

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



**GENERAL PURPOSE
FINANCIAL STATEMENTS**

For The Fiscal Year Ended June 30th, 2023

Together with Independent Auditor's Report

Prepared by:
City of North Salt Lake
Finance Department

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of
The City of North Salt Lake
10 E Center St
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, business-type activities, each major fund, and the aggregate remaining fund information of City of North Salt Lake as of and for the year ended June 30, 2023, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of North Salt Lake, as of June 30, 2023, 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, budgetary comparison information, schedule of contributions, schedule of the proportionate share of net pension liability, and notes to the required supplementary information on pages 4-15 and 60-70 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 November 30, 2023, on our consideration of 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 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 City of North Salt Lake's internal control over financial reporting and compliance.

Child Richards CPAs & Advisors

Ogden, Utah
November 30, 2023

**CITY OF NORTH SALT LAKE
MANAGEMENT’S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2023**

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, 2023. 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, 2023 by \$127,386,019. Of this amount, the unrestricted net position of \$23,484,245 may be used to meet the government’s ongoing obligations to citizens and creditors.
- The City’s overall net position increased by \$4,156,325 from the prior year. Business-type activities decreased net position by \$1,223,384 while governmental activities had an increase in net position of \$5,379,709.
- As of the close of the current fiscal year, the City of North Salt Lake’s governmental funds reported a combined ending fund balance of \$44,489,744, an increase of \$19,513,526 over the prior year. Close to \$17,000,000 of this increase was related to the issuance of new sales tax revenue bonds for expansion and improvements to Hatch Park. Of the total fund balance, \$4,505,072 is unassigned and available for spending. The remaining \$39,984,672 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 \$4,505,072 or 35.09% of total General Fund expenditures.
- The City of North Salt Lake’s long-term debt obligations increased by \$15,255,436. The increase is attributable to new debt issuances of \$16,692,000 combined with principal payments made on existing debt. Compensated absences had a net increase of \$322,659.

Overview of the Financial Statements

This discussion and analysis are 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, 2023

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 2023 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, 2023**

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 major governmental funds including the General, Redevelopment Agency, Debt Service – Rap Tax, Capital Projects 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 \$91,495,798 (71.83%) 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 the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of North Salt Lake's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 53,478,848	\$ 35,269,608	\$ 5,845,120	\$ 10,229,464	\$ 59,323,968	\$ 45,499,072
Capital assets	65,713,149	64,859,803	40,330,624	37,935,912	106,043,773	102,795,715
Total assets	<u>119,191,997</u>	<u>100,129,411</u>	<u>46,175,744</u>	<u>48,165,376</u>	<u>165,367,741</u>	<u>148,294,787</u>
Deferred outflows of resources	1,233,260	920,919	434,857	291,009	1,668,117	1,211,928
Total Deferred inflows	<u>1,233,260</u>	<u>920,919</u>	<u>434,857</u>	<u>291,009</u>	<u>1,668,117</u>	<u>1,211,928</u>
Other liabilities	2,697,443	2,496,247	1,042,325	1,007,001	3,739,768	3,503,248
Long-term liabilities outstanding	22,997,480	6,265,330	7,282,178	7,090,778	30,279,658	13,356,108
Total liabilities	<u>25,694,923</u>	<u>8,761,577</u>	<u>8,324,503</u>	<u>8,097,779</u>	<u>34,019,427</u>	<u>16,859,356</u>
Deferred inflows of resources	5,446,289	8,384,417	184,124	1,033,248	5,630,413	9,417,665
Total Deferred inflows	<u>5,446,289</u>	<u>8,384,417</u>	<u>184,124</u>	<u>1,033,248</u>	<u>5,630,413</u>	<u>9,417,665</u>
Net Position:						
Net investment in capital assets	60,667,128	59,510,803	30,828,670	28,120,821	91,495,798	87,631,624
Restricted	10,198,802	9,376,518	2,207,174	4,853,450	12,405,976	14,229,968
Unrestricted	18,418,115	15,017,015	5,066,130	6,351,087	23,484,245	21,368,102
Total Net Position	<u>\$ 89,284,045</u>	<u>\$ 83,904,336</u>	<u>\$ 38,101,974</u>	<u>\$ 39,325,358</u>	<u>\$ 127,386,019</u>	<u>\$ 123,229,694</u>

