 1,384	\$ 54,416
Total		<u>\$ 53,032</u>	<u>\$ 1,384</u>	<u>\$ 54,416</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 \$111,603 at June 30, 2021. 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, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	2.42%	\$ 64,495	\$ 1,175	\$ 65,670
Total		<u>\$ 64,495</u>	<u>\$ 1,175</u>	<u>\$ 65,670</u>

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, 2021 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.

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

NOTE 8 LONG-TERM DEBT (Continued)

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, 2021, the City has \$188,850 in a reserved cash account with an additional \$115,559 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, 2021, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
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	6.00%	220,000	72,304	292,304
2026	6.25%	225,000	63,724	288,724
2027	6.25%	235,000	54,584	289,584
2028-2031	6.25-6.75%	1,045,000	115,919	1,160,919
		2,335,000	<u>\$ 570,232</u>	<u>\$ 2,905,232</u>
Plus unamortized premium		<u>21,887</u>		
Total		<u>\$ 2,356,887</u>		

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 gain for the current year, but net position remains negative.

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

NOTE 8 LONG-TERM DEBT (Continued)

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, 2021 is \$120,654.

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, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	2.29%	\$ 54,185	\$ 1,241	\$ 55,426
Total		<u>\$ 54,185</u>	<u>\$ 1,241</u>	<u>\$ 55,426</u>

NOTE 9 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue for the year ended June 30, 2021 consists of the following:

<u>Revenue Source</u>	<u>Amount</u>	<u>% of Total</u>
Utah Class C Road Allotment	\$ 790,304	22.19%
Intergovernmental -Fuel Tax	471,376	13.24%
Intergovernmental -UDOT	173,750	4.88%
CDBG Grant - Business Facade	25,000	0.70%
Utah Liquor Law Enforcement Grant	20,700	0.58%
Tech Plan Grant	22,500	0.63%
Department of Justice Grant	464	0.01%
Utah Clean Air Fleet Grant	108,741	3.05%
FEMA Wind Event Grant	131,801	3.70%
CARES Act Grant	1,764,408	49.55%
Federal Build America Bond Interest Reimbursement Grant	51,826	1.46%
	<u>\$ 3,560,870</u>	<u>100.00%</u>
Governmental Funds	\$ 3,509,044	
Proprietary Funds	<u>51,826</u>	
	<u>\$ 3,560,870</u>	

Of the \$3,560,87 in total intergovernmental revenue, \$3,509,044 was reported in governmental funds and the remaining \$51,826 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, 2021, the City's internal balances due to or from other activities were as follows:

<u>Due To</u>	<u>Due from</u>	
	<u>Enterprise</u>	
	<u>Golf</u>	
	<u>Fund</u>	<u>Total</u>
Governmental:		
Capital Projects Fund	\$ 2,921,931	\$ 2,921,931
Total	<u>\$2,921,931</u>	<u>\$2,921,931</u>

The Golf Fund payable represents transferred subsidies made to the Golf Fund from fiscal years 1994 through 2020. The City does not expect to be repaid from the Golf Fund. The Local Building Authority payable will be repaid in Fiscal Year 2021.

In addition to the above, transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2021 are as follows:

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

NOTE 11 INTERFUND TRANSACTIONS (Continued)

	Transfer - In	Transfer - Out
Governmental:		
General Fund	\$ 75,000	\$ 4,045,000
Redevelopment Agency	-	180,078
Housing Agency	105,078	99,400
Building Authority Fund	130,000	-
Debt Service Fund	-	100,000
Capital Projects Fund	1,346,800	-
Parks Capital Fund	100,000	130,000
Police Facilities Fund	-	46,800
Roadway Devel. Fund	2,844,400	-
	\$ 4,601,278	\$ 4,601,278

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 \$1,400,941 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.

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 tax increment monies as follows: 1) \$459,700 for project area 1, 2) \$952,911 from project area 2, and 3) \$364,441 for project area 3. 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 \$436,715 from revenue collected from project area 1, \$301,689 from revenue collected from project area 2, and \$273,332 for project area 3. The RDA expended \$161,345 towards professional and technical costs.

