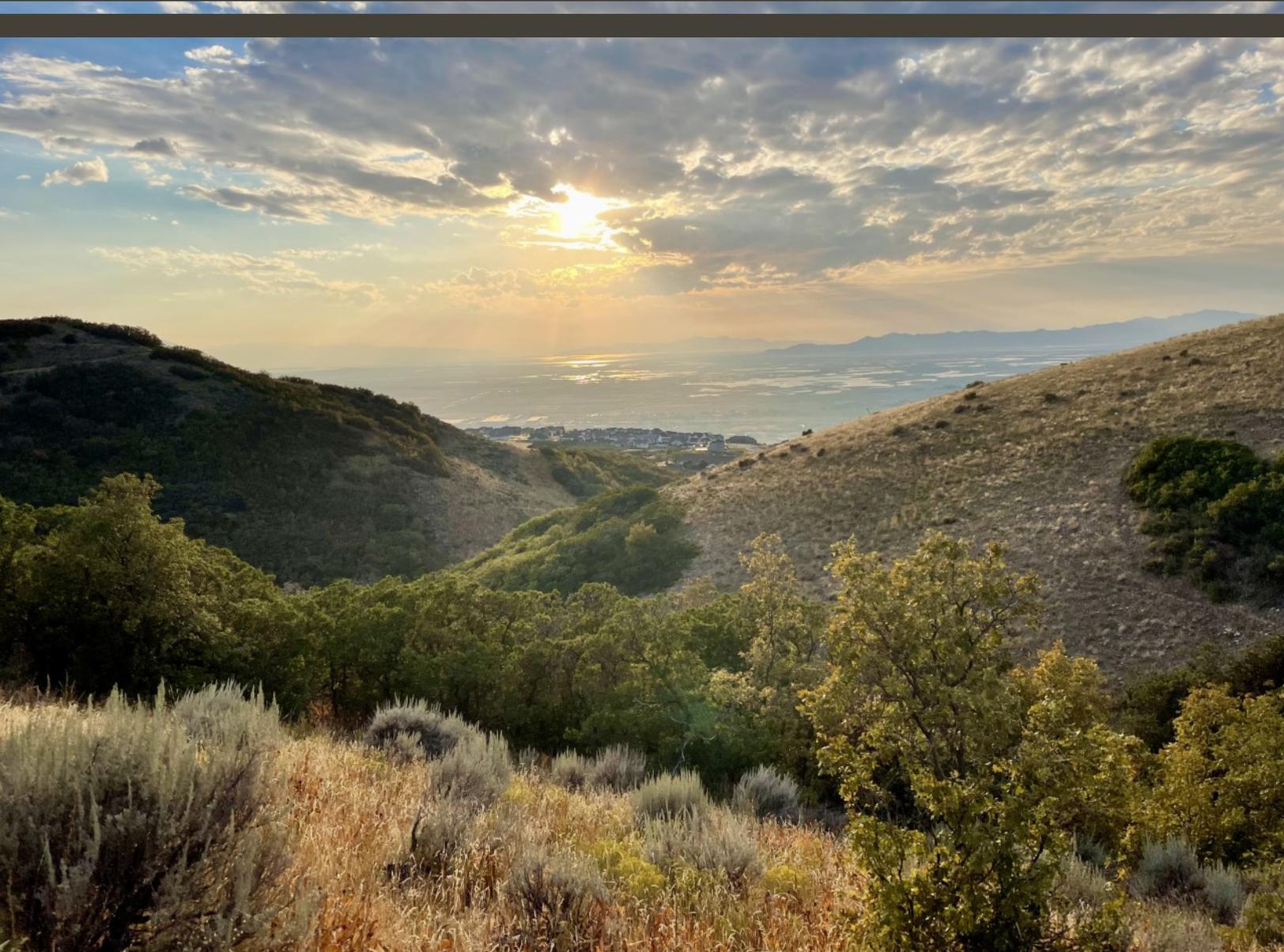


# City of North Salt Lake

North Salt Lake, Utah



## GENERAL PURPOSE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022  
Together with Independent Auditor's Report

Photo by Diane Romrell 3rd Place 2022 NSL Photo Contest, Adult Div.

Prepared by:  
City of North Salt Lake  
Finance Department

**CITY OF NORTH SALT LAKE  
NORTH SALT LAKE CITY, UTAH**



**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

**For The Fiscal Year Ended June 30<sup>th</sup>, 2022**

**Together with Independent Auditor's Report**

Prepared by:  
City of North Salt Lake  
Finance Department

**CITY OF NORTH SALT LAKE  
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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council and Management of  
the City of North Salt Lake  
PO Box 540208  
North Salt Lake, Utah 84054

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Salt Lake, as of and for the year ended June 30, 2022, 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.

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, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of North Salt Lake and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of the proportionate share of the net pension liability, the schedule of contributions, and the notes to required supplementary information on pages 4-15 and 60-66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in 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.

### ***Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 21, 2022 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 21, 2022

## **FINANCIAL SECTION**

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2022**

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, 2022. 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, 2022 by \$123,229,694. Of this amount, unrestricted net position of \$21,368,102 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's overall net position increased by \$7,157,431 from the prior year. Business-type activities increased net position by \$326,993 while governmental activities had an increase in net position of \$6,830,438.
- As of the close of the current fiscal year, the City of North Salt Lake's governmental funds reported combined ending fund balance of \$24,976,220 an increase of \$6,445,641 over the prior year. Of the total fund balance, \$4,145,825 is unassigned and available for spending. The remaining \$20,830,395 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 \$4,145,825 or 36.02% of total General Fund expenditures.
- The City of North Salt Lake's long-term debt obligations increased by \$6,030,978. The increase is attributable to new debt issuances of \$7,455,000 combined with refunding, principal payments, and bond premium amortizations made on existing debt. Compensated absences had a net decrease in the amount of \$184,828, largely attributed to employee attrition and retirements.

**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, 2022**

**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 twelve 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, Redevelopment Agency Funds, 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, Redevelopment Agency Funds, Capital Projects Fund, Park Development Fund, and Road Development Fund. A budgetary comparison statement has been provided for each of the aforementioned funds to demonstrate compliance with the fiscal year 2022 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, 2022**

**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, Redevelopment Agency, 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 \$87,631,624 (71.11%) reflects its investment in capital assets, less any related debt that is still outstanding and which was used to acquire those assets. Capital assets are used to provide services to citizens, and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<b>City of North Salt Lake's Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 35,269,608	\$ 24,842,395	\$ 10,229,464	\$ 9,026,228	\$ 45,499,072	\$ 33,868,623
Capital assets	64,859,803	62,770,400	37,935,912	34,777,846	102,795,715	97,548,246
Total assets	<u>100,129,411</u>	<u>87,612,795</u>	<u>48,165,376</u>	<u>43,804,074</u>	<u>148,294,787</u>	<u>131,416,869</u>
Deferred outflows of resources	920,919	681,790	291,009	228,015	1,211,928	909,805
Total Deferred inflows	<u>920,919</u>	<u>681,790</u>	<u>291,009</u>	<u>228,015</u>	<u>1,211,928</u>	<u>909,805</u>
Other liabilities	2,496,247	2,882,717	1,007,001	831,393	3,503,248	3,714,110
Long-term liabilities outstanding	6,265,330	4,181,675	7,090,778	3,642,723	13,356,108	7,824,398
Total liabilities	<u>8,761,577</u>	<u>7,064,392</u>	<u>8,097,779</u>	<u>4,474,116</u>	<u>16,859,356</u>	<u>11,538,508</u>
Deferred inflows of resources	8,384,417	4,156,295	1,033,248	559,608	9,417,665	4,715,903
Total Deferred inflows	<u>8,384,417</u>	<u>4,156,295</u>	<u>1,033,248</u>	<u>559,608</u>	<u>9,417,665</u>	<u>4,715,903</u>
Net Position:						
Net investment in capital assets	59,510,803	60,013,400	28,120,821	28,667,189	87,631,624	88,680,589
Restricted	9,376,518	5,781,798	4,853,450	2,127,026	14,229,968	7,908,824
Unrestricted	15,017,015	11,278,700	6,351,087	8,204,150	21,368,102	19,482,850
Total Net Position	<u>\$ 83,904,336</u>	<u>\$ 77,073,898</u>	<u>\$ 39,325,358</u>	<u>\$ 38,998,365</u>	<u>\$ 123,229,694</u>	<u>\$ 116,072,263</u>

An additional portion of the net position, \$14,229,968 (11.55%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$21,368,102 (17.34%), 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, 2022**

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

The City's overall net position increased \$7,157,431 (6.17%) from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

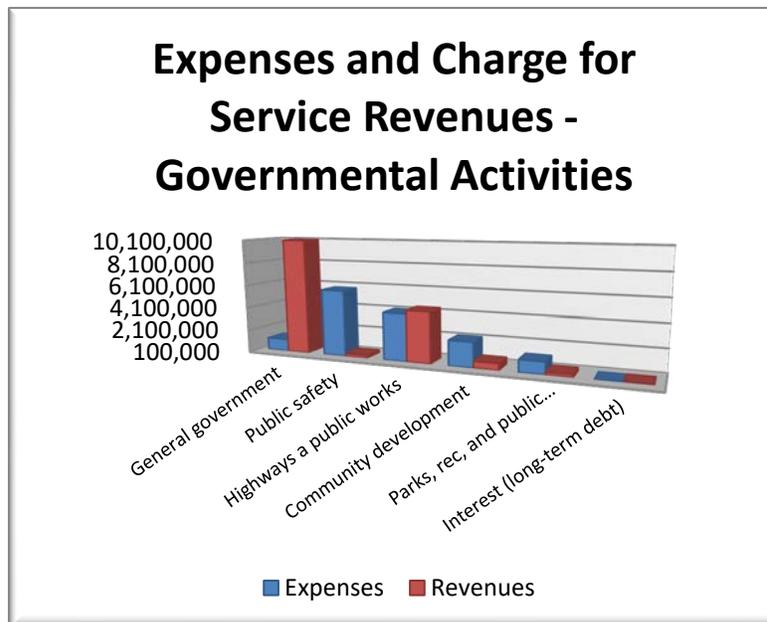
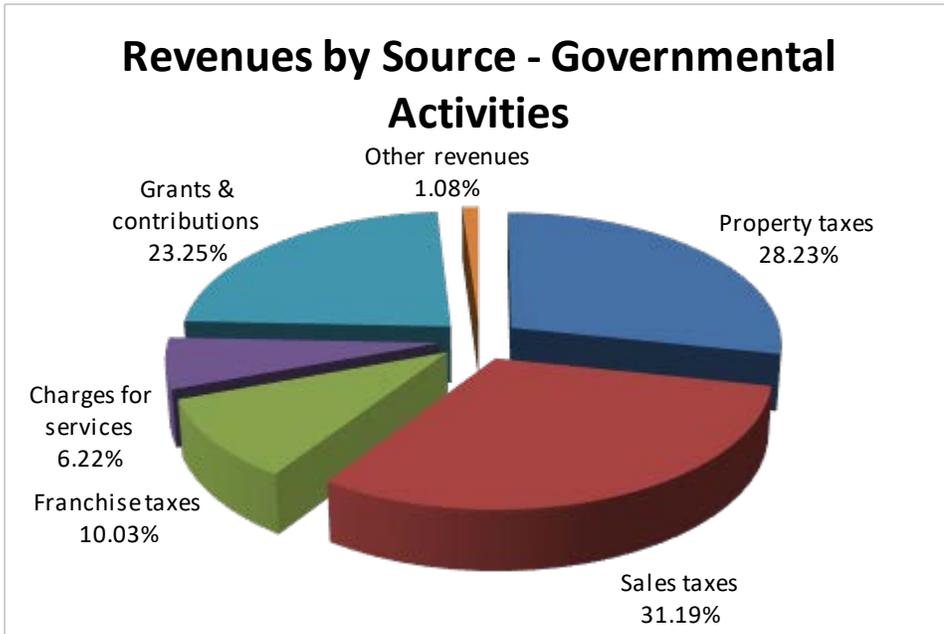
<b>City of North Salt Lake's Changes in Net Position</b>						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,262,681	\$ 1,568,078	\$ 8,285,225	\$ 8,676,057	\$ 9,547,906	\$ 10,244,135
Operating grants and contributions	1,463,722	1,282,380	-	-	1,463,722	1,282,380
Capital grants and contributions	3,255,914	4,813,932	862,582	2,595,362	4,118,496	7,409,294
<b>General revenues:</b>						
Property taxes	5,730,048	5,347,589	-	-	5,730,048	5,347,589
Other taxes	8,368,094	7,372,264	-	-	8,368,094	7,372,264
Other	219,217	187,473	59,827	132,238	279,044	319,711
Total revenues	<u>20,299,676</u>	<u>20,571,716</u>	<u>9,207,634</u>	<u>11,403,657</u>	<u>29,507,310</u>	<u>31,975,373</u>
<b>Expenses:</b>						
General government	1,261,480	2,165,716	-	-	1,261,480	2,165,716
Public safety	5,719,258	5,585,833	-	-	5,719,258	5,585,833
Highways and public works	2,994,267	2,816,754	-	-	2,994,267	2,816,754
Community development	2,241,341	1,829,903	-	-	2,241,341	1,829,903
Parks, recreation, and public property	1,125,305	1,095,772	-	-	1,125,305	1,095,772
Redevelopment	-	-	-	-	-	-
Interest on long-term debt	127,587	73,760	-	-	127,587	73,760
Water	-	-	4,083,827	4,118,647	4,083,827	4,118,647
Pressurized irrigation	-	-	500,159	473,063	500,159	473,063
Storm water	-	-	926,049	776,159	926,049	776,159
Solid waste	-	-	1,433,069	1,299,255	1,433,069	1,299,255
Golf course	-	-	1,937,537	1,608,247	1,937,537	1,608,247
Total expenses	<u>13,469,238</u>	<u>13,567,738</u>	<u>8,880,641</u>	<u>8,275,371</u>	<u>22,349,879</u>	<u>21,843,109</u>
Increase (Decrease) in Net Position	6,830,438	7,003,978	326,993	3,128,286	7,157,431	10,132,264
Net Position - beginning 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>
Net Position - end of year	<u>\$ 83,904,336</u>	<u>\$ 77,073,898</u>	<u>\$ 39,325,358</u>	<u>\$ 38,998,365</u>	<u>\$ 123,229,694</u>	<u>\$ 116,072,263</u>

**Governmental activities.** As indicated by the data in the table above, governmental activities increased the net position of the City's by \$6,830,438 (8.86%). Comparison of total revenues and total expenditures to fiscal year 2021 shows a decrease in revenues from governmental activities of \$272,040, while total expenses decreased by \$98,500.