An additional portion of the net position, \$12,405,976 (9.74%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$23,484,245 (18.44%), 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, 2023**

Government-wide Financial Analysis (Continued)

The City's overall net position increased \$4,156,325 (3.37%) from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

City of North Salt Lake's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,235,610	\$ 1,262,681	\$ 8,899,818	\$ 8,285,225	\$ 10,135,428	\$ 9,547,906
Operating grants and contributions	1,552,313	1,463,722	-	-	1,552,313	1,463,722
Capital grants and contributions	1,752,889	3,255,914	64,277	862,582	1,817,166	4,118,496
General revenues:						
Property taxes	6,313,541	5,730,048	-	-	6,313,541	5,730,048
Other taxes	9,050,940	8,368,094	-	-	9,050,940	8,368,094
Other	1,598,707	219,217	32,577	59,827	1,631,284	279,044
Total revenues	21,504,000	20,299,676	8,996,672	9,207,634	30,500,672	29,507,310
Expenses:						
General government	2,096,239	1,261,480	-	-	2,096,239	1,261,480
Public safety	6,940,989	5,719,258	-	-	6,940,989	5,719,258
Highways and public works	3,293,483	2,994,267	-	-	3,293,483	2,994,267
Community development	1,938,707	2,241,341	-	-	1,938,707	2,241,341
Parks, recreation, and public property	1,320,814	1,125,305	-	-	1,320,814	1,125,305
Redevelopment	-	-	-	-	-	-
Interest on long-term debt	534,059	127,587	-	-	534,059	127,587
Water	-	-	4,825,254	4,083,827	4,825,254	4,083,827
Pressurized irrigation	-	-	527,348	500,159	527,348	500,159
Storm water	-	-	916,895	926,049	916,895	926,049
Solid waste	-	-	1,498,636	1,433,069	1,498,636	1,433,069
Golf course	-	-	2,451,923	1,937,537	2,451,923	1,937,537
Total expenses	16,124,291	13,469,238	10,220,056	8,880,641	26,344,347	22,349,879
Increase (Decrease) in Net Position	5,379,709	6,830,438	(1,223,384)	326,993	4,156,325	7,157,431
Net Position - beginning of year	83,904,336	77,073,898	39,325,358	38,998,365	123,229,694	116,072,263
Net Position - end of year	\$ 89,284,045	\$ 83,904,336	\$ 38,101,974	\$ 39,325,358	\$ 127,386,019	\$ 123,229,694

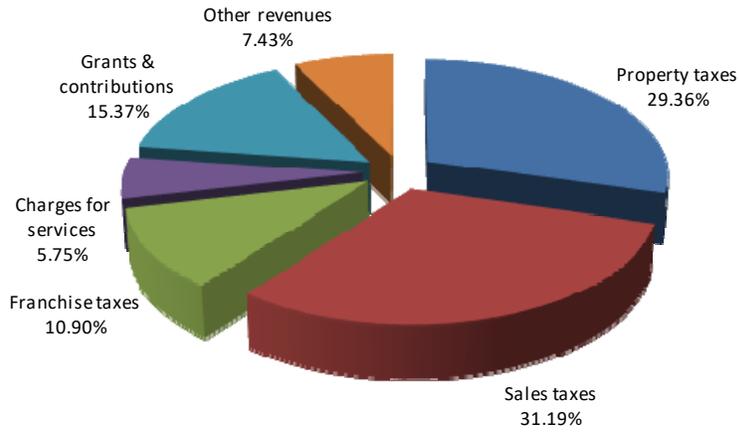
Governmental activities. As indicated by the data in the table above, governmental activities increased the net position of the City by \$5,379,709 (6.41%). Comparison of total revenues and total expenditures to fiscal year 2022 shows a decrease in revenues from governmental activities of \$1,204,324, while total expenses increased by \$2,655,053. Of the total revenue decline, \$1,124,703 was related to one time federal grant revenue for the reconstruction of Main Street that was received in fiscal year 2022. Expenditure increases in the current fiscal year are attributed to increases in general government and public safety.