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

NOTE 14 SUBSEQUENT EVENTS

On September 30, 2021, the City issued debt for renovation of the Golf Course Club House and construction of Wetlands Park. The debt issuance totaled \$7,455,000. The debt will be amortized of 2 different periods and different interest rates for the separate projects. The Golf Course debt in the amount of \$4,240,000 will be amortized over 20 years with an interest rate between 2% and 4%. The Wetlands Park debt amount of \$3,215,333 will be amortized over 10 years with an interest rate of 3%.

NOTE 15 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 multiple-employer cost sharing public employee 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.

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

NOTE 15 PENSION PLAN (Continued)

Benefits Provided:

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

Summary of Benefits by System				
System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit 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

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

NOTE 15 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 as of June 30, 2021 are as follows:

	Employee Paid	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System			
111 - Local Government Division Tier 2	N/A	15.80%	0.89
Noncontributory System			
15 - Local Government Division Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
Contributory			
122 - Other Division A Contributory Tier 2	2.27	25.83%	N/A
Noncontributory			
43 Other Dev A with 2.5% COLA	N/A	34.04%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00
222 - Public Safety	N/A	11.83%	14.00

***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, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 421,996	N/A
Public Safety System	408,230	-
Tier 2 Public Employees System	133,976	-
Tier 2 Public Safety and Firefighter	88,295	7,409
Tier 2 DC Only System	6,431	N/A
Total Contributions	\$ 1,058,928	\$ 7,409

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 15 PENSION PLAN (Continued)

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

At June 30, 2021, we reported a net pension asset of \$0 and a net pension liability of \$792,481.

	Measurement Date: December 31, 2020			Proportionate Share December 31, 2019
	Net Pension Asset	Net Pension Liability	Proportionate Share	
Noncontributory System	\$ -	\$ 133,825	0.2608962%	0.2593909%
Public Safety System	\$ -	\$ 636,152	0.7662250%	0.7576692%
Tier 2 Public Employees System	\$ -	\$ 7,456	0.0518412%	0.0496579%
Tier 2 Public Safety and Firefighter System	\$ -	\$ 15,048	0.1677735%	0.1849945%
Total Net Pension Asset/Liability	\$ -	\$ 792,481		

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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, 2021, we recognized pension expense of \$490,746. At June 30, 2021, 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	\$ 311,270	\$ 4,034
Changes in assumptions	12,928	37,481
Net difference between projected and actual earnings on pension plan investments	-	1,830,653
Changes in proportion and differences between contributions and proportionate share of contributions	54,695	1,648
Contributions subsequent to the measurement date	530,911	-
Total	\$ 909,804	\$ 1,873,816

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

NOTE 15 PENSION PLAN (Continued)

\$530,911 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, 2020.

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
2021	(382,305)
2022	(192,562)
2023	(642,725)
2024	(300,664)
2025	3,313
Thereafter	\$ 20,020

Actuarial assumptions:

The total pension liability in the December 31, 2020 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 adopted for an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvements using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members in the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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 15 PENSION PLAN (Continued)

Asset Class	Target Asset Allocation	Expected Return Arithmetic Basis	
		Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	37%	6.30%	2.33%
Debt Securities	20%	0.00%	0.00%
Real Assets	15%	6.19%	0.93%
Private Equity	12%	9.50%	1.14%
Absolute Return	16%	2.75%	0.44%
Cash and Cash Equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

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 use 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 using 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	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 2,320,125	\$ 133,825	\$ (1,688,785)
Public Safety System	\$ 2,685,737	\$ 636,152	\$ (1,028,107)
Tier 2 Public Employees System	\$ 125,466	\$ 7,456	\$ (82,818)
Tier 2 Public Safety and Firefighter	\$ 70,948	\$ 15,048	\$ (29,535)
Total Contributions	\$ 5,202,276	\$ 792,481	\$ (2,829,245)

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

NOTE 15 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:

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

401(k) Plan	2021	2020	2019
Employer Contributions	\$ 233,194	\$ 231,162	\$ 210,989
Employee Contributions	\$ 82,787	\$ 79,510	\$ 78,015
457 Plan			
Employer Contributions	\$ 13,532	\$ 12,343	\$ 6,408
Employee Contributions	\$ 28,848	\$ 29,029	\$ 22,126
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 44,157	\$ 35,885	\$ 28,932
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ -	\$ 4,200	\$ -

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property	\$ 2,933,000	\$ 2,933,000	\$ 3,026,250	\$ 93,250
Sales and use	3,764,700	5,163,300	5,480,812	317,512
Franchise	1,754,800	1,809,300	1,891,452	82,152
Licenses and permits	225,000	225,000	230,085	5,085
Intergovernmental revenues	984,500	3,164,100	3,179,053	14,953
Charges for services	585,200	697,200	1,018,030	320,830
Fines and forfeitures	380,000	210,000	243,118	33,118
Interest	80,000	80,000	16,613	(63,387)
Miscellaneous	48,600	48,600	48,373	(227)
Total Revenues	<u>10,755,800</u>	<u>14,330,500</u>	<u>15,133,786</u>	<u>803,286</u>
Expenditures				
Current:				
General government:				
Legislative	233,100	670,000	652,040	17,960
Administrative	926,100	1,128,500	1,039,102	89,398
Buildings	86,400	103,300	97,059	6,241
Judicial	337,900	342,800	323,529	19,271
Total general government	<u>1,583,500</u>	<u>2,244,600</u>	<u>2,111,730</u>	<u>132,870</u>
Public safety:				
Police department	4,061,100	4,429,200	4,294,440	134,760
Fire department	1,402,600	1,402,600	1,400,941	1,659
Total public safety	<u>5,463,700</u>	<u>5,831,800</u>	<u>5,695,381</u>	<u>136,419</u>
Public works:				
Streets department	1,310,400	1,376,300	1,217,474	158,826
Engineering	193,800	199,700	194,694	5,006
Total public works	<u>1,504,200</u>	<u>1,576,000</u>	<u>1,412,168</u>	<u>163,832</u>
Community Development				
Planning and zoning	388,100	419,200	410,303	8,897
Building inspection	214,700	234,700	219,120	15,580
Total community development	<u>602,800</u>	<u>653,900</u>	<u>629,423</u>	<u>24,477</u>
Parks	943,000	955,700	837,540	118,160
Total Expenditures	<u>\$ 10,097,200</u>	<u>\$ 11,262,000</u>	<u>\$ 10,686,242</u>	<u>\$ 575,758</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 658,600	\$ 3,068,500	\$ 4,447,544	\$ 1,379,044
Other Financing Sources (Uses)				
Appropriations from fund balance	36,900	889,000	-	889,000
Transfer in	75,000	75,000	75,000	-
Transfer out	(783,000)	(4,045,000)	(4,045,000)	-
Sale of capital assets	5,000	5,000	-	5,000
Contributions	7,500	7,500	7,000	500
Total Other Financing Sources (Uses)	<u>(658,600)</u>	<u>(3,068,500)</u>	<u>(3,963,000)</u>	<u>894,500</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	484,544	<u>\$ 2,273,544</u>
Fund Balance, Beginning			<u>2,853,782</u>	
Fund Balance, Ending			<u>\$ 3,338,326</u>	

CITY OF NORTH SALT LAKE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
The Year Ended June 30, 2021

Last 10 fiscal years*

		<u>Noncontributory System</u>	<u>Public Safety System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighters System</u>
Proportion of the net pension liability (asset)	2021	0.2608932%	7.7922500%	0.0518412%	0.1677735%
	2020	0.2593909%	0.7576692%	0.0496579%	0.1849945%
	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)	2021 \$	133,825	\$ 636,152	\$ 7,456	\$ 15,048
	2020 \$	997,610	\$ 1,216,527	\$ 11,168	\$ 17,401
	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	2021 \$	2,313,474	\$ 1,282,892	\$ 8,290	\$ 331,582
	2020 \$	2,300,509	\$ 1,202,620	\$ 689,669	\$ 304,893
	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	2021	5.78%	49.59%	0.90%	4.54%
	2020	42.50%	101.16%	1.62%	5.71%
	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	2021	99.2%	95.5%	98.30%	93.10%
	2020	93.7%	90.9%	96.50%	89.60%
	2019	87.0%	84.7%	90.80%	95.60%
	2018	91.9%	90.2%	97.40%	103.00%
	2017	87.3%	86.5%	95.10%	103.60%
	2016	87.8%	87.1%	100.20%	110.70%
	2015	90.2%	90.5%	103.50%	120.50%