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2022**

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

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



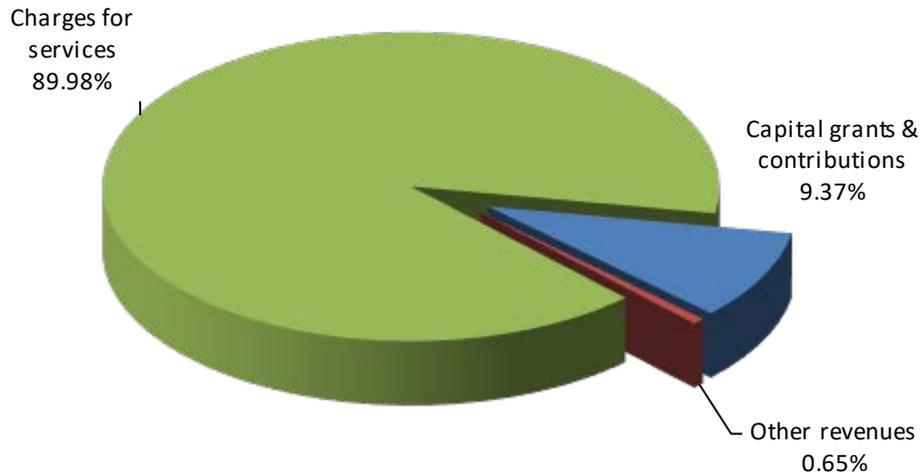
**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2022**

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

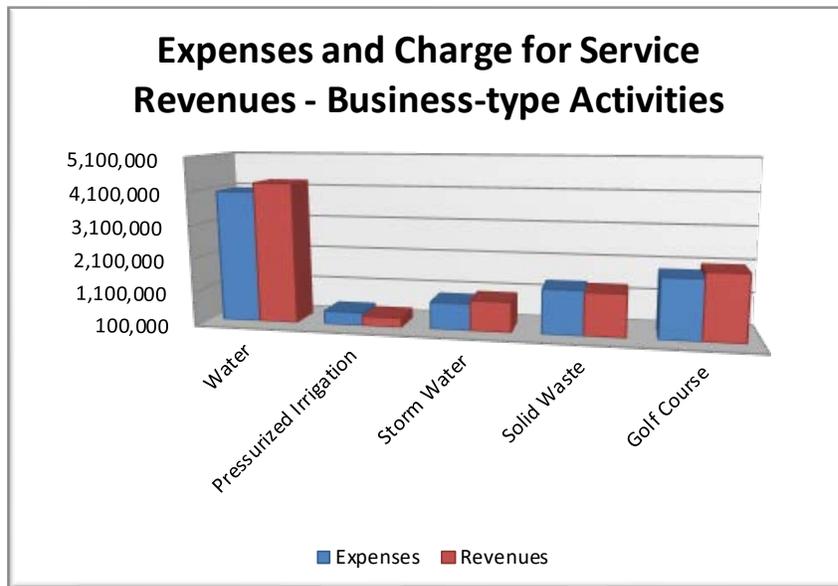
**Business-type activities.** Business-type activities increased the City's net position by \$326,993 (.84%). As indicated by the data in the table on page 6, the increase in the City's net position provided this year by business-type activities was \$2,801,293 less than the prior year. In comparison to the previous fiscal year 2021, revenues from all business-type activities decreased by \$2,196,023, while expenses from all business-type activities increased by \$605,270.

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, 2022**

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

**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, 2022, the City's governmental funds reported combined ending fund balance of \$24,976,220, an increase of \$6,445,641 from the prior fiscal year. \$4,145,825 (16.6%) is available for spending at the government's discretion. The remaining \$20,830,395 of fund balance is not available for new spending because it is non-spendable in form, specifically prepaid expenses and legally restricted by parties outside the financial reporting entity for 1) impact fees totaling \$3,755,454, 2) debt service of \$1,844,130 3) road tax construction projects of \$968,628, 4) construction projects of \$7,437,737 5) local building authority uses of \$68,430 and 6) low-income housing uses of \$460,295. An additional \$6,295,721 is assigned to specific fund purposes.

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 \$4,145,825. As a measure of the General Fund's liquidity, it may be useful to compare this amount to total fund expenditures of \$11,510,903 (36.02%). The fund balance of the City's General Fund increased \$1,089,242 from activities during the current fiscal year. This represents a 32.63% change in fund balance.

This increase in fund balance is \$604,698 more than the prior year. Total revenues in the general fund increased by \$288,912 while expenditures increased by \$824,661. The General Fund had a net transfer out of \$2,859,486 in the current year while last year it had a net transfer out of \$3,970,000.

Changes in revenue can be principally attributed to increases in sales tax revenues of \$851,020 and increase in franchise tax revenues of \$144,810, offset by a decrease in charges for services of \$375,578 and a decrease in intergovernmental revenues of \$463,636. Court revenues, which have been steadily declining during the Covid-19 pandemic, have returned to 75% of pre-pandemic collections.

The principal changes in general fund expenditures are related to an increase in public safety (police and fire) expenditures of \$571,784, an increase in streets expenditures of \$454,742, and a decrease in general government expenditures of \$508,279.

Capital Projects Fund - This fund has a total fund balance of \$7,096,098, 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, 2022, the fund balance in the Capital Projects Fund increased by \$1,231,023 compared to last year's increase of \$1,368,649. 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 \$1,258,700.

Redevelopment Agency Fund(s) - These funds have a combined total fund balance of \$4,770,493, of which \$3,512,293 is restricted for the Foxboro Wetlands park project, and \$1,258,200 is assigned to future debt service payments. There was a net increase in fund balance of \$4,017,406 this year compared to a net increase in fund balance of \$335,184 in the prior fiscal year. The net change in fund balance is primarily related to current year tax increment collections of \$2,009,743 less expenditures and transfers of \$1,323,658, plus bond proceeds of \$3,567,271. It is anticipated that the Foxboro Parks Project will begin in Spring of 2023, utilizing much of the restricted fund balance.

Road Development Fund - This fund has a total fund balance of \$5,707,483, of which \$2,848,588 is restricted for impact fee related road projects, \$747,079 is road tax funds restricted for related road projects, with \$2,111,816 assigned to road development projects. The net increase in fund balance during the current fiscal year was \$208,382 compared to last year's increase of \$2,644,668. The net change in fund balance consisted of impact fee revenue in the amount of \$212,691, grant revenue in the amount of \$1,600,593, and transfers in of \$1,801,223, offset by expenditures in the amount of \$3,430,345.

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2022**

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

Note that of this amount, \$1,116,117 in revenue and expenditures was related to a pass-through project performed by UDOT using federal funds (Main Street reconstruction).

**Proprietary funds.** At June 30, 2022, the City's proprietary funds reported combined ending net position of \$39,325,358 an increase of \$326,993 over the prior year. The unrestricted portion of proprietary fund net position has a balance of \$6,351,085. The remaining \$32,974,273 of net position is not available for new spending because it is invested in capital assets totaling \$28,120,823, or legally restricted by parties outside the financial reporting entity for debt service totaling \$3,238,024 and impact fees totaling \$1,615,426.

Water Fund – This fund ended fiscal year 2022 with a total net position of \$22,869,905, a net position increase of \$264,766, compared to a prior year increase of \$2,264,381. Operating revenue in the water fund experienced a net decrease of \$622,045, primarily due to water conservation efforts by end-users, while operating expenditures decreased modestly by \$28,585. Significant changes from prior year include a decrease in impact fee revenues of \$912,475 and a decrease in capital contributions of \$508,097.

Pressurized Irrigation Fund - This fund has a total net position of \$5,849,185, a net position decrease of \$107,836, compared to a prior year decrease of \$14,223. An operating loss of \$114,280 exceeds the prior year operating loss of \$32,151, also due to drought conditions and declining revenues related to watering restrictions. Operating expenditures showed a modest increase of \$27,096 over prior year, primarily in water purchases and professional services.

Storm Water - This fund has a total net position \$7,847,557. During the year ended June 30, 2022, the Storm Water Fund's net position increased \$82,943 compared to prior year increase of \$504,542. Charges for services revenue increased from the prior year in the amount of \$36,109 while operating expenditures increased by \$155,621, primarily related to professional services.

Solid Waste - This fund has a total net position of \$369,565, a decrease of \$54,217 from the prior year. Operating losses of \$42,278 were related to the mid-year increase in service provider fees which did not mirror the timing of increase in user fees, which was approved in August 2022.

Golf Funds - This fund has a total net position \$2,389,146. The net position of the fund increased in the amount of \$141,337 compared to an increase in the prior year of \$396,473. The Golf Fund experienced a net operating income in the amount of \$198,688 compared to an operating income in the prior year of \$406,498. Increases in operating expenditures of \$278,320 are primarily related to increases in merchandise purchases of \$101,751 and professional services of \$287,256.

**Budgetary Highlights**

Over the course of the year, the City Council revised the City budget to reflect new revenues, staffing changes and projects that were unanticipated at the time of budget adoption. The City held public hearings to receive input on the proposed changes on September 7, 2021, November 16, 2021, March 15, 2022, and June 21, 2022. While minor changes were made to operating expenditures, a summary of the more significant changes by fund is included below:

General Fund

- Increase in expenditures for public safety wages and benefits - \$715,000
- Increase in budgeted revenue for sales tax, road tax, and franchise taxes - \$411,000
- Increase in federal grant revenues in recognition of ARPA funds received - \$1,234,700
- Increase in transfers to the Capital Fund - \$1,158,700

Redevelopment Agency Funds

- Increase in bond proceeds revenue in recognition of new debt - \$3,567,300
- Increase in project expenditures for the Foxboro Wetlands Park - \$3,500,000
- Increase in principal and interest in recognition of new debt obligation - \$383,400

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2022**

**Budgetary Highlights (Continued)**

Roads Capital Funds

- Increase in local and state grants received for various projects - \$4,000,000
- Increase in expenditures for 1100 N Bridge project - \$5,000,000
- Increase in expenditures for Eagleridge Drive overlay - \$500,000
- Increase in expenditures for other road projects - \$257,500

Parks Capital Fund

- Increase in transfer to Local Building Authority Fund for property acquisition - \$375,000
- Increase in transfer to Redevelopment Fund for debt service payment - \$260,000

Water Fund

- Increase in expenditures for Lacey Way waterline replacement - \$410,000
- Increase in expenditure for new waterline projects - \$862,000
- Reduction in expenditure for waterline projects moved to future year - \$190,000
- Increase in principal and interest for Series 2010 bond refunding, \$2,224,020, and corresponding closure of debt activity, \$2,335,000

Golf Fund

- Increase in bond proceeds revenue in recognition of new debt - \$4,334,100
- Increase in expenditures for clubhouse improvements - \$4,248,475
- Increase in principal and interest in recognition of new debt obligation - \$211,000
- Increase in expenditures related to cost of debt issuance - \$85,625

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at June 30, 2022, amounts to \$102,795,715 (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 \$5,247,469, a total 5.38% increase equaling increases of \$2,089,403 for governmental activities and an increase of \$3,158,066 for business-type activities.

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

<b>City of North Salt Lake's Capital Assets (Net of depreciation)</b>						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 25,812,146	\$ 25,437,544	\$ 2,551,013	\$ 2,551,013	\$ 28,363,159	\$ 27,988,557
Water rights	-	-	2,864,052	2,864,052	2,864,052	2,864,052
Construction in progress	3,317,643	539,081	2,894,933	574,488	6,212,576	1,113,569
Buildings	4,625,936	4,898,322	713,435	747,792	5,339,371	5,646,114
Improvements	6,188,441	6,373,810	-	-	6,188,441	6,373,810
Golf course	-	-	2,184,514	2,283,352	2,184,514	2,283,352
Water distribution system	-	-	19,012,041	18,299,786	19,012,041	18,299,786
Storm water system	-	-	6,869,596	6,632,271	6,869,596	6,632,271
Machinery, equip, and vehicle:	1,720,063	1,727,043	846,326	825,091	2,566,389	2,552,134
Infrastructure	23,195,574	23,794,600	-	-	23,195,574	23,794,600
<b>Total</b>	<b>\$ 64,859,803</b>	<b>\$ 62,770,400</b>	<b>\$ 37,935,912</b>	<b>\$ 34,777,846</b>	<b>\$ 102,795,715</b>	<b>\$ 97,548,246</b>

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2022**

**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 93 Main St	\$ 374,601	\$ -	\$ 374,601
Council Chamber Audio/Visual Upgrades	51,253	-	51,253
Apex Officer Training Simulator	67,500	-	67,500
Tprp 30" Aerator	10,158	-	10,158
Orchard Dr. Sidewalk	27,850	-	27,850
Overland Dr. Sidewalk	48,249	-	48,249
Foxboro Dr. Reconstruct Elem to Foxhollow	164,643	-	164,643
Current year expenses Foxboro Wetlands Park	30,011	-	30,011
Current year expenses Hatch Park	31,550	-	31,550
Current year expenses Main Street Reconstruction	1,117,205	-	1,117,205
Eaglewood Loop So to Rockwood	570,620	-	570,620
Current year expenses 75 E, 12 E & 175 E Reconstruction	74	-	74
Current year expenses Lacey Way (Maria, Gary, Nancy)	74	-	74
Current year expenses Eaglewood Dr. (Orchard to Eagleridge)	628,950	-	628,950
Current year expenses US 89 to Center St.	5,200	-	5,200
Current year expenses Eagleridge Dr. Overlay	74	-	74
Current year expenses 1100 N Bridge	436,727	-	436,727
Current year expenses Redwood Rd. Sidewalk West Conn.	19,876	-	19,876
Fleet vehicles	322,764	-	322,764
Developer Contributions	-	98,000	98,000
Completed PRV Vault and Valve Replacement	-	151,188	151,188
Completed Eaglewood Cove Secondary Phase	-	406,393	406,393
Completed SE Eaglewood, Rockwood, and Tangle	-	905,927	905,927
Completed 150 N Existing 4" Main - Frwy	-	488	488
Water Machinery & Equipment	-	119,822	119,822
Current Expense 250 N, 350 n Waterline Replacement	-	26,793	26,793
Current year expenses 75 E, 12 E & 175 E Replacement	-	120,647	120,647
Current year expenses Lacey Way waterline Replacement	-	257,816	257,816
Current year expenses N Frontage Rd Wildon to City Center	-	11,019	11,019
Current year expenses PRV Vault and Valve Replacement	-	372,433	372,433
Current year expenses Big West Oil flow ctr, valve, meter	-	108,266	108,266
Completed SE Eaglewood, Rockwood, and Tangle	-	63,987	63,987
Current year expenses Drainage Project at Hole #14	-	96,509	96,509
Current year expenses Flood Control Hole 7	-	15,895	15,895
Current year expenses Club House Renovation	-	1,806,370	1,806,370
Golf course machinery and equipment	-	126,883	126,883
Less current year deletions	(112,233)	-	(112,233)
Less current year depreciation expense (Fleet is in governmental)	(1,808,793)	(1,530,370)	(3,339,163)
Add current year accumulated depreciation deletions	103,050	-	103,050
<b>Total</b>	<b>\$ 2,089,403</b>	<b>\$ 3,158,066</b>	<b>\$ 5,247,469</b>

Additional information on the City's capital assets can be found in Note 5 of this report.