**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2023**

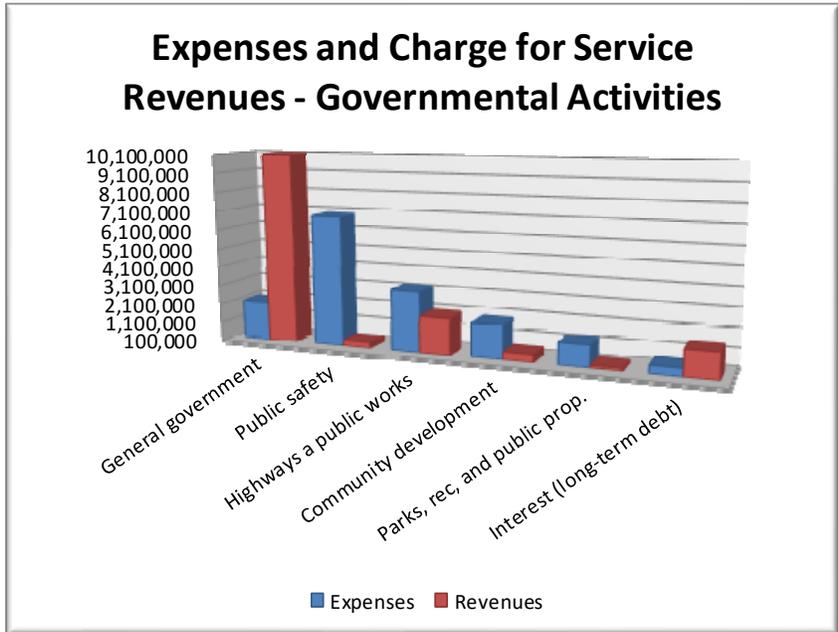
Government-wide Financial Analysis (Continued)

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.

Revenues by Source - Governmental Activities



Expenses and Charge for Service Revenues - Governmental Activities



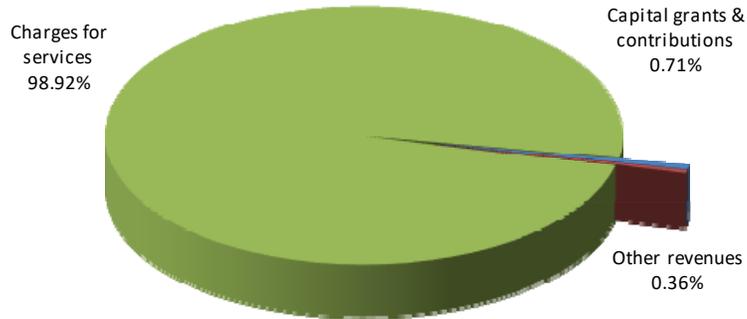
**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2023**

Government-wide Financial Analysis (Continued)

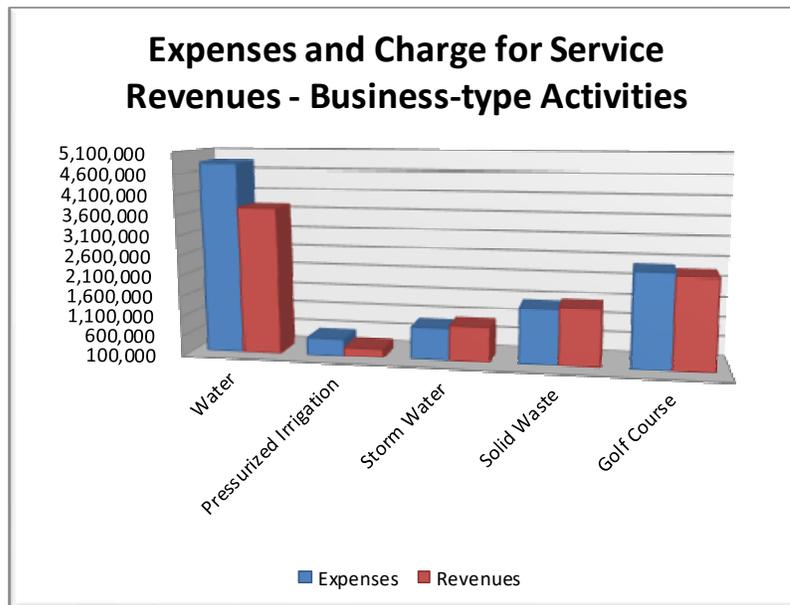
Business-type activities. Business-type activities decreased the City's net position by \$1,223,384 or 3.11%. As indicated by the data in the table on page 6, the change in the City's net position from business activities this year was a decrease of \$1,550,377 from the previous year. In comparison to the previous fiscal year, revenues from all business-type activities decreased by \$210,962, while expenses from all business-type activities increased by \$1,339,415.