* In accordance with paragraph 81.a 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.

**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
Noncontributory System	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%
	2020	420,807	420,807	-	2,341,779	17.97%
	2021	421,996	421,996	-	2,344,577	18.00%
Public Safety System	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%
	2020	381,717	381,717	-	1,214,216	31.44%
	2021	408,230	408,230	-	1,342,250	30.41%
Tier 2 Public Employees System*	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%
	2020	126,055	126,963	-	811,650	15.64%
	2021	133,976	133,976	-	847,946	15.80%
Tier 2 Public Safety and Firefighter System*	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%
	2020	72,952	72,952	-	317,335	22.99%
	2021	88,295	88,295	-	340,943	25.90%
Tier 2 Public Employees DC Only System*	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%
	2020	3,321	3,321	-	66,836	4.97%
	2021	6,431	6,431	-	109,627	5.87%

* 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 of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

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

Changes in Assumptions:

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Boards as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the "Retirement Office" column using the "Reports and Stats" tab.

SUPPLEMENTARY INFORMATION

CITY OF NORTH SALT LAKE
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	<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>
Assets						
Cash and cash equivalents	\$ 753,087	\$ 2,476	\$ 22,370	\$ 397,236	\$ -	\$ 1,175,169
Prepays	-	-	555	-	-	555
Taxes receivable	-	-	-	104,226	-	104,226
Restricted cash and cash equivalents	-	303,090	60,569	22,778	221,475	607,912
Total Assets	<u>\$ 753,087</u>	<u>\$ 305,566</u>	<u>\$ 83,494</u>	<u>\$ 524,240</u>	<u>\$ 221,475</u>	<u>\$ 1,887,862</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted:						
Impact fees	-	-	-	-	221,475	221,475
Debt service	-	-	-	22,778	-	22,778
Local Building Authority	-	-	60,569	-	-	60,569
Housing Restriction	-	303,090	-	-	-	303,090
Assigned	753,087	2,476	22,925	501,462	-	1,279,950
Total Fund Balances	<u>753,087</u>	<u>305,566</u>	<u>83,494</u>	<u>524,240</u>	<u>221,475</u>	<u>1,887,862</u>
Total Liabilities and Fund Balances	<u>\$ 753,087</u>	<u>\$ 305,566</u>	<u>\$ 83,494</u>	<u>\$ 524,240</u>	<u>\$ 221,475</u>	<u>\$ 1,887,862</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, 2021