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2022**

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

**Long-term debt.** At the end of the current fiscal year, the City had \$12,193,995 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	
	2022	2021	2022	2021	2022	2021
Notes payable	\$ -	\$ -	\$ 708,073	\$ 809,419	\$ 708,073	\$ 809,419
Sales Tax revenue bonds	4,805,000	2,115,000	4,115,000	-	8,920,000	2,115,000
Water revenue bonds			1,976,000	2,356,887	1,976,000	2,356,887
RDA bonds	544,000	642,000	-	-	544,000	642,000
Capital leases	45,922	185,526	-	54,185	45,922	239,711
<b>Total</b>	<b>\$ 5,394,922</b>	<b>\$ 2,942,526</b>	<b>\$ 6,799,073</b>	<b>\$ 3,220,491</b>	<b>\$ 12,193,995</b>	<b>\$ 6,163,017</b>

During the 2022 fiscal year, the City's total debt increased by \$6,030,978. The increase is primarily the result of the issuance of new debt in the amount of \$7,455,000. Additional information on the City's long-term debt can be found in Note 8 of this report.

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

- The most significant economic factor for the Fiscal Year 2023 budget is the growth in inflationary pressures and rise in interest rates. As of October 2022, 30-year mortgage fixed rates climbed to 7.24% compared to 3.21% a year ago (Source: Wall Street Journal). Statewide median home values grew from \$498,000 to \$562,693, while the median single-family home value in the City of North Salt Lake rose from \$409,000 to \$539,000, or 31.78%, between 2021 and 2022. Value growth for multi-family and commercial units rose similarly, at 30.54% and 30.83%, respectively (Source: Davis County Assessor, Annual Report – 2022).
- Operationally, the City has returned to pre-pandemic functions with no planned significant increases in revenues of expenditures related to COVID-19, except for the final distribution of ARPA funds which was received in July 2022. For the first three quarters of FY 2023, revenues and expenditures are tracking closely to the budget, with the exception of impact fees, which have been declining since mid-summer. The above-mentioned increase in interest rates has had a significant impact on development. It is expected that impact fees and other development related revenues will need to be adjusted downwards before the close of fiscal year 2023, with a county-wide decrease in residential permitting of 16% as of June 2022 (Source: Utah Department of Workforce Services). New construction counts in the City were 139 in 2021 and 152 in 2020, up from 64 in 2017 (Source: Davis County Assessor – Annual Report – 2022).
- Unemployment continues to trend favorably for the State and County. The unemployment rate for the State of Utah is currently 2.1 percent, down slightly from 2.4 percent a year ago. Comparatively, the unemployment rate in Davis County is 1.9 percent, which is lower than the pre-pandemic average and indicates a very tight labor market (Source: Utah Department of Workforce Services)
- While sales tax revenue continues to grow at unprecedented rates, the budget reflects a “cooling down” with anticipated collection in FY 2023 indicating little to no change from actual FY 2022 collections.
- Property tax revenue in the general fund is budgeted with a modest increase of \$94,403 over 2022 certified tax rate budgeted revenues. There will be a change in the property tax structure across the entire County in Tax year 2023 as each of the municipal taxing entities will be required to transfer a portion of their tax rate (and subsequent collections) to Davis County for the provision of animal control services. It is expected that this will have a net neutral impact on taxing entities and taxpayers but will appear as a decline in collection on financial statements. Additional changes to the property tax structure in the City include the anticipated annexation of 330 properties

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2022**

**Economic Factors and Next Year's Budgets and Rates (Continued)**

from the unincorporated portion of Davis County on January 1, 2023. Annual taxes levied on these properties will be collected by the City in Fiscal Year 2024 and are anticipated to generate approximately \$75,000 in new growth.

- As stated earlier, interest rates continue to climb, complicating the real estate market as well as the City's ability to bond for long term capital projects at reasonable rates. New debt being considered by the City in FY 2023 will be structured with call features to allow for future refunding when interest rates become more favorable.

**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, 2022**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 16,335,175	\$ 6,203,590	\$ 22,538,765
Receivables:			
Taxes	3,155,767	-	3,155,767
Accounts net	84,305	738,817	823,122
Intergovernmental	1,579,927	-	1,579,927
Internal balances	2,921,931	(2,921,931)	-
Inventories	-	466,815	466,815
Prepays	60,541	426,287	486,828
Restricted cash and cash equivalents	9,376,518	4,853,450	14,229,968
Net pension asset	1,755,444	462,436	2,217,880
Capital assets not being depreciated:			
Land	25,812,146	2,551,013	28,363,159
Water rights	-	2,864,052	2,864,052
Construction in progress	3,317,643	2,894,933	6,212,576
Capital assets, net of accumulated depreciation:			
Buildings	4,625,936	713,435	5,339,371
Improvements other than buildings	6,188,441	-	6,188,441
Golf course	-	2,184,514	2,184,514
Water distribution system	-	19,012,043	19,012,043
Storm water system	-	6,869,596	6,869,596
Machinery, equipment, and vehicles	1,720,063	846,326	2,566,389
Infrastructure	23,195,574	-	23,195,574
<b>Total Assets</b>	<b>100,129,411</b>	<b>48,165,378</b>	<b>148,294,789</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources relating to pensions	920,919	291,009	1,211,928
<b>Total Assets and Deferred Outflows of Resources</b>	<b>101,050,330</b>	<b>48,456,387</b>	<b>149,506,717</b>
<b>Liabilities</b>			
Accounts payable	607,051	895,784	1,502,835
Accrued liabilities	309,512	109,811	419,323
Developer and Customer Deposits	1,579,684	1,408	1,581,092
Noncurrent liabilities:			
Due within one year	917,777	418,531	1,336,308
Due in more than one year	5,347,553	6,672,247	12,019,800
Net pension liability	-	-	-
<b>Total Liabilities</b>	<b>8,761,577</b>	<b>8,097,781</b>	<b>16,859,358</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources relating to pensions	3,026,228	931,497	3,957,725
Unearned revenues - golf prepaid	-	101,752	101,752
Unearned revenues - grants	2,563,273	-	2,563,273
Unearned revenues - property taxes	2,794,916	-	2,794,916
<b>Total Deferred Inflows of Resources</b>	<b>8,384,417</b>	<b>1,033,248</b>	<b>9,417,665</b>
<b>Net Position</b>			
Net investment in capital assets	59,510,803	28,120,823	87,631,626
Restricted for:			
Impact fees	3,755,454	1,615,426	5,370,880
Debt service	22,163	48,073	70,236
Road tax projects	968,628	-	968,628
Construction Projects	4,101,548	3,189,951	7,291,499
Local building authority	68,430	-	68,430
Housing restriction	460,295	-	460,295
Unrestricted	15,017,015	6,351,085	21,368,100
<b>Total Net Position</b>	<b>83,904,336</b>	<b>39,325,358</b>	<b>123,229,694</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 101,050,330</b>	<b>\$ 48,456,387</b>	<b>\$ 149,506,717</b>

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

**CITY OF NORTH SALT LAKE  
STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Government Activities</b>							
General governmental	\$ 1,261,480	\$ -	\$ -	\$ 1,251,696	\$ (9,784)	\$ -	\$ (9,784)
Public safety	5,719,258	320,147	20,127	-	(5,378,984)	-	(5,378,984)
Highways and public improvements	2,994,267	113,251	1,443,595	1,813,284	375,863	-	375,863
Community development	2,241,341	654,745	-	26,734	(1,559,862)	-	(1,559,862)
Parks, recreation, and public property	1,125,305	174,538	-	164,200	(786,567)	-	(786,567)
Interest on long-term debt	127,587	-	-	-	(127,587)	-	(127,587)
<b>Total Governmental Activities</b>	<b>13,469,238</b>	<b>1,262,681</b>	<b>1,463,722</b>	<b>3,255,914</b>	<b>(7,486,921)</b>	<b>-</b>	<b>(7,486,921)</b>
<b>Business-type Activities</b>							
Water	4,083,827	3,618,663	-	689,411	-	224,247	224,247
Pressurized irrigation	500,159	381,803	-	1,734	-	(116,622)	(116,622)
Storm water	926,049	832,694	-	171,437	-	78,082	78,082
Solid waste	1,433,069	1,376,973	-	-	-	(56,096)	(56,096)
Golf course	1,937,537	2,075,092	-	-	-	137,555	137,555
<b>Total Business-type Activities</b>	<b>8,880,641</b>	<b>8,285,225</b>	<b>-</b>	<b>862,582</b>	<b>-</b>	<b>267,166</b>	<b>267,166</b>
<b>Total Government</b>	<b>\$ 22,349,879</b>	<b>\$ 9,547,906</b>	<b>\$ 1,463,722</b>	<b>\$ 4,118,496</b>	<b>(7,486,921)</b>	<b>267,166</b>	<b>(7,219,755)</b>
			<b>General Revenues</b>				
			Property taxes		5,730,048	-	5,730,048
			Sales taxes		6,331,832	-	6,331,832
			Franchise taxes		2,036,262	-	2,036,262
			Unrestricted interest on investments		103,453	38,978	142,431
			Miscellaneous		74,263	17,205	91,468
			Gain (Loss) on sale of capital assets		41,501	3,644	45,145
			<b>Total General Revenues</b>		<b>14,317,359</b>	<b>59,827</b>	<b>14,377,186</b>
			Changes in Net Position		6,830,438	326,993	7,157,431
			<b>Net Position, Beginning</b>		<b>77,073,898</b>	<b>38,998,365</b>	<b>116,072,263</b>
			<b>Net Position, Ending</b>		<b>\$ 83,904,336</b>	<b>\$ 39,325,358</b>	<b>\$ 123,229,694</b>

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

**CITY OF NORTH SALT LAKE**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2022**

	<b>General</b>	<b>Redevelopment Agency</b>	<b>Capital Projects</b>	<b>Road Development</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 4,296,319	\$ 1,262,882	\$ 4,338,927	\$ 4,929,344	\$ 814,983	\$ 15,642,455
Receivables:						
Taxes	3,043,498	-	-	-	112,269	3,155,767
Accounts - net	27,601	-	-	56,704	-	84,305
Intergovernmental	1,579,927	-	-	-	-	1,579,927
Prepays	60,194	-	-	-	347	60,541
Due from other funds	-	-	2,921,931	-	-	2,921,931
Restricted cash and cash equivalents	221,549	3,512,293	-	3,595,667	2,047,009	9,376,518
<b>Total Assets</b>	<b>\$ 9,229,088</b>	<b>\$ 4,775,175</b>	<b>\$ 7,260,858</b>	<b>\$ 8,581,715</b>	<b>\$ 2,974,608</b>	<b>\$ 32,821,444</b>
<b>Liabilities</b>						
Accounts payable	\$ 126,013	\$ 4,682	\$ 164,760	\$ 310,959	\$ 30	\$ 606,444
Accrued liabilities	300,907	-	-	-	-	300,907
Due to other funds	-	-	-	-	-	-
Developer and Customer Deposits	1,579,684	-	-	-	-	1,579,684
<b>Total Liabilities</b>	<b>2,006,604</b>	<b>4,682</b>	<b>164,760</b>	<b>310,959</b>	<b>30</b>	<b>2,487,035</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues - property taxes	2,794,916	-	-	-	-	2,794,916
Unearned Revenues - grants	-	-	-	2,563,273	-	2,563,273
<b>Total Deferred Inflows of Resources</b>	<b>2,794,916</b>	<b>-</b>	<b>-</b>	<b>2,563,273</b>	<b>-</b>	<b>5,358,189</b>
<b>Fund Balances</b>						
Nonspendable:						
Prepays	60,194	-	-	-	-	60,194
Restricted:						
Impact fees	-	-	-	2,848,588	906,866	3,755,454
Debt service	-	-	-	-	22,163	22,163
Road tax projects	221,549	-	-	747,079	-	968,628
Capital projects	-	3,512,293	-	-	589,255	4,101,548
Local building authority	-	-	-	-	68,430	68,430
Housing restriction	-	-	-	-	460,295	460,295
Assigned:						
Road development	-	-	-	2,111,816	-	2,111,816
Construction projects	-	-	7,096,098	-	341,639	7,437,737
Debt service	-	1,258,200	-	-	585,930	1,844,130
Unassigned	4,145,825	-	-	-	-	4,145,825
<b>Total Fund Balances</b>	<b>4,427,568</b>	<b>4,770,493</b>	<b>7,096,098</b>	<b>5,707,483</b>	<b>2,974,578</b>	<b>24,976,220</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 9,229,088</b>	<b>\$ 4,775,175</b>	<b>\$ 7,260,858</b>	<b>\$ 8,581,715</b>	<b>\$ 2,974,608</b>	<b>\$ 32,821,444</b>