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, 2023

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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$44,489,744, an increase of \$19,513,526 from the prior fiscal year. \$4,505,072 (10.13%) is available for spending at the government's discretion. The remaining \$39,984,672 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 \$3,026,782, 2) debt service of \$129,797, 3) road tax construction projects of \$975,088, 4) construction projects of \$21,274,149, 5) local building authority uses of \$78,341, and 6) low-income housing uses of \$661,465. An additional \$13,768,085 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 \$4,505,072. As a measure of the General Fund's liquidity, it may be useful to compare this amount to total fund expenditures of \$12,838,795 (33.36%). The fund balance of the City's General Fund increased \$334,170 from activities during the current fiscal year, representing a 7.55% change in fund balance.

Total revenues in the general fund increased by \$906,111 while expenditures increased by \$1,327,892. The General Fund had a net transfer out of \$3,195,827 in the current year while last year it had a net transfer out of \$2,859,486.

Changes in revenue are primarily attributed to increases in sales tax revenues of \$375,041, an increase in franchise tax revenues of \$307,805, and an increase in intergovernmental revenues of \$107,152. Fines and forfeitures revenues also appear to be returning to pre-pandemic levels, increasing from \$291,432 in fiscal year 2022 to \$354,821 in fiscal year 2023.

The principal changes in general fund expenditures are related to an increase in public safety (police and fire) expenditures of \$748,736, an increase in parks expenditures of \$276,900, and an increase in general government expenditures of \$208,272.

Redevelopment Agency Fund(s) – These funds have a combined total fund balance of \$5,788,425, of which \$3,642,542 is restricted for the Foxboro Wetlands park project, and \$2,145,883 is assigned to future debt service payments. There was a net increase in fund balance of \$1,017,932, which consisted of tax increment collections of \$2,492,999 plus interest income of \$256,239, less developer contributions totaling \$1,044,983, debt service payments on the Foxboro Wetlands park project of \$372,300, and transfers to the General fund and Housing fund of \$314,023. Additional information related to the specific project area activity may be found in Note 13.

Debt Service Fund – Rap Tax Fund – This fund has a total fund balance of \$17,428,721, of which \$17,102,939 is restricted for parks capital improvements and \$325,782 is assigned for future debt service payments. Year over year fund balance increased by \$16,903,934, largely related to the issuance of new sales tax revenue bonds for improvement and expansion of Hatch Park.

Capital Projects Fund - This fund has a total fund balance of \$8,474,915, 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, 2023, the fund balance in the capital projects fund increased by \$1,378,817 compared to last year's increase of \$1,231,023. 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 \$1,243,698.

Road Development Fund – This fund has a total fund balance of \$6,002,189, of which \$2,861,508 is restricted for impact fee related road projects and \$789,207 is restricted for road tax projects. The remaining \$2,351,474 is assigned for road development projects. The net increase in fund balance during the current fiscal year was \$294,706 compared to last year's increase of \$208,382. The net change in fund balance consisted of impact fee revenue in the amount of \$8,284,

**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2023**

Financial Analysis of the Government's Funds (Continued)

intergovernmental revenues of \$426,748, interest revenues of \$200,025, and transfers in of \$2,080,877, offset by investment in highway and public improvement projects of \$2,441,228.