	<u>Redevelopment Agency</u>	<u>Housing Agency</u>	<u>Local Building Authority</u>	<u>Debt Service</u>	<u>Police Facilities</u>	<u>Nonmajor Governmental Funds</u>
Revenues						
Taxes	\$ 1,777,052	\$ -	\$ -	\$ 544,286	\$ -	\$ 2,321,338
Rental income	-	-	76,844	-	-	76,844
Intergovernmental	22,500	25,000	-	-	-	47,500
Impact fees	-	-	-	-	127,366	127,366
Interest	1,966	938	305	1,986	1,083	6,278
Total Revenues	<u>1,801,518</u>	<u>25,938</u>	<u>77,149</u>	<u>546,272</u>	<u>128,449</u>	<u>2,579,326</u>
Expenditures						
Community development	1,186,856	22,524	27,475	1,550	-	1,238,405
Debt service:						
Principal	-	-	96,000	217,000	-	313,000
Interest	-	-	23,935	42,442	-	66,377
Total Expenditures	<u>1,186,856</u>	<u>22,524</u>	<u>147,410</u>	<u>260,992</u>	<u>-</u>	<u>1,617,782</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>614,662</u>	<u>3,414</u>	<u>(70,261)</u>	<u>285,280</u>	<u>128,449</u>	<u>961,544</u>
Other Financing Sources (Uses)						
Transfer in	-	105,078	130,000	-	-	235,078
Transfer out	(279,478)	-	-	(100,000)	(46,800)	(426,278)
Total Other Financing Sources (Uses)	<u>(279,478)</u>	<u>105,078</u>	<u>130,000</u>	<u>(100,000)</u>	<u>(46,800)</u>	<u>(191,200)</u>
Net Change in Fund Balances	335,184	108,492	59,739	185,280	81,649	770,344
Fund Balance, Beginning	<u>417,903</u>	<u>197,074</u>	<u>23,755</u>	<u>338,960</u>	<u>139,826</u>	<u>1,117,518</u>
Fund Balance, Ending	<u>\$ 753,087</u>	<u>\$ 305,566</u>	<u>\$ 83,494</u>	<u>\$ 524,240</u>	<u>\$ 221,475</u>	<u>\$ 1,887,862</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 50,000	\$ 50,000	\$ 23,643	\$ (26,357)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>23,643</u>	<u>(26,357)</u>
Expenditures				
General government	100,000	103,500	1,794	101,706
Public safety	-	282,352	-	282,352
Total Expenditures	<u>100,000</u>	<u>385,852</u>	<u>1,794</u>	<u>384,058</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,000)</u>	<u>(335,852)</u>	<u>21,849</u>	<u>357,701</u>
Other Financing Sources (Uses)				
Transfer in	46,800	1,346,800	1,346,800	-
Total Other Financing Sources (Uses)	<u>46,800</u>	<u>1,346,800</u>	<u>1,346,800</u>	<u>-</u>
Net Change in Fund Balance *	<u>\$ (3,200)</u>	<u>\$ 1,010,948</u>	<u>1,368,649</u>	<u>\$ 357,701</u>
Fund Balance, Beginning			<u>4,496,425</u>	
Fund Balance, Ending			<u>\$ 5,865,074</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 261,000	\$ 721,000	\$ 736,400	\$ 15,400
Interest	16,000	16,000	4,762	(11,238)
Total Revenues	<u>277,000</u>	<u>737,000</u>	<u>741,162</u>	<u>4,162</u>
Expenditures				
Current:				
Improvements	473,700	493,700	50,852	442,848
Total Expenditures	<u>473,700</u>	<u>493,700</u>	<u>50,852</u>	<u>442,848</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(196,700)</u>	<u>243,300</u>	<u>690,310</u>	<u>447,010</u>
Other Financing Sources (Uses)				
Transfer in	100,000	100,000	100,000	-
Transfer out	(100,000)	(130,000)	(130,000)	-
Sale of capital assets	-	-	68,934	(68,934)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(30,000)</u>	<u>38,934</u>	<u>(68,934)</u>
Net Change in Fund Balance *	<u>\$ (196,700)</u>	<u>\$ 213,300</u>	<u>729,244</u>	<u>\$ 515,944</u>
Fund Balance, Beginning			<u>1,210,970</u>	
Fund Balance, Ending			<u>\$ 1,940,214</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 217,000	\$ 577,000	\$ 582,615	\$ 5,615
Intergovernmental revenues	-	1,569,290	173,750	(1,395,540)
Interest	62,000	62,000	10,187	(51,813)
Total Revenues	<u>279,000</u>	<u>2,208,290</u>	<u>766,552</u>	<u>(1,441,738)</u>
Expenditures				
Highways and public improvements	810,000	3,991,516	966,284	3,025,232
Total Expenditures	<u>810,000</u>	<u>3,991,516</u>	<u>966,284</u>	<u>3,025,232</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(531,000)</u>	<u>(1,783,226)</u>	<u>(199,732)</u>	<u>1,583,494</u>
Other Financing Sources (Uses)				
Transfer in	783,000	2,844,400	2,844,400	-
Total Other Financing Sources (Uses)	<u>783,000</u>	<u>2,844,400</u>	<u>2,844,400</u>	<u>-</u>