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

**CITY OF NORTH SALT LAKE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF NET POSITION**  
**June 30, 2022**

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

<b>Total fund balance - governmental funds</b>	\$	24,976,220
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		889,640
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		63,474,603
Long-term liabilities are not due and payable in the current period and therefore are not recorded in the funds.		(6,202,312)
Deferred inflows of resources, report net position that applies to future periods, is not shown in the fund statements		(1,224,261)
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.		1,990,445
<b>Total net position - governmental activities</b>	<b>\$</b>	<b>83,904,336</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2022**

	<u>General</u>	<u>Redevelopment Agency</u>	<u>Capital Projects</u>	<u>Road Development</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 11,470,176	\$ 2,009,743	\$ -	\$ -	\$ 618,224	\$ 14,098,143
Licenses and permits	238,857	-	-	-	-	238,857
Rental income	-	-	-	-	89,939	89,939
Intergovernmental	2,715,417	25,000	-	1,600,593	-	4,341,010
Charges for services	642,452	-	-	-	-	642,452
Fines and forfeitures	291,432	-	-	-	-	291,432
Impact fees	-	-	-	212,691	190,934	403,625
Interest	24,601	16,376	23,576	24,220	11,848	100,621
Miscellaneous	39,763	-	-	-	14,000	53,763
<b>Total Revenues</b>	<u>15,422,698</u>	<u>2,051,119</u>	<u>23,576</u>	<u>1,837,504</u>	<u>924,945</u>	<u>20,259,842</u>
<b>Expenditures</b>						
Current:						
General government	1,603,451	-	-	-	-	1,603,451
Public safety	6,267,165	-	-	-	-	6,267,165
Highways and public improvements	1,939,225	-	-	417,312	-	2,356,537
Community development	740,977	1,231,502	-	-	411,710	2,384,189
Parks, recreation, and public property	960,085	-	-	-	-	960,085
Debt service:						
Principal	-	305,000	-	-	318,000	623,000
Interest	-	68,319	-	-	59,823	128,142
Capital outlay:						
General government	-	-	51,253	-	-	51,253
Highways and public improvements	-	-	-	3,013,033	-	3,013,033
Parks, recreation, and public property	-	-	-	-	31,550	31,550
<b>Total Expenditures</b>	<u>11,510,903</u>	<u>1,604,821</u>	<u>51,253</u>	<u>3,430,345</u>	<u>821,083</u>	<u>17,418,405</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>3,911,795</u>	<u>446,298</u>	<u>(27,677)</u>	<u>(1,592,841)</u>	<u>103,862</u>	<u>2,841,437</u>
<b>Other Financing Sources (Uses)</b>						
Transfer in	100,437	285,000	1,258,700	1,801,223	1,020,726	4,466,086
Transfer out	(2,959,923)	(281,163)	-	-	(1,225,000)	(4,466,086)
Proceeds from borrowing	-	3,567,271	-	-	-	3,567,271
Sale of capital assets	16,433	-	-	-	-	16,433
Contributions	20,500	-	-	-	-	20,500
<b>Total Other Financing Sources (Uses)</b>	<u>(2,822,553)</u>	<u>3,571,108</u>	<u>1,258,700</u>	<u>1,801,223</u>	<u>(204,274)</u>	<u>3,604,204</u>
<b>Net Change in Fund Balances</b>	<u>1,089,242</u>	<u>4,017,406</u>	<u>1,231,023</u>	<u>208,382</u>	<u>(100,412)</u>	<u>6,445,641</u>
<b>Fund Balance, Beginning</b>	<u>3,338,326</u>	<u>753,087</u>	<u>5,865,075</u>	<u>5,499,101</u>	<u>3,074,990</u>	<u>18,530,579</u>
<b>Fund Balance, Ending</b>	<u>\$ 4,427,568</u>	<u>\$ 4,770,493</u>	<u>\$ 7,096,098</u>	<u>\$ 5,707,483</u>	<u>\$ 2,974,578</u>	<u>\$ 24,976,220</u>

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

**CITY OF NORTH SALT LAKE**  
**RECONCILIATIONS OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2022**

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

<b>Net change in fund balances - total governmental funds</b>	\$	6,445,641
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	(1,809,251)
Less internal service fund depreciation expense included in net revenue below		408,961
		(1,400,290)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.		
		3,575,894
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.		
		623,000
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.		
		105,718
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.		
		122,741
The Statement of Activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund statements.		
		925,005
The issuance of Sales Tax revenue bonds are reported as other financing sources and uses in the governmental funds, but not in the statement of activities.		
		(3,567,271)
<b>Change in net position of governmental activities</b>	\$	6,830,438

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, 2022**

	Business-type Activities					Total Enterprise	Governmental Activities
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf		Internal Service Fund - Fleet
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$ 3,770,096	\$ 946,576	\$ 829,711	\$ 336,640	\$ 320,567	\$ 6,203,590	\$ 692,718
Receivables:							
Accounts receivable, net	450,199	49,840	102,473	135,008	1,297	738,817	-
Due from other funds	-	-	-	-	-	-	-
Inventories	326,450	29,844	-	-	110,521	466,815	-
Prepaid expenses	333,101	87,143	303	-	5,740	426,287	-
<b>Total Current Assets</b>	<u>4,879,846</u>	<u>1,113,403</u>	<u>932,487</u>	<u>471,648</u>	<u>438,125</u>	<u>7,835,509</u>	<u>692,718</u>
<b>Noncurrent Assets</b>							
Restricted cash and cash equivalents	1,228,344	114,652	272,430	-	3,238,024	4,853,450	-
Net pension asset	210,382	39,350	79,030	21,032	112,642	462,436	80,650
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	28,181,838	3,098,285	-	-	-	31,280,123	-
Storm water system	-	-	8,774,447	-	-	8,774,447	-
Machinery, equipment, and vehicles	1,284,888	116,774	228,742	79,724	1,592,283	3,302,411	4,664,102
Construction-in-progress	954,006	-	114,714	-	1,826,215	2,894,935	-
Less accumulated depreciation	(12,221,671)	(1,259,752)	(2,076,304)	(74,288)	(4,418,576)	(20,050,591)	(3,278,903)
<b>Total Noncurrent Assets</b>	<u>20,294,170</u>	<u>4,809,424</u>	<u>7,393,059</u>	<u>26,468</u>	<u>10,728,680</u>	<u>43,251,801</u>	<u>1,465,849</u>
<b>Total Assets</b>	<u>25,174,016</u>	<u>5,922,827</u>	<u>8,325,546</u>	<u>498,116</u>	<u>11,166,805</u>	<u>51,087,310</u>	<u>2,158,567</u>
<b>Deferred outflows of resources</b>							
Deferred outflows of resources relating to pensions	129,715	14,783	31,059	6,555	108,897	291,009	31,279
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 25,303,731</u>	<u>\$ 5,937,610</u>	<u>\$ 8,356,605</u>	<u>\$ 504,671</u>	<u>\$ 11,275,702</u>	<u>\$ 51,378,319</u>	<u>\$ 2,189,846</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, 2022**

	Business-type Activities					Governmental Activities		
	Water	Pressurized Irrigation		Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Accounts payable	\$ 167,184	\$ 1,038	\$ 28,860	\$ 98,486	\$ 600,216	\$ 895,784	\$ 609	
Compensated absences	38,423	8,183	11,021	2,264	45,505	105,396	9,159	
Accrued liabilities	39,462	3,878	16,350	2,267	47,854	109,811	8,605	
Leases payable	-	-	-	-	-	-	22,633	
Revenue and general obligation bonds payable	181,773	-	28,226	-	103,136	313,135	-	
<b>Total Current Liabilities</b>	<b>426,842</b>	<b>13,099</b>	<b>84,457</b>	<b>103,017</b>	<b>796,711</b>	<b>1,424,126</b>	<b>41,006</b>	
<b>Noncurrent Liabilities</b>								
Compensated absences	33,620	7,160	9,643	1,981	39,817	92,221	8,014	
Customer deposits	1,408	-	-	-	-	1,408	-	
Due to other funds	-	-	-	-	2,921,931	2,921,931	-	
Notes payable	-	-	51,073	-	657,000	708,073	-	
Leases payable	-	-	-	-	-	-	23,204	
Revenue and general obligation bonds payable	1,528,634	-	237,366	-	4,105,953	5,871,953	-	
<b>Total Noncurrent Liabilities</b>	<b>1,563,662</b>	<b>7,160</b>	<b>298,082</b>	<b>1,981</b>	<b>7,724,701</b>	<b>9,595,586</b>	<b>31,218</b>	
<b>Total Liabilities</b>	<b>1,990,504</b>	<b>20,259</b>	<b>382,539</b>	<b>104,998</b>	<b>8,521,412</b>	<b>11,019,712</b>	<b>72,224</b>	
<b>Deferred inflows of resources</b>								
Unearned revenue-golf prepaid	-	-	-	-	101,752	101,752	-	
Deferred inflows of resources relating to pensions	443,322	68,166	126,509	30,108	263,392	931,497	127,178	
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>2,433,826</b>	<b>88,425</b>	<b>509,048</b>	<b>135,106</b>	<b>8,886,556</b>	<b>12,052,961</b>	<b>199,402</b>	
<b>Net Position</b>								
Net investment in capital assets	17,145,037	4,655,422	6,724,934	5,436	6,721,014	28,120,823	1,339,362	
Restricted:								
Debt service	-	-	-	-	48,073	48,073	-	
Construction	-	-	-	-	3,189,951	3,189,951	-	
Impact fees	1,228,344	114,652	272,430	-	-	1,615,426	-	
Unrestricted	4,496,524	1,079,111	850,193	364,129	(7,569,892)	6,351,085	651,082	
<b>Total Net Position</b>	<b>22,869,905</b>	<b>5,849,185</b>	<b>7,847,557</b>	<b>369,565</b>	<b>2,389,146</b>	<b>39,325,358</b>	<b>1,990,444</b>	
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 25,303,731</b>	<b>\$ 5,937,610</b>	<b>\$ 8,356,605</b>	<b>\$ 504,671</b>	<b>\$ 11,275,702</b>	<b>\$ 51,378,319</b>	<b>\$ 2,189,846</b>	

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2022**

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
<b>Operating Revenues</b>							
Charges for services:							
Metered water sales	\$ 3,536,250	\$ 381,803	\$ -	\$ -	\$ -	\$ 3,918,053	\$ -
User fees	-	-	832,694	1,376,973	-	2,209,667	777,200
Connection and servicing fees	82,413	-	-	-	-	82,413	-
Admissions and lesson fees	-	-	-	-	1,119,658	1,119,658	-
Equipment and facility rents	-	-	-	-	598,954	598,954	-
Concession and merchandise sales	-	-	-	-	356,480	356,480	-
Miscellaneous	12,991	4,076	-	-	138	17,205	-
<b>Total Operating Revenues</b>	<b>3,631,654</b>	<b>385,879</b>	<b>832,694</b>	<b>1,376,973</b>	<b>2,075,230</b>	<b>8,302,430</b>	<b>777,200</b>
<b>Operating Expenses</b>							
Salaries and benefits	837,173	161,661	295,742	82,889	643,875	2,021,340	250,417
Office expense and supplies	389,452	10,923	73,970	43,761	54,705	572,811	-
Equipment - supplies and maintenance	333,353	10,758	189,002	77,806	160,381	771,300	40,555
Buildings and grounds - supplies and maintenance	50,800	-	-	-	31,540	82,340	-
Special department supplies	83,043	-	-	29,116	-	112,159	-
Power purchases	375,222	-	-	-	16,728	391,950	-
Water purchases	749,092	172,672	-	-	88,094	1,009,858	-
Professional services	185,715	15,743	108,309	3,724	340,191	653,682	-
Contracted services	-	-	-	1,175,938	-	1,175,938	-
Merchandise	-	-	-	-	230,923	230,923	-
Depreciation	926,672	103,276	241,302	6,017	253,103	1,530,370	408,961
Miscellaneous	26,018	25,126	2,723	-	57,002	110,869	-
<b>Total Operating Expenses</b>	<b>3,956,540</b>	<b>500,159</b>	<b>911,048</b>	<b>1,419,251</b>	<b>1,876,542</b>	<b>8,663,540</b>	<b>699,933</b>
<b>Operating Income (Loss)</b>	<b>\$ (324,886)</b>	<b>\$ (114,280)</b>	<b>\$ (78,354)</b>	<b>\$ (42,278)</b>	<b>\$ 198,688</b>	<b>\$ (361,110)</b>	<b>\$ 77,267</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2022**

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
<b>Nonoperating Income (Expense)</b>							
Interest income	\$ 27,528	\$ 4,710	\$ 4,861	\$ 1,879	\$ -	\$ 38,978	\$ 2,828
Interest expense	(127,287)	-	(15,001)	(13,818)	(60,995)	(217,101)	555
Gain (loss) from sale of capital assets	-	-	-	-	3,644	3,644	25,068
<b>Total Nonoperating Income (Expense)</b>	<u>(99,759)</u>	<u>4,710</u>	<u>(10,140)</u>	<u>(11,939)</u>	<u>(57,351)</u>	<u>(174,479)</u>	<u>28,451</u>
Income (loss) before contributions and transfers	(424,645)	(109,570)	(88,494)	(54,217)	141,337	(535,589)	105,718
<b>Capital Contributions</b>	98,000	-	-	-	-	98,000	-
<b>Build America Bond Interest Subsidy and Other Grants</b>	53,111	-	6,496	-	-	59,607	-
<b>Impact Fees</b>	<u>538,300</u>	<u>1,734</u>	<u>164,941</u>	<u>-</u>	<u>-</u>	<u>704,975</u>	<u>-</u>
<b>Change in Net Position</b>	264,766	(107,836)	82,943	(54,217)	141,337	326,993	105,718
<b>Net Position, Beginning</b>	<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>
<b>Net Position, Ending</b>	<u>\$ 22,869,905</u>	<u>\$ 5,849,185</u>	<u>\$ 7,847,557</u>	<u>\$ 369,565</u>	<u>\$ 2,389,146</u>	<u>\$ 39,325,358</u>	<u>\$ 1,990,444</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, 2022**

	<b>Business-type Activities</b>					<b>Governmental Activities</b>	
	<b>Water</b>	<b>Pressurized Irrigation</b>	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Golf</b>	<b>Total Enterprise</b>	<b>Internal Service Fund - Fleet</b>
<b>Cash Flows From Operating Activities</b>							
Receipts from customers and users	\$ 3,697,823	\$ 395,629	\$ 817,783	\$ 1,374,704	\$ 2,073,933	\$ 8,359,872	\$ 777,200
Receipts from customer deposits	(435,473)	-	-	-	-	(435,473)	-
Payments to suppliers and service providers	(2,303,977)	(237,474)	(394,191)	(1,330,211)	(405,904)	(4,671,757)	(44,421)
Payments to employees and related benefits	(922,267)	(171,863)	(317,451)	(88,050)	(829,878)	(2,329,508)	(268,763)
<b>Net cash flows from operating activities</b>	<b>36,107</b>	<b>(13,708)</b>	<b>106,141</b>	<b>(43,557)</b>	<b>838,151</b>	<b>923,135</b>	<b>464,016</b>
<b>Cash Flows From Non-Capital Financing Activities</b>							
Due to/from other funds	-	-	-	-	-	-	-
<b>Net cash flows from non-capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>							
Acquisition and construction of capital assets	(2,480,792)	-	(176,390)	-	(1,933,254)	(4,590,435)	(322,764)
Proceeds from sales of capital assets	-	-	-	-	3,644	3,644	25,068
Impact fees and interest subsidies received	591,411	1,734	171,437	-	-	764,582	-
Proceeds from bonds	1,710,408	-	265,592	-	4,334,089	6,310,089	-
Principal paid on capital bonds and leases	(2,039,849)	-	(386,619)	-	(179,186)	(2,605,654)	(139,690)
Interest paid on capital bonds and leases	(127,287)	-	(15,001)	(13,818)	(60,995)	(217,101)	555
<b>Net cash flows from capital and related financing activities</b>	<b>\$ (2,346,109)</b>	<b>\$ 1,734</b>	<b>\$ (140,980)</b>	<b>\$ (13,818)</b>	<b>\$ 2,164,298</b>	<b>\$ (334,875)</b>	<b>\$ (436,830)</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2022**

	Business-type Activities					Total	Governmental
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Enterprise	Internal Service Fund - Fleet
<b>Cash Flows From Investing Activities</b>							
Interest on investments	\$ 27,528	\$ 4,710	\$ 4,861	\$ 1,879	\$ -	\$ 38,978	\$ 2,828
<b>Net cash flows from investing activities</b>	<u>27,528</u>	<u>4,710</u>	<u>4,861</u>	<u>1,879</u>	<u>-</u>	<u>38,978</u>	<u>2,828</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(2,282,473)	(7,263)	(29,979)	(55,496)	3,002,450	627,240	30,014
<b>Cash and Cash Equivalents, Beginning</b>	<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>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 4,998,441</u>	<u>\$ 1,061,229</u>	<u>\$ 1,102,141</u>	<u>\$ 336,640</u>	<u>\$ 3,558,590</u>	<u>\$ 11,057,041</u>	<u>\$ 692,718</u>
<b>Reconciliation of operating income to net cash flows from operating activities</b>							
Earnings (loss) from operations	\$ (324,886)	\$ (114,280)	\$ (78,354)	\$ (42,278)	\$ 198,688	\$ (361,110)	\$ 77,267
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:							
Depreciation	926,672	103,276	241,302	6,017	253,103	1,530,370	408,961
Changes in assets and liabilities							
Accounts receivable, net	66,171	9,750	(14,911)	(2,268)	(1,299)	57,443	-
Inventories	(158,847)	-	-	-	(12,263)	(171,110)	-
Prepaid expenses	(1,332)	(1,615)	(303)	-	3,353	103	-
Net pension liability	(74,808)	(9,191)	(15,540)	(4,136)	(138,959)	(242,634)	(21,792)
Accounts payable	59,868	(353)	(25,276)	86	580,052	614,377	263
Compensated absences	(10,286)	(1,012)	(6,169)	(1,025)	(47,043)	(65,535)	3,446
Accrued liabilities	(10,972)	(282)	5,392	47	2,519	(3,296)	(4,129)
Customer deposits	(435,473)	-	-	-	-	(435,473)	-
<b>Net cash flows from operating activities</b>	<u>\$ 36,108</u>	<u>\$ (13,707)</u>	<u>\$ 106,141</u>	<u>\$ (43,557)</u>	<u>\$ 838,151</u>	<u>\$ 923,136</u>	<u>\$ 464,016</u>
<b>Schedule of non-cash capital and related financing activities:</b>							
Contributions of capital assets	\$ 98,000	\$ -	\$ -	\$ -	\$ -	\$ 98,000	\$ -

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 major 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 Funds as major special revenue funds. In fiscal year 2022, the Redevelopment Agency Fund was split into three separate funds recognizing each project area, but have been consolidated for financial reporting purposes.

## 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.

#### 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

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

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

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 to relieve the lien, with and additional proceeds distributed to the property owner. 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.

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

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

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

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.

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.

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

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

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 who retire with five or more years of service is limited to 10% 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.

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:

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

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

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.
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.

Leases

As of July 1, 2021 the City of North Salt Lake adopted GASB Statement No. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

As a Lessee, it is the City’s policy to recognize a lease liability and an intangible right to use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more for equipment leases, and an initial, individual value of \$25,000 or more for property, plant, and infrastructure leases. At the commencement of a lease, the City initially measures the lease liability at the present values of payments expected to be made during the term of the lease. Certain characteristics of lease contracts or agreements do not meet the definition of a lease per the application of this statement, including:

1. Leases under twelve months are considered short-term arrangements;
2. Lease-purchase agreements that transfer ownership of the asset to the City at the end of the contract; and,
3. Lease arrangements that do not convey the right to control the underlying asset, including determining the nature and manner of use.

During the current measurement period, the City as a Lessee did not have any agreements that met the definition of a lease as set forth in GASB Statement No. 87. Information regarding current lease-purchase agreements may be found in Note 8 of this financial report.

As a Lessor, it is the City’s policy to recognize a lease receivable and deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of the lease payments expected to be received during the lease term.

During the current measurement period, the City as a Lessor did not have any agreements that met the definition of a lease as set forth in GASB Statement No. 87. While the City in engages in several real-property leases, they do not meet the definition of a lease because they are either 1) short-term (e.g., month-to-month with no opportunity for extension) or 2) do not convey the right to control the real property.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability, or lease receivable and deferred inflows of resources, if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

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

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

Pending Accounting Pronouncements

In 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The provisions of this standard will be adopted by the city beginning July 1, 2022.

**NOTE 2 DEPOSIT AND INVESTMENTS**

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

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

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

***Deposits***

***Custodial Credit Risk***

Custodial credit risk is the risk that, in the event of a bank failure, the City deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2022, \$1,298,523 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.

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

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

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.

*Fair Value of Investments*

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

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

At June 30, 2022, the City had the following recurring fair value measurements.

	<b>Fair Value Measurements Using</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Investments by fair value level</b>				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 35,602,716	\$ -	\$ 35,602,716	\$ -
Total debt securities	\$ 35,602,716	\$ -	\$ 35,602,716	\$ -

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:

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

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

- 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, 2022 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, 2022, the City’s investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
PTIF Investments	\$ 35,602,716	\$ 35,602,716	-	-	-
	\$ 35,602,716	\$ 35,602,716	-	-	-

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with the State’s Money Management Act, as previously discussed.

At June 30, 2022, the City’s investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	\$ 35,602,716	-	-	-	\$ 35,602,716
	\$ 35,602,716	-	-	-	\$ 35,602,716

*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.

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

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

The following are the City's cash on hand, on deposit, and investments as of June 30, 2022:

Cash on hand and on deposit:		
Petty Cash	\$	3,700
Cash on Deposit		1,162,316
PTIF Investment		<u>35,602,716</u>
Total cash and investments	\$	<u><u>36,768,733</u></u>

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

Cash and cash equivalents	\$	22,538,765
Restricted cash and cash equivalents		<u>14,229,968</u>
Total cash and investments	\$	<u><u>36,768,733</u></u>

**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	\$ -	\$ -	\$ -
Sales Tax Bonds Debt Service Reserves	70,236	70,236	70,236
LBA Debt Service Reserves	68,430	68,430	68,430
Impact Fees	5,370,880	5,370,880	5,370,880
Construction projects	7,291,499	7,291,499	7,291,499
Redevelopment low income housing	460,295	460,295	460,295
Unspent B&C Road Money	968,628	968,628	968,628
	<u>\$ 14,229,968</u>	<u>\$ 14,229,968</u>	<u>\$ 14,229,968</u>

**NOTE 4 ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance for doubtful accounts receivable at June 30, 2022 for all funds is \$10,000.

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

**NOTE 5 CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2022
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 25,437,544	\$ 374,601	\$ -	\$ -	\$ 25,812,145
Construction in progress	539,081	2,778,561		-	3,317,643
Total capital assets, not being depreciated	<u>25,976,625</u>	<u>3,153,163</u>	<u>-</u>	<u>-</u>	<u>29,129,788</u>
Capital assets, being depreciated					
Infrastructure	30,298,909	248,226	-	-	30,547,135
Buildings	7,993,110	-	-	-	7,993,110
Improvements other than buildings	8,657,845	45,589	-	-	8,703,434
Machinery, equipment, and vehicles	5,949,690	451,218	(103,050)	-	6,297,858
Total capital assets, being depreciated	<u>52,899,554</u>	<u>745,033</u>	<u>(103,050)</u>	<u>-</u>	<u>53,541,538</u>
Less accumulated depreciation for					
Infrastructure	(6,504,309)	(847,251)	-	-	(7,351,560)
Buildings	(3,100,440)	(272,387)	-	-	(3,372,827)
Improvements other than buildings	(2,284,035)	(230,959)	-	-	(2,514,994)
Machinery, equipment, and vehicles	(4,222,647)	(458,196)	103,050	-	(4,577,793)
Total accumulated depreciation	<u>(16,111,431)</u>	<u>(1,808,793)</u>	<u>103,050</u>	<u>-</u>	<u>(17,817,174)</u>
Total capital assets, being depreciated, net	<u>36,793,775</u>	<u>(1,063,760)</u>	<u>-</u>	<u>-</u>	<u>35,730,015</u>
Governmental activities capital assets, net	<u>\$ 62,770,401</u>	<u>\$ 2,089,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,859,803</u>

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

Governmental activities	
General government	\$ 266,128
Community development	3,562
Public safety	144,470
Highways and public improvements	1,103,745
Parks, recreation, and public property	<u>290,888</u>
Total depreciation expense - governmental activities	<u>\$ 1,808,793</u>

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

**NOTE 5 CAPITAL ASSETS (Continued)**

The Enterprise Funds' property, plant and equipment consist of the following at June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2022
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	574,488	2,894,934	-	(574,488)	2,894,933
Total capital assets, not being depreciated	5,989,553	2,894,934	-	(574,488)	8,309,998
Capital assets, being depreciated					
Buildings	1,509,101	-	-	-	1,509,101
Golf course	4,810,424	-	-	-	4,810,424
Water distribution system	29,617,211	1,561,996	-	100,916	31,280,123
Storm water system	8,316,074	63,987	-	394,386	8,774,447
Machinery, equipment, and vehicles	3,055,705	246,705	-	-	3,302,410
Total capital assets, being depreciated	47,308,515	1,872,688	-	495,302	49,676,505
Less accumulated depreciation for					
Buildings	(761,308)	(34,357)	-	-	(795,665)
Golf course	(2,527,072)	(98,838)	-	-	(2,625,910)
Water distribution system	(11,317,424)	(950,657)	-	-	(12,268,082)
Storm water system	(1,683,803)	(221,048)	-	-	(1,904,851)
Machinery, equipment, and vehicles	(2,230,615)	(225,469)	-	-	(2,456,084)
Total accumulated depreciation	(18,520,222)	(1,530,370)	-	-	(20,050,592)
Total capital assets, being depreciated, net	28,788,293	342,319	-	495,302	29,625,914
Business-type activities capital assets, net	\$ 34,777,846	\$ 3,237,252	\$ -	\$ (79,186)	\$ 37,935,912

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

Business-type Activities	
Water	\$ 926,672
Secondary Water	103,276
Storm Water	241,302
Solid Waste	6,017
Golf Course	253,103
Total depreciation expense - business-type activities	<u>\$ 1,530,370</u>

**NOTE 6 DEFERRED INFLOW OF RESOURCES**

In conjunction with the implementation of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" the City has accrued a property tax receivable and a deferred inflow of resources for unavailable property tax revenue in the General Fund in the amounts of \$2,794,916.

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.

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

**NOTE 6 DEFERRED INFLOW OF RESOURCES (Continued)**

Since the property tax to be levied on October 1, 2022 is not expected to be received within 60 days after the year ended June 30, 2022, 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, 2022. This amount is estimated to be the same as the prior fiscal year, at \$2,794,916 due to an anticipated increase in delinquencies.