Net Change in Fund Balance *	<u>\$ 252,000</u>	<u>\$ 1,061,174</u>	<u>2,644,668</u>	<u>\$ 1,583,494</u>
Fund Balance, Beginning			<u>2,854,434</u>	
Fund Balance, Ending			<u>\$ 5,499,102</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,700,000	\$ 1,853,000	\$ 1,777,052	\$ (75,948)
Intergovernmental	-	-	22,500	22,500
Interest	2,500	2,500	1,966	(534)
Total Revenues	<u>1,702,500</u>	<u>1,855,500</u>	<u>1,801,518</u>	<u>(53,982)</u>
Expenditures				
Community	1,285,000	1,461,500	1,186,856	274,644
Total Expenditures	<u>1,285,000</u>	<u>1,461,500</u>	<u>1,186,856</u>	<u>274,644</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>417,500</u>	<u>394,000</u>	<u>614,662</u>	<u>220,662</u>
Other Financing Sources (Uses)				
Transfer out	(306,400)	(195,000)	(279,478)	(84,478)
Total Other Financing Sources (Uses)	<u>(306,400)</u>	<u>(195,000)</u>	<u>(279,478)</u>	<u>(84,478)</u>
Net Change in Fund Balance	<u>\$ (306,400)</u>	<u>\$ (195,000)</u>	335,184	<u>\$ (84,478)</u>
Fund Balance, Beginning			417,903	
Fund Balance, Ending			<u>\$ 753,087</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Rent	\$ 60,000	\$ 60,000	\$ 76,844	\$ 16,844
Interest	500	500	305	(195)
Total Revenues	<u>60,500</u>	<u>60,500</u>	<u>77,149</u>	<u>16,649</u>
Expenditures				
Community	36,300	36,300	27,475	8,825
Debt service:				
Principal	96,000	96,000	96,000	-
Interest	24,000	24,000	23,935	65
Total Expenditures	<u>156,300</u>	<u>156,300</u>	<u>147,410</u>	<u>8,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(95,800)</u>	<u>(95,800)</u>	<u>(70,261)</u>	<u>25,539</u>
Other Financing Sources (Uses)				
Transfer in	100,000	130,000	130,000	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 100,000</u>	<u>\$ 130,000</u>	59,739	<u>\$ -</u>
Fund Balance, Beginning			<u>23,755</u>	
Fund Balance, Ending			<u>\$ 83,494</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 25,000	\$ 25,000	\$ -
Interest	4,500	4,500	938	(3,562)
Total Revenues	<u>4,500</u>	<u>29,500</u>	<u>25,938</u>	<u>(3,562)</u>
Expenditures				
Community	-	50,000	22,524	27,476
Total Expenditures	<u>-</u>	<u>50,000</u>	<u>22,524</u>	<u>27,476</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,500</u>	<u>(20,500)</u>	<u>3,414</u>	<u>23,914</u>
Other Financing Sources (Uses)				
Transfer in	120,000	132,000	131,735	(265)
Total Other Financing Sources (Uses)	<u>120,000</u>	<u>132,000</u>	<u>131,735</u>	<u>(265)</u>
Net Change in Fund Balance	<u>\$ 120,000</u>	<u>\$ 132,000</u>	<u>135,149</u>	<u>\$ (265)</u>
Fund Balance, Beginning			<u>197,074</u>	
Fund Balance, Ending			<u>\$ 332,223</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales taxes	\$ 345,000	\$ 483,000	\$ 544,286	\$ 61,286
Interest	8,000	8,000	1,987	(6,013)
Total Revenues	<u>353,000</u>	<u>491,000</u>	<u>546,273</u>	<u>55,273</u>
Expenditures				
Debt service:				
Principal	217,000	217,000	217,000	-
Interest	42,500	42,500	42,442	58
Fees	2,500	2,500	1,550	950
Total Expenditures	<u>262,000</u>	<u>262,000</u>	<u>260,992</u>	<u>1,008</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>91,000</u>	<u>229,000</u>	<u>285,281</u>	<u>56,281</u>
Other Financing Sources (Uses)				
Transfer out	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (9,000)</u>	<u>\$ 129,000</u>	185,281	<u>\$ 56,281</u>
Fund Balance, Beginning			<u>338,960</u>	
Fund Balance, Ending			<u>\$ 524,241</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 46,800	\$ 46,800	\$ 127,366	\$ 80,566
Interest	600	600	1,083	483
Total Revenues	<u>47,400</u>	<u>47,400</u>	<u>128,449</u>	<u>81,049</u>
Other Financing Sources (Uses)				
Transfer out	<u>(46,800)</u>	<u>(46,800)</u>	<u>(46,800)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(46,800)</u>	<u>(46,800)</u>	<u>(46,800)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 600</u>	<u>\$ 600</u>	81,649	<u>\$ 81,049</u>
Fund Balance, Beginning			<u>139,826</u>	
Fund Balance, Ending			<u>\$ 221,475</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, 2021**