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 15 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.

**NOTE 8 LONG-TERM DEBT**

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

	Long-term debt payable at June 30, 2021	Additions	Reductions	Long-term debt payable at June 30, 2022	Due within One Year
<b>Governmental activities</b>					
Series 2021 Sales Tax Revenue Bond	\$ -	\$ 3,215,000	\$ 305,000	\$ 2,910,000	\$ 285,000
Plus unamortized premium	-	352,271	-	352,271	35,227
Series 2019 Sales Tax Refunding	2,115,000	-	220,000	1,895,000	222,000
Series 2016 Lease Revenue Bond	642,000	-	98,000	544,000	101,000
2016 Public Works Lease	67,999	-	22,162	45,837	22,633
2017 Public Works Lease	53,032	-	53,032	-	-
2018 Public Works Lease	64,495	-	64,495	-	-
Compensated Absences	637,516	701,268	820,562	518,222	242,757
<b>Governmental activity long-term liabilities</b>	<b>\$ 3,580,042</b>	<b>\$ 4,268,539</b>	<b>\$ 1,583,251</b>	<b>\$ 6,265,330</b>	<b>\$ 908,617</b>
<b>Business-type activities</b>					
Series 2022 Water Refunding	\$ -	\$ 1,976,000	\$ -	\$ 1,976,000	\$ 210,000
Series 2021 Sales Tax Revenue Bond	-	4,240,000	125,000	4,115,000	100,000
Plus unamortized premium	-	94,089	-	94,089	3,136
Series 2010 Water Revenue	2,335,000	-	2,335,000	-	-
Plus unamortized premium	21,887	-	21,887	-	-
2018 Golf Equipment Capital Lease	54,185	-	54,185	-	-
Eaglewood Development N/P	657,000	-	-	657,000	-
Compass Development N/P	120,654	-	69,581	51,073	-
Compensated Absences	263,151	289,466	355,000	197,617	105,396
<b>Business-type activity long-term liabilities</b>	<b>\$ 3,451,877</b>	<b>\$ 6,599,555</b>	<b>\$ 2,960,653</b>	<b>\$ 7,090,779</b>	<b>\$ 418,532</b>

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

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

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

For the year ended June 30, 2022, \$127,587 of interest was charged as a direct expense on the *statement of activities* for Governmental activities and \$217,101 of interest was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2022, 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.

The annual debt service requirements to maturity, including principal and interest, for the Series 2016 Lease Revenue Bonds, as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 544,000</u>	<u>\$ 62,672</u>	<u>\$ 606,672</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 15<sup>th</sup> 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, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	1.82%	222,000	34,489	256,489
2024	1.82%	225,000	30,449	255,449
2025	1.82%	231,000	26,354	257,354
2026	1.82%	233,000	22,149	255,149
2027	1.82%	239,000	17,909	256,909
2028	1.82%	245,000	13,559	258,559
2029	1.82%	250,000	9,100	259,100
2030	1.82%	250,000	4,550	254,550
Total		<u>\$ 1,895,000</u>	<u>\$ 158,559</u>	<u>\$ 2,053,559</u>

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

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

Sales Tax Revenue Bonds Series 2021

On September 30, 2021, the City issued \$7,455,000 in Series 2021 Sales Tax Revenue Bonds for the purpose of financing the development of the Foxboro Wetlands Park (\$3,215,000), and improvements to the Eaglewood Golf Course (\$4,240,000). Principal payments on the bonds are due June 15 of each year and conclude in December 2031 for the Foxboro Park Project and December 2051 for the Eaglewood Golf Course project. Interest payments are due on June 15 and December 15 of each year beginning December 15, 2021 and end on June 15, 2031 for the Foxboro Park Project and June 15, 2051 for the Eaglewood Golf Course project. Cost of issuance was \$80,000 with a reoffering premium of \$446,360 split between the projects based on the debt repayment schedule. This bond issuance was rated AA+ with an average interest cost of 1.908%.

The annual debt service requirements to maturity, including principal and interest, for the Series 2021 Sales Tax Revenue Bonds, as of June 30, 2022, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2023	3.00%	285,000	87,300	372,300
2024	3.00%	295,000	78,750	373,750
2025	3.00%	305,000	69,900	374,900
2026	3.00%	315,000	60,750	375,750
2027	3.00%	325,000	51,300	376,300
2028	3.00%	330,000	41,550	371,550
2029	3.00%	340,000	31,650	371,650
2030	3.00%	350,000	21,450	371,450
2031	3.00%	365,000	10,950	375,950
Total		<u>\$ 2,910,000</u>	<u>\$ 453,600</u>	<u>\$ 3,363,600</u>
Plus unamortized premium		<u>317,044</u>		
Total		<u>\$ 3,227,044</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 \$156,800 at June 30, 2022. 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, 2022, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2023	2.52%	22,633	1,155	23,788
2024	2.52%	23,204	585	23,789
Total		<u>\$ 45,837</u>	<u>\$ 1,740</u>	<u>\$ 47,577</u>

2017 Public Works Vehicle Capital Lease

In February 2017, the City entered into an equipment lease purchase in the amount of \$250,430. The lease is secured by capital equipment with a historical cost of \$250,430 and accumulated depreciation of \$131,407 at June 30, 2022. During Fiscal Year 2022 the outstanding debt was retired.

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 \$250,430 and accumulated depreciation of \$142,770 at June 30, 2022. During Fiscal Year 2022 the outstanding debt was retired.

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

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

**Business-type activities:**

Water Revenue Bonds, Series 2010

In December of 2010 the City issued Series 2010 Water Revenue Bonds with a par value of \$4,000,000. The bonds are Build America Bonds (BABS) and are not tax exempt to the holder of the bonds. The bonds have a net interest cost of 5.99% and a true interest cost of 3.88%. However, the City will be reimbursed by the Federal Government equal to 35% of the interest paid. The purpose of the bond issue was to 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 below 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 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. This debt was refunded in Fiscal Year 2022, with the refunded debt no longer requiring a debt service reserve fund. Those funds held in reserve at the refunding were applied to the outstanding debt at the time of refunding.

Water Revenue Bonds, Series 2022

On March 8, 2022, the City issued the Series 2022 Water Refunding Bonds. The purpose of the issuance was to refund the outstanding Series 2010 Water Revenue Bonds. The refunding provided a net present value savings of 19.94%, or \$394,051, with an average annual cash flow savings of approximately \$48,354. Principal payments on the bonds are due on March 1<sup>st</sup> of each year through 2031 and interest payments are due on March 1<sup>st</sup> and September 1<sup>st</sup> of each year through 2031. The bonds carry an average coupon rate of 2.16%. The original debt funded projects in both the Water Fund and Storm Water Fund, therefore the amortization schedule below may be split using each fund's percentage of the outstanding debt as follows: Water 86.56% and Storm Water 13.44%.

The annual debt service requirements to maturity, including principal and interest for the Series 2022 Water Revenue Bonds at June 30, 2022 are as follows:

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

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

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	0.90%	210,000	35,820	245,820
2024	1.10%	209,000	34,640	243,640
2025	1.30%	213,000	32,341	245,341
2026	1.50%	212,000	29,572	241,572
2027	1.85%	217,000	26,392	243,392
2028-2031	2.1%-2.85%	915,000	59,487	974,487
		<u>\$ 1,976,000</u>	<u>\$ 218,252</u>	<u>\$ 2,194,252</u>

Sales Tax Revenue Bonds Series 2021

On September 30, 2021, the City issued \$7,455,000 in Series 2021 Sales Tax Revenue Bonds for the purpose of financing the development of the Foxboro Wetlands Park (\$3,215,000), and improvements to the Eaglewood Golf Course (\$4,240,000). Principal payments on the bonds are due June 15<sup>th</sup> of each year and conclude in December 2031 for the Foxboro Park Project, and December 2051 for the Eaglewood Golf Course project. Interest payments are due on June 15<sup>th</sup> and December 15<sup>th</sup> of each year beginning December 15, 2021 and ending on June 15, 2031 for the Foxboro Park Project and June 15, 2051 for the Eaglewood Golf Course project. Cost of issuance was \$80,000 with a reoffering premium of \$446,360 split between the projects based on the debt repayment schedule. This bond issuance was rated AA+ with an average interest cost of 1.908%.

The annual debt service requirements to maturity, including principal and interest, for the Series 2021 Sales Tax Revenue Bonds, as of June 30, 2022, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	3.00%	100,000	96,538	196,538
2024	3.00%	100,000	93,538	193,538
2025	3.00%	105,000	90,538	195,538
2026	3.00%	105,000	87,388	192,388
2027	3.00%	110,000	84,238	194,238
2028-2032	2% - 3%	600,000	369,588	969,588
2033-2037	2.00%	680,000	294,238	974,238
2038-2042	2% - 2.125%	750,000	222,969	972,969
2043-2047	2.125% - 2.25%	830,000	139,413	969,413
2048-2051	2.25%	735,000	41,738	776,738
		<u>4,115,000</u>	<u>\$ 1,520,182</u>	<u>\$ 5,635,182</u>
Plus unamortized premium		<u>90,953</u>		
Total		<u>\$ 4,205,953</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

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

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

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.

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, 2022 is \$51,073.

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. During Fiscal Year 2022 the outstanding debt was retired.

**NOTE 9 INTERGOVERNMENTAL REVENUE**

Intergovernmental revenue for the year ended June 30, 2022 consists of the following:

<u>Revenue Source</u>	<u>Amount</u>	<u>% of Total</u>
Utah Class C Road Allotment	\$ 844,974	19.20%
Intergovernmental -Fuel Tax	598,620	13.60%
Intergovernmental -UDOT	1,600,593	36.37%
Utah Liquor Law Enforcement Grant	20,127	0.46%
CDBG - PY Correction	25,000	0.57%
Department of Justice Grant	1,727	0.04%
ARPA State and Local Fiscal Recovery Funds	1,249,968	28.40%
State of Utah - BCA Study	11,275	0.26%
Federal Build America Bond Interest Reimbursement Grant	48,332	1.10%
	<u>\$ 4,400,617</u>	<u>100.00%</u>
Governmental Funds	\$ 4,341,010	
Proprietary Funds	59,607	
	<u>\$ 4,400,617</u>	

Of the \$4,400,617 in total intergovernmental revenue, \$4,341,010 was reported in governmental funds and the remaining \$59,607 was reported in the proprietary funds (compared to \$3,509,044 and \$51,826, respectively, in the prior fiscal year). Of the amount reported in governmental funds, \$25,000 was a reclassification of prior year CDBG revenues from the Housing fund to the Redevelopment fund.

**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 on the following page 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, 2022, the City's internal balances due to or from other activities were as follows:

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

In addition to the above, transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2022 are listed on the following page.

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

**NOTE 11 INTERFUND TRANSACTIONS (Continued)**

	<u>Transfer - In</u>	<u>Transfer - Out</u>
Governmental:		
General Fund	\$ 100,437	\$ 2,959,923
Redevelopment Agency	285,000	281,163
Housing Agency	155,726	-
Building Authority Fund	505,000	-
Debt Service Fund	-	360,000
Capital Projects Fund	1,258,700	-
Parks Capital Fund	360,000	765,000
Police Facilities Fund	-	100,000
Roadway Devel. Fund	1,801,223	-
	<u>\$ 4,466,086</u>	<u>\$ 4,466,086</u>

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 South Davis Metro Fire Agency \$1,550,251 for fire services.

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

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

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

In accordance with Utah State Law, the City makes the following disclosures relative to the North Salt Lake City Redevelopment Agency (RDA): The RDA collected tax increment and distributed funds as follows:

- Project Area 1 – Eaglewood Village
  - Increment Collected: \$451,478
  - Developer Reimbursement: \$428,904
  - Administrative fee transferred to General Fund: \$22,574
  
- Project Area 2 – Redwood Road
  - Increment Collected: \$1,126,002
  - Developer Reimbursement: \$283,859
  - Administrative fee transferred to General Fund: \$56,250
  - Transfer to Housing Fund for low-income housing projects: \$112,500
  
- Project Area 3 – Highway 89
  - Increment Collected: \$432,263
  - Developer Reimbursement: \$324,197
  - Administrative fee transferred to General Fund: \$21,613
  - Transfer to Housing Fund for low-income-housing projects: \$43,226

In November 2021, Project Area 2 issued bonds in the amount of \$3,215,000 for the construction of park areas within the project area. Additional information regarding this debt may be found in Note 8. The RDA also expended \$45,743 in professional and technical costs and \$50,000 on façade improvements (of which \$25,000 was funded by grants received in the fiscal year ending June 30, 2021).

**NOTE 14 SUBSEQUENT EVENTS**

On December 7, 2022, the City issued \$16,692,000 in sales tax revenue bonds via direct purchase to the Bank of Utah. The purpose of the debt is for rehabilitation and improvements to Hatch Park. The debt will be amortized over 30 years with an interest rate between 3.1 and 5.7 percent, and a net interest cost of 4.89 percent. This debt issuance is structured to have an early call feature with the expectation that the debt will be refunded when rates become more favorable.

**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;

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

**NOTE 15 PENSION PLAN (Continued)**

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

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System. The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

**Benefits Provided:**

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

<b>Summary of Benefits by System</b>				
<b>System</b>	<b>Final Average Salary</b>	<b>Years of service required and/or age eligible for benefit</b>	<b>Benefit percent per year of service</b>	<b>COLA**</b>
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%

\* Actuarial reductions are applied.