Net Revenues:		
Total Operating Revenues		\$ 5,492,096
Non-Operating Revenues		
	Impact Fees	1,647,378
	Interest Income	35,111
		7,174,585
Operating Expenses (excluding depreciation)		4,053,679
	Total Expenses (excluding depreciation)	4,053,679
Net Revenues		\$ 3,120,906
 Fiscal Year 2021 Debt Service Requirements:		
	2010 Bonds	\$ 195,000
		\$ 195,000
 Fiscal Year 2021 Net revenues divided by aggregate fiscal year 2022 debt service		 1600%
Minimum requirement		125%
Excess (Deficiency)		1475%

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 *GOVERNMENT AUDITING STANDARDS***

To the Mayor and Council of
The City 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 the City of North Salt Lake, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of North Salt Lake’s basic financial statements, and have issued our report thereon dated December 28, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of 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 City of North Salt Lake’s internal control. Accordingly, we do not express an opinion on the effectiveness of City 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 City of 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 28, 2021



**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
City of North Salt Lake

Report On Compliance

We have audited the City of North Salt Lake’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on Mantua Town for the year ended June 30, 2021.

State compliance requirements were tested for the year ended June 30, 2021 in the following areas:

Budgetary Compliance	Governmental Fees
Fund Balance	Tax Levy Revenue Recognition
Justice Court	Fraud Risk Assessment
Restricted Taxes and other related Restricted Revenue	

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the City of 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 the City of 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 referred to above. However, our audit does not provide a legal determination of the City of North Salt Lake’s compliance with those requirements.

Opinion on Compliance

In our opinion, the City of North Salt Lake complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures did not identify instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report On Internal Control Over Compliance

Management of the City 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 the City of 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 the City 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report 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, Utah
December 28, 2021



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Mayor and Council of
City of North Salt Lake

Report on Compliance for Each Major Federal Program

We have audited the City of North Salt Lake’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of North Salt Lake’s major federal programs for the year ended June 30, 2021. City of North Salt Lake’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City of North Salt Lake’s major federal programs based on our audit of the types of 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of 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 major federal program. However, our audit does not provide a legal determination of the City of North Salt Lake’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City of North Salt Lake complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-SA-01. Our opinion on each major federal program is not modified with respect to these matters.

ROYCE J. RICHARDS, J.D., CPA | RYAN R. CHILD, CPA

The City of North Salt Lake's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of 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 the City of North Salt Lake is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of North Salt Lake's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City 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 detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-SA-01, that we consider to be a significant deficiency.

The City of North Salt Lake's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of 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.

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

Child, Richards CPAs & Advisors

Ogden, Utah

December 28, 2021

**CITY OF NORTH SALT LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Grantor Pass Through/Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Award Expended
Major Programs:			
Department of the Treasury Coronavirus Relief Fund	21.019	NA	\$ 1,784,021
Total Major Programs			<u>\$ 1,784,021</u>
Non-Major Programs:			
Federal Emergency Management Agency Passed through Utah Division of Emergency Management Disaster Grant - Public Assistance	97.036	DR-4578	\$ 184,963
Total Nonmajor Programs			<u>\$ 184,963</u>
Total Federal Awards Expended			<u><u>\$ 1,968,984</u></u>

See Accompanying Notes

CITY OF NORTH SALT LAKE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule of the City of North Salt Lake's general purpose financial statements and is presented for purposes of additional analysis. Because the schedule presents only a select portion of the activities of the City of North Salt Lake, it is not intended to and does not present the financial position, changes in net position or the revenues or expenditures of the City of North Salt Lake. The schedule is required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A.Basis of Presentation – The information is presented in accordance with the Uniform Guidance and in accordance with accrual basis of accounting.

Federal Awards – Pursuant to the Uniform Guidance, federal awards are defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal awards, including federal surplus property, is included in federal awards and, therefore, is reported on the Schedule. Federal awards do not include direct federal cash assistance to individuals.

Type A and Type B Programs – The Uniform Guidance establishes the levels of expenditures or expenses to be used in defining Type A and Type B federal awards programs. Type A program threshold in during the year was \$750,000.

B.Reporting Entity – The reporting entity is fully described in the footnotes of the City of North Salt Lake's financial statements. The schedule includes all federal awards programs administered by the City of North Salt Lake for the year ended June 30, 2021.

C.Basis of Accounting – The expenditures in the Schedule are recognized as incurred based on the accrual basis of accounting and the cost accounting principles contained in the Uniform Guidance. The information in the Schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

D.CFDA Numbers – Uniform Guidance requires the Schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

E.Major Programs – The Uniform Guidance establishes a risk-based approach to be used in defining major federal financial programs. Major programs are identified in the schedule of findings and questioned costs.

F.Indirect Costs – The District does not use an indirect cost allocation.

G.Loan Programs – The balance of federal loan programs as of June 30, 2021 was \$0.

**CITY OF NORTH SALT LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued: Unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? ___ yes ___ X no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? ___ yes ___ X no

Noncompliance material of financial
 statements noted? ___ yes ___ X no

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? ___ yes ___ X no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? ___ X___ yes ___ no

Type of auditors’ report issued on compliance
 for major programs: Unmodified
 Any audit findings disclosed that are required
 to be reported in accordance with
 section Title 2 U.S. Code of Federal Regulations
 Part 200, Uniform Administrative Requirements,
 Cost Principles, and Audit Requirements for
 Federal Awards. ___ yes ___ X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
---------------------	---

21.019	Coronavirus Relief Fund
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Dollar threshold used to distinguish
 between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ___ yes ___ X no

**CITY OF NORTH SALT LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Findings related to the financial statements required to be reported in accordance with *Government Auditing Standards*.

None

Section III – Federal Award Findings and Questioned Costs

2021-SA-01: Controls over subrecipient monitoring for federal awards

Criteria: The Compliance Supplement released by the Department of Treasury for the Coronavirus Relief Fund requires that controls be in place to ensure that subrecipient monitoring is in effect for all subrecipients of the award. This includes monitoring subrecipient activities to provide a reasonable assurance that the subrecipient administered the subaward in compliance with the terms and conditions of the subaward.

Condition: Many of the subrecipients requested funding for expenditures already incurred with an itemized list. This allowed the City to review the list of items for compliance. One subrecipient, Davis Education Foundation, was granted \$50,000 as a subrecipient, but there were no controls in place to ensure that monitoring would be continued.

Cause: The City did not set up controls for subrecipient monitoring. Only one of the disbursements was subject to subrecipient monitoring.

Effect: There is no effect on the financial statements

Recommendation: We recommend that the City implement a control to monitor all subrecipient awards and expenditures.

Management's Response: The City will implement a policy to have all subrecipient monitoring on all future awards.

Section IV – Prior Year Findings and Questioned Costs – Financial Statements in Accordance with *Government Auditing Standards*

None

Section IV – Prior Year Findings and Questioned Costs – Major Award Programs

None