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

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

**NOTE 15 PENSION PLAN (Continued)**

**Contributions Rate Summary**

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement 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, 2022 are as follows:

	Employee	Employer	Employer 401(k)
<b>Contributory System</b>			
111 - Local Government Div - Tier 2	N/A	16.07	0.62
<b>Noncontributory System</b>			
15 - Local Government Div Tier 1	N/A	18.47	N/A
<b>Public Safety Retirement System</b>			
<b>Contributory</b>			
122 - Tier 2 DB Hybrid Public Safety	2.27	25.83	N/A
<b>Noncontributory</b>			
43 Other Dev A with 2.5% COLA	N/A	34.04	N/A
<b>Tier 2 DC Only</b>			
211 - Local Government	N/A	6.69	10.00
222 - Public Safety	N/A	11.83	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, 2022, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 422,366	N/A
Public Safety System	432,769	-
Tier 2 Public Employees System	178,704	-
Tier 2 Public Safety and Firefighter	133,714	-
Tier 2 DC Only System	8,752	N/A
<b>Total Contributions</b>	<b>\$ 1,176,305</b>	<b>\$ -</b>

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

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

**NOTE 15 PENSION PLAN (Continued)**

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

At June 30, 2022, we reported a net pension asset of \$2,217,880 and a net pension liability of \$0.

**(Measurement Date): December 31, 2021**

	<b>Net Pension Asset</b>	<b>Net Pension Liability</b>	<b>Proportionate Share</b>	<b>Proportionate Share December 31, 2020</b>	<b>Change (Decrease)</b>
Noncontributory System	\$1,517,920	\$ -	0.2650405%	0.2608962%	0.0041443%
Public Safety System Tier 2 Public	\$ 669,307	\$ -	0.8241249%	0.7662250%	0.0578999%
Employees System	\$ 22,204	\$ -	0.0524632%	0.0518412%	0.0006220%
Tier 2 Public Safety and Firefighter System	\$ 8,449	\$ -	0.1671625%	0.1677735%	(0.0006110)%
	<u>\$2,217,880</u>	<u>\$ -</u>			

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

For the year ended June 30, 2022, we recognized pension expense of (\$ 52,263).

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 233,977	\$ 4,249
Changes in assumptions	\$ 289,991	\$ 18,472
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 3,933,468
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 95,392	\$ 1,535
Contributions subsequent to the measurement date	\$ 592,567	\$ -
	<u>\$ 1,211,928</u>	<u>\$ 3,957,724</u>

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

**NOTE 15 PENSION PLAN (Continued)**

\$ 592,567 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ (601,890)
2023	\$ (1,168,730)
2024	\$ (955,475)
2025	\$ (648,543)
2026	\$ 5,496
Thereafter	\$ 30,778

**Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2022, we recognized pension expense of (\$ 209,162).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 158,985	\$ -
Changes in assumptions	\$ 142,462	\$ 9,798
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,043,669
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 16,206	\$ -
Contributions subsequent to the measurement date	\$ 208,648	\$ -
	<u>\$ 526,300</u>	<u>\$ 2,053,467</u>

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

**NOTE 15 PENSION PLAN (Continued)**

\$ 208,648 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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:

<b>Year ended December 31,</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ (324,843)
2023	\$ (577,223)
2024	\$ (494,185)
2025	\$ (339,563)
2026	\$ -
Thereafter	\$ -

**Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2022, we recognized pension expense of \$ 35,146.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 56,965	\$ -
Changes in assumptions	\$ 117,344	\$ 6,962
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,809,111
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 62,616	\$ -
Contributions subsequent to the measurement date	\$ 217,491	\$ -
	\$ 454,416	\$ 1,816,073

\$217,491 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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:

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

**NOTE 15 PENSION PLAN (Continued)**

<u>Year ended December 31,</u>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ (261,165)
2023	\$ (571,557)
2024	\$ (446,492)
2025	\$ (299,934)
2026	\$ -
Thereafter	\$ -

**Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2022, we recognized pension expense of \$ 77,134.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 10,787	\$ 2,861
Changes in assumptions	\$ 20,704	\$ 210
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 54,864
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 12,542	\$ -
Contributions subsequent to the measurement date	\$ 95,525	\$ -
	<u>\$ 139,558</u>	<u>\$ 57,935</u>

\$95,525 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ (10,277)
2023	\$ (13,184)
2024	\$ (9,555)
2025	\$ (5,488)
2026	\$ 4,334
Thereafter	\$ 20,266

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

**NOTE 15 PENSION PLAN (Continued)**

**Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2022, we recognized pension expense of \$ 44,619.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,240	\$ 1,388
Changes in assumptions	\$ 9,481	\$ 1,502
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 25,824
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 4,029	\$ 1,535
Contributions subsequent to the measurement date	\$ 70,904	\$ -
	<u>\$ 91,653</u>	<u>\$ 30,249</u>

\$70,904 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2021.

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:

<b>Year ended December 31,</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ (5,605)
2023	\$ (6,766)
2024	\$ (5,243)
2025	\$ (3,558)
2026	\$ 1,163
Thereafter	\$ 10,512

**Actuarial Assumptions**

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

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

Mortality rates were adopted 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

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

**NOTE 15 PENSION PLAN (Continued)**

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, 2021, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

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

<b>Asset Class</b>	<b>Expected Return Arithmetic Basis</b>		
	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long-term Expected Portfolio Real Rate of Return</b>
Equity Securities	37.00%	6.58%	2.43%
Debt Securities	20.00%	(0.28)%	(0.06)%
Real Assets	15.00%	5.77%	0.87%
Private Equity	12.00%	9.85%	1.18%
Absolute Return	16.00%	2.91%	0.47%
Cash and Cash Equivalents	0.00%	(1.01)%	0.00%
Totals	100%		4.89%
		<u>Inflation</u>	2.50%
		<u>Expected arithmetic nominal return</u>	7.39%

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

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

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

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

**NOTE 15 PENSION PLAN (Continued)**

<b>System</b>	<b>1% Decrease or 5.85%</b>	<b>Discount Rate of 6.85%</b>	<b>1% Increase or 7.85%</b>
Noncontributory System	\$ 816,229	(1,517,920)	(3,465,304)
Public Safety System	\$ 1,650,731	(669,307)	(2,553,338)
Tier 2 Public Employees System	\$ 132,299	(22,204)	(140,831)
Tier 2 Public Safety and Firefighter	\$ 67,780	(8,449)	(68,964)
<b>Total Contributions</b>	<b>\$ 2,667,039</b>	<b>(2,217,880)</b>	<b>(6,228,437)</b>

**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.

The 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 30th, were as follows:

<b>401(k) Plan</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Employer Contributions	\$ 276,370	\$ 233,194	\$ 231,162
Employee Contributions	\$ 78,161	\$ 82,787	\$ 79,510
<b>457 Plan</b>			
Employer Contributions	\$ 16,536	\$ 13,532	\$ 12,343
Employee Contributions	\$ 25,347	\$ 28,848	\$ 29,029
<b>Roth IRA Plan</b>			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 49,519	\$ 44,157	\$ 35,885
<b>Traditional IRA</b>			
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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property	\$ 2,983,000	\$ 2,926,471	\$ 3,102,082	\$ 175,611
Sales and use	5,369,520	5,645,520	6,331,832	686,312
Franchise	1,829,567	1,904,567	2,036,262	131,695
Licenses and permits	225,000	225,000	238,857	13,857
Intergovernmental revenues	1,205,700	2,500,400	2,715,417	215,017
Charges for services	833,600	833,600	642,452	(191,148)
Fines and forfeitures	300,000	300,000	291,432	(8,568)
Interest	60,000	60,000	24,601	(35,399)
Miscellaneous	48,000	48,000	39,763	(8,237)
<b>Total Revenues</b>	<b>12,854,387</b>	<b>14,443,558</b>	<b>15,422,698</b>	<b>979,140</b>
<b>Expenditures</b>				
Current:				
General government:				
Legislative	262,700	338,700	202,779	135,921
Administrative	1,030,860	1,071,360	972,002	99,358
Buildings	79,400	96,400	101,077	(4,677)
Judicial	351,075	351,075	327,593	23,482
Total general government	<u>1,724,035</u>	<u>1,857,535</u>	<u>1,603,451</u>	<u>254,084</u>
Public safety:				
Police department	4,864,113	5,404,813	4,716,914	687,899
Fire department	1,542,860	1,550,260	1,550,251	9
Total public safety	<u>6,406,973</u>	<u>6,955,073</u>	<u>6,267,165</u>	<u>687,908</u>
Public works:				
Streets department	1,700,500	1,747,900	1,650,435	97,465
Engineering	249,100	249,100	288,790	(39,690)
Total public works	<u>1,949,600</u>	<u>1,997,000</u>	<u>1,939,225</u>	<u>57,775</u>
Community Development				
Planning and zoning	445,380	458,380	461,052	(2,672)
Building inspection	299,000	299,000	279,925	19,075
Total community development	<u>744,380</u>	<u>757,380</u>	<u>740,977</u>	<u>16,403</u>
Parks	1,044,600	1,049,100	960,085	89,015
<b>Total Expenditures</b>	<b>\$ 11,869,588</b>	<b>\$ 12,616,088</b>	<b>\$ 11,510,903</b>	<b>\$ 1,105,185</b>

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ 984,799	\$ 1,827,470	\$ 3,911,795	\$ 2,084,325
<b>Other Financing Sources (Uses)</b>				
Appropriations from fund balance	611,201	987,230	-	987,230
Transfer in	85,000	85,000	100,437	(15,437)
Transfer out	(1,686,000)	(2,904,700)	(2,959,923)	55,223
Sale of capital assets	5,000	5,000	16,433	(11,433)
Contributions	-	-	20,500	(20,500)
<b>Total Other Financing Sources (Uses)</b>	<u>(984,799)</u>	<u>(1,827,470)</u>	<u>(2,822,553)</u>	<u>995,083</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	1,089,242	<u>\$ 3,079,408</u>
<b>Fund Balance, Beginning</b>			<u>3,338,326</u>	
<b>Fund Balance, Ending</b>			<u>\$ 4,427,568</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**The Year Ended June 30, 2022**

with a measurement date of December 31, 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)	2022	0.2650405%	0.8241249%	0.05246320%	0.1671625%
	2021	0.2608962%	0.7666225%	0.05184120%	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)	2022	\$ (1,517,915)	\$ (669,307)	\$ (22,204)	\$ (8,449)
	2021	\$ 133,825	\$ 636,152	\$ 7,456	\$ 15,048
	2020	\$ 977,610	\$ 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	2022	\$ 2,331,039	\$ 1,386,571	\$ 973,023	\$ 399,748
	2021	\$ 2,313,474	\$ 1,282,892	\$ 829,034	\$ 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

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**The Year Ended June 30, 2022**

Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	2022	-65.12%	-48.27%	-2.28%	-2.11%
	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	2022	108.7%	104.2%	103.8%	102.8%
pension liability	2021	99.2%	95.5%	98.3%	93.1%
	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.

See accompanying notes to required supplementary information.

**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	Contributio n deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory System</b>	2016	\$ 386,831	\$ 386,831	\$ -	\$2,174,060	17.79%
	2017	392,635	392,635	-	2,251,079	17.44%
	2018	386,946	386,946	-	2,154,015	17.96%
	2019	406,000	406,000	-	2,273,509	17.86%
	2020	420,807	420,807	-	2,341,779	17.97%
	2021	421,996	421,996	-	2,344,577	18.00%
	2022	422,366	422,366	-	2,298,991	18.37%
<b>Public Safety System</b>	2016	\$ 320,818	\$ 320,818	\$ -	\$ 1,005,185	31.92%
	2017	339,377	339,377	-	1,105,641	30.70%
	2018	345,508	345,508	-	1,126,936	30.66%
	2019	377,813	377,813	-	1,243,983	30.37%
	2020	381,717	381,717	-	1,214,216	31.44%
	2021	408,230	408,230	-	1,342,250	30.41%
	2022	432,769	432,769	-	1,438,056	30.09%
<b>Tier 2 Public Employees System*</b>	2016	\$ 55,165	\$ 55,165	\$ -	\$ 373,487	14.77%
	2017	63,238	63,238	-	424,134	14.91%
	2018	82,623	82,623	-	546,807	15.11%
	2019	92,055	92,055	-	600,656	15.33%
	2020	126,963	126,963	-	811,650	15.64%
	2021	133,976	133,976	-	847,946	15.80%
	2022	178,704	178,704	-	1,112,035	16.07%
<b>Tier 2 Public Safety and Firefighter System*</b>	2016	\$ 23,489	\$ 23,489	\$ -	\$ 104,394	22.50%
	2017	42,782	42,782	-	190,866	22.41%
	2018	55,789	55,789	-	247,935	22.50%
	2019	60,546	60,546	-	266,339	22.73%
	2020	72,952	72,952	-	317,335	22.99%
	2021	88,295	88,295	-	340,943	25.90%
	2022	133,714	133,714	-	517,670	25.83%

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

<b>Tier 2 Public Employees</b>									
<b>DC Only</b>	2016	\$	8,869	\$	8,869	\$	-	\$ 138,174	6.42%
<b>System*</b>	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%
	2022		8,752		8,752		-	130,817	6.69%

\* 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:**

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

**SUPPLEMENTARY INFORMATION**

**CITY OF NORTH SALT LAKE**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

	<b>Housing Agency</b>	<b>Local Building Authority</b>	<b>Debt Service</b>	<b>Park Development</b>	<b>Police Facilities</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 82,988	\$ 390,356	\$ 341,639	\$ -	\$ 814,983
Prepays	-	347	-	-	-	347
Taxes receivable	-	-	112,269	-	-	112,269
Restricted cash and cash equivalents	460,295	68,430	22,163	1,346,310	149,811	2,047,009
<b>Total Assets</b>	<b>\$ 460,295</b>	<b>\$ 151,765</b>	<b>\$ 524,788</b>	<b>\$ 1,687,949</b>	<b>\$ 149,811</b>	<b>\$ 2,974,608</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ 30
<b>Total Liabilities</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>
<b>Fund Balances</b>						
Restricted:						
Impact fees	-	-	-	757,055	149,811	906,866
Debt service	-	-	22,163	-	-	22,163
Local Building Authority	-	68,430	-	-	-	68,430
Reserved for Construction	-	-	-	589,255	-	589,255
Housing Restriction	460,295	-	-	-	-	460,295
Assigned	-	83,305	502,625	341,639	-	927,569
<b>Total Fund Balances</b>	<b>460,295</b>	<b>151,735</b>	<b>524,788</b>	<b>1,687,949</b>	<b>149,811</b>	<b>2,974,578</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 460,295</b>	<b>\$ 151,765</b>	<b>\$ 524,788</b>	<b>\$ 1,687,949</b>	<b>\$ 149,811</b>	<b>\$ 2,974,608</b>

**CITY OF NORTH SALT LAKE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2022**

	<b>Housing Agency</b>	<b>Local Building Authority</b>	<b>Debt Service</b>	<b>Park Development</b>	<b>Police Facilities</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ 618,224	\$ -	\$ -	\$ 618,224
Rental income	-	89,939	-	-	-	89,939
Intergovernmental	-	-	-	-	-	-
Impact fees	-	-	-	164,200	26,734	190,934
Miscellaneous	-	-	-	14,000	-	14,000
Interest	1,479	316	2,366	6,085	1,602	11,848
<b>Total Revenues</b>	<b>1,479</b>	<b>90,255</b>	<b>620,590</b>	<b>184,285</b>	<b>28,336</b>	<b>924,945</b>
<b>Expenditures</b>						
Community development	2,476	407,684	1,550	-	-	411,710
Parks, recreation, and public property	-	-	-	31,550	-	31,550
Debt service:						
Principal	-	98,000	220,000	-	-	318,000
Interest	-	21,330	38,493	-	-	59,823
<b>Total Expenditures</b>	<b>2,476</b>	<b>527,014</b>	<b>260,043</b>	<b>31,550</b>	<b>-</b>	<b>821,083</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(997)</b>	<b>(436,759)</b>	<b>360,547</b>	<b>152,735</b>	<b>28,336</b>	<b>103,862</b>
<b>Other Financing Sources (Uses)</b>						
Transfer in	155,726	505,000	-	360,000	-	1,020,726
Transfer out	-	-	(360,000)	(765,000)	(100,000)	(1,225,000)
Proceeds from Borrowing	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>155,726</b>	<b>505,000</b>	<b>(360,000)</b>	<b>(405,000)</b>	<b>(100,000)</b>	<b>(204,274)</b>
Net Change in Fund Balances	154,729	68,241	547	(252,265)	(71,664)	(100,412)
<b>Fund Balance, Beginning</b>	<b>305,566</b>	<b>83,494</b>	<b>524,241</b>	<b>1,940,214</b>	<b>221,475</b>	<b>3,074,990</b>
<b>Fund Balance, Ending</b>	<b>\$ 460,295</b>	<b>\$ 151,735</b>	<b>\$ 524,788</b>	<b>\$ 1,687,949</b>	<b>\$ 149,811</b>	<b>\$ 2,974,578</b>

**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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 48,000	\$ 48,000	\$ 23,576	\$ (24,424)
<b>Total Revenues</b>	<u>48,000</u>	<u>48,000</u>	<u>23,576</u>	<u>(24,424)</u>
<b>Expenditures</b>				
General government	-	126,000	51,253	74,747
Public safety	-	282,400	-	282,400
<b>Total Expenditures</b>	<u>-</u>	<u>408,400</u>	<u>51,253</u>	<u>357,147</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>48,000</u>	<u>(360,400)</u>	<u>(27,677)</u>	<u>332,723</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	<u>100,000</u>	<u>1,258,700</u>	<u>1,258,700</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>100,000</u>	<u>1,258,700</u>	<u>1,258,700</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 148,000</u>	<u>\$ 898,300</u>	<u>1,231,023</u>	<u>\$ 332,723</u>
<b>Fund Balance, Beginning</b>			<u>5,865,075</u>	
<b>Fund Balance, Ending</b>			<u>\$ 7,096,098</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL –MAJOR REDEVELOPMENT AGENCY**  
**SPECIAL FUND**  
**For The Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,941,542	\$ 1,988,542	\$ 2,009,743	\$ 21,201
Intergovernmental	-	-	25,000	25,000
Interest	1,600	1,600	16,376	14,776
<b>Total Revenues</b>	<u>1,943,142</u>	<u>1,990,142</u>	<u>2,051,119</u>	<u>60,977</u>
<b>Expenditures</b>				
Community	1,377,680	5,363,880	1,604,821	3,759,059
<b>Total Expenditures</b>	<u>1,377,680</u>	<u>5,363,880</u>	<u>1,604,821</u>	<u>3,759,059</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>565,462</u>	<u>(3,373,738)</u>	<u>446,298</u>	<u>3,820,036</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	260,000	-	285,000	285,000
Transfer out	(239,000)	(239,000)	(281,163)	(42,163)
Proceeds from Borrowing	3,567,300	-	3,567,271	3,567,271
<b>Total Other Financing Sources (Uses)</b>	<u>3,588,300</u>	<u>(239,000)</u>	<u>3,571,108</u>	<u>3,810,108</u>
<b>Net Change in Fund Balance</b>	<u>\$ 3,588,300</u>	<u>\$ (239,000)</u>	<u>4,017,406</u>	<u>\$ 3,810,108</u>
<b>Fund Balance, Beginning</b>			<u>753,087</u>	
<b>Fund Balance, Ending</b>			<u>\$ 4,770,493</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>Revenues</b>				
Impact fees	\$ 482,000	\$ 482,000	\$ 212,691	\$ (269,309)
Intergovernmental revenues	26,800	5,515,500	1,600,593	(3,914,907)
Interest	32,000	32,000	24,220	(7,780)
<b>Total Revenues</b>	540,800	6,029,500	1,837,504	(4,191,996)
<b>Expenditures</b>				
Highways and public improvements	2,815,000	11,503,323	3,430,345	8,072,978
<b>Total Expenditures</b>	2,815,000	11,503,323	3,430,345	8,072,978
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(2,274,200)	(5,473,823)	(1,592,841)	3,880,982
<b>Other Financing Sources (Uses)</b>				
Transfer in	1,686,000	1,746,000	1,801,223	55,223
<b>Total Other Financing Sources (Uses)</b>	1,686,000	1,746,000	1,801,223	55,223
<b>Net Change in Fund Balance</b>	\$ (588,200)	\$ (3,727,823)	208,382	\$ 3,936,205
<b>Fund Balance, Beginning</b>			5,499,101	
<b>Fund Balance, Ending</b>			\$ 5,707,483	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – NONMAJOR PARK DEVELOPMENT**  
**SPECIAL FUND**  
**For The Year Ended June 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Impact fees	\$ 533,800	\$ 533,800	\$ 164,200	\$ (369,600)
Miscellaneous	-	-	14,000	14,000
Interest	3,500	3,500	6,085	2,585
<b>Total Revenues</b>	<u>537,300</u>	<u>537,300</u>	<u>184,285</u>	<u>(353,015)</u>
<b>Expenditures</b>				
Current:				
Improvements	441,000	883,848	31,550	852,298
<b>Total Expenditures</b>	<u>441,000</u>	<u>883,848</u>	<u>31,550</u>	<u>852,298</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>96,300</u>	<u>(346,548)</u>	<u>152,735</u>	<u>499,283</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	360,000	360,000	360,000	-
Transfer out	(130,000)	(765,000)	(765,000)	-
Sale of capital assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>230,000</u>	<u>(405,000)</u>	<u>(405,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 326,300</u>	<u>\$ (751,548)</u>	<u>(252,265)</u>	<u>\$ 499,283</u>
<b>Fund Balance, Beginning</b>			<u>1,940,214</u>	
<b>Fund Balance, Ending</b>			<u>\$ 1,687,949</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>Revenues</b>				
Rent	\$ 77,280	\$ 77,280	\$ 89,939	\$ 12,659
Interest	500	500	316	(184)
<b>Total Revenues</b>	77,780	77,780	90,255	12,475
<b>Expenditures</b>				
Community Development	35,300	410,300	407,684	2,616
Debt service:				
Principal	98,000	98,000	98,000	-
Interest	21,500	21,500	21,330	170
<b>Total Expenditures</b>	154,800	529,800	527,014	2,786
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(77,020)	(452,020)	(436,759)	15,261
<b>Other Financing Sources (Uses)</b>				
Transfer in	130,000	505,000	505,000	-
<b>Total Other Financing Sources (Uses)</b>	130,000	505,000	505,000	-
<b>Net Change in Fund Balance</b>	\$ 130,000	\$ 505,000	68,241	\$ -
<b>Fund Balance, Beginning</b>			83,494	
<b>Fund Balance, Ending</b>			\$ 151,735	

**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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ (25,000)	\$ (25,000)
Interest	3,300	3,300	1,479	(1,821)
<b>Total Revenues</b>	<u>3,300</u>	<u>3,300</u>	<u>(23,521)</u>	<u>(26,821)</u>
<b>Expenditures</b>				
Community	-	27,500	(22,524)	50,024
<b>Total Expenditures</b>	<u>-</u>	<u>27,500</u>	<u>(22,524)</u>	<u>50,024</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>3,300</u>	<u>(24,200)</u>	<u>(997)</u>	<u>23,203</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	154,000	154,000	155,726	1,726
<b>Total Other Financing Sources (Uses)</b>	<u>154,000</u>	<u>154,000</u>	<u>155,726</u>	<u>1,726</u>
<b>Net Change in Fund Balance</b>	<u>\$ 154,000</u>	<u>\$ 154,000</u>	<u>154,729</u>	<u>\$ 1,726</u>
<b>Fund Balance, Beginning</b>			<u>305,566</u>	
<b>Fund Balance, Ending</b>			<u>\$ 460,295</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Sales taxes	\$ 524,160	\$ 524,160	\$ 618,224	\$ 94,064
Interest	5,000	5,000	2,366	(2,634)
<b>Total Revenues</b>	<u>529,160</u>	<u>529,160</u>	<u>620,590</u>	<u>91,430</u>
<b>Expenditures</b>				
Debt service:				
Principal	220,000	220,000	220,000	-
Interest	38,493	38,493	38,493	-
Fees	2,500	2,500	1,550	950
<b>Total Expenditures</b>	<u>260,993</u>	<u>260,993</u>	<u>260,043</u>	<u>950</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>268,167</u>	<u>268,167</u>	<u>360,547</u>	<u>92,380</u>
<b>Other Financing Sources (Uses)</b>				
Transfer out	<u>(360,000)</u>	<u>(360,000)</u>	<u>(360,000)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(360,000)</u>	<u>(360,000)</u>	<u>(360,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (91,833)</u>	<u>\$ (91,833)</u>	547	<u>\$ 92,380</u>
<b>Fund Balance, Beginning</b>			<u>524,241</u>	
<b>Fund Balance, Ending</b>			<u>\$ 524,788</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Impact fees	\$ 114,000	\$ 114,000	\$ 26,734	\$ (87,266)
Interest	600	600	1,602	1,002
<b>Total Revenues</b>	<u>114,600</u>	<u>114,600</u>	<u>28,336</u>	<u>(86,264)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 14,600</u>	<u>\$ 14,600</u>	<u>(71,664)</u>	<u>\$ (86,264)</u>
<b>Fund Balance, Beginning</b>			<u>221,475</u>	
<b>Fund Balance, Ending</b>			<u>\$ 149,811</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, 2022**

<b>Net Revenues:</b>		
Total Operating Revenues		\$ 4,850,227
Non-Operating Revenues		
	Impact Fees	704,975
	Interest Income	37,099
		<u>5,592,301</u>
Operating Expenses (excluding depreciation)		<u>4,096,497</u>
	Total Expenses (excluding depreciation)	<u>4,096,497</u>
<b>Net Revenues</b>		<u><u>\$ 1,495,804</u></u>
 <b>Fiscal Year 2022 Debt Service Requirements:</b>		
	2021 Bonds	<u>\$ 210,000</u>
		<u><u>\$ 210,000</u></u>
 <b>Fiscal Year 2021 Net revenues divided by aggregate fiscal year 2022 debt service</b>		
		712%
<b>Minimum requirement</b>		200%
<b>Excess (Deficiency)</b>		512%



**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 City Council and Management of  
the City of North Salt Lake  
PO Box 540208  
North Salt Lake, Utah 84054

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Salt Lake, as of and for the year ended June 30, 2022, 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 21, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of North Salt Lake’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of North Salt Lake’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 financial statements. 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 21, 2022



**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 City Council of  
the 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, for the year ended June 30, 2022.

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

Budgetary Compliance	Cash Management
Fund Balance	Impact Fees
Justice Courts	Utah Retirement Systems
Restricted Taxes and Related Revenues	Treasurer’s Bond
Fraud Risk Assessment	Governmental Fees

***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, 2022.

## **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 21, 2022



**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 City Council of  
the City of North Salt Lake

**Report on Compliance for Each Major Federal Program**

We have audited the 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, 2022. the 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, 2022.

***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 2022-SA-01. Our opinion on each major federal program is not modified with respect to these matters.

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 21, 2022

**CITY OF NORTH SALT LAKE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Grantor Pass Through/ Grantor Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Number</b>	<b>Federal Award Expended</b>	<b>Subrecipient Awards</b>
<b>Major Programs:</b>				
Department of Transportation				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205		\$ 1,142,703	\$ -
Department of the Treasury				
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>1,244,429</u>	-
	Total Major Programs		<u>\$ 2,387,132</u>	
<b>Non-Major Programs:</b>				
Department of Housing and Urban Development				
Community Development Block Grants/Entitlement Grants	14.218		\$ 25,000	\$ -
	Total Nonmajor Programs		<u>25,000</u>	-
	Total Federal Awards Expended		<u>\$ 2,412,132</u>	

See Accompanying Notes

**CITY OF NORTH SALT LAKE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022.

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.Assistance Listing Numbers – Uniform Guidance requires the Schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified as Assistance Listing Numbers, formerly (CFDA). Each program is assigned a five-digit program identification number (AL 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 City does not use an indirect cost allocation.

G.Loan Programs – The balance of federal loan programs as of June 30, 2022 was \$0.

**CITY OF NORTH SALT LAKE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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? \_\_\_\_\_ yes   X   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:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   X   no

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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**

None

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

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.