Proprietary funds. At June 30, 2023, the City's proprietary funds reported combined ending net position of \$38,101,974 a decrease of \$1,223,384 over the prior year. The unrestricted portion of proprietary fund net position has a balance of \$5,066,131. The remaining \$33,035,843 of net position is not available for new spending because it is invested in capital assets totaling \$30,828,669, or legally restricted by parties outside the financial reporting entity for debt service totaling \$2,148,876 and impact fees totaling \$1,467,273.

Water Fund – This fund ended fiscal year 2023 with a total net position of \$21,900,720, a net position decrease of \$969,185, compared to a prior year increase of \$264,766. Operating revenue in the water fund increased modestly by \$68,850 and continues to be influenced by water restrictions and conservation efforts. In addition, impact fee collections were only \$50,350 compared to \$538,300 in the prior fiscal year. Operating expenditures increased by \$838,254, with the most significant growth seen in salaries and benefits as well as machinery and equipment. Increased equipment costs were due to the delayed delivery of water meters that were ordered in the previous fiscal year.

Pressurized Irrigation Fund - This fund has a total net position of \$5,669,972, representing a decrease in net position of \$179,213, compared to a prior year decrease of \$107,836. An operating loss of \$206,060 exceeds the prior year's operating loss of \$114,280, which was the result of continued drought conditions and water restrictions leading to a \$60,000 decrease from prior year collections. Operating expenditures increased by 5.4%, or \$27,189 from the previous year.

Storm Water - This fund has a total net position of \$7,941,623. During the year ended June 30, 2023, the Storm Water Fund's net position increased \$94,066 compared to a prior year increase of \$82,943. Charges for services revenue increased from the prior year in the amount of \$137,445, which is reflective of the rate increases that have taken effect to support an expanded capital infrastructure plan. Operating expenditures of \$912,165 only increased by \$1,117 from the prior year, which is attributed to an increase in wages offset by a decrease in professional services.

Solid Waste – The solid waste fund records revenues and expenditures related to recycling and waste removal, with the majority of the service conducted by a contracted service provider. This fund has a total net position of \$429,083, increasing by \$59,518 from the previous year. Operating revenues increased by \$170,883 from the prior year, largely related to the mid-year addition of approximately 175 newly annexed customers. It is anticipated that the remaining 150 customers from the annexation area will begin services in fiscal year 2024.

Golf Fund - This fund has a total net position of \$2,160,576 which decreased by \$228,570 compared to an increase in the prior year of \$141,337. The fund experienced a net operating loss in the amount of \$15,209 compared to an operating income in the prior year of \$198,688. Increases in operating expenditures of \$504,383 are primarily related to salaries and benefits, which grew by \$464,489. Wage growth was related to the addition of several new grill and events center positions as the course expanded operations as well as the need to increase seasonal wages by 25% to support recruiting efforts.

Budgetary Highlights

The City Council held several budget amendment hearings throughout the fiscal year. Hearings to receive public input on proposed amendments were held on November 1, 2022, January 3, 2023, February 21, 2023, April 4, 2023, May 2, 2023, May 30, 2023 and June 20, 2023. Impact fee collections continued to fall below projections throughout the fiscal year due to stalled development projects, resulting in significant reductions to impact fee revenues. While minor changes were made to operating expenditures, a summary of the more significant changes by fund is included below:

General Fund

- Increase in budgeted revenues for franchise taxes and interest - \$322,800
- Increase in general government expenditures (largely building repairs) - \$95,000
- Increase in public safety vehicles - \$119,000

**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2023**

Budgetary Highlights (Continued)

General Fund (Continued)

- Increase in public safety vehicles - \$119,000
- Decrease in public works and increase in parks - \$90,400

Redevelopment Agency Funds

- Increase in tax increment revenues - \$416,600
- Increase in related payments/commitments - \$236,000

Roads Capital Funds

- Reduction in impact fee revenues - \$400,000
- Addition of 400 W road reconstruction project - \$1,450,000
- Increase in new road reconstruction projects - \$1,110,000

Debt Service Fund

- Increase in bond proceeds revenue in recognition of new debt - \$16,692,000
- Increase in interest revenue for interest on construction reserves - \$360,000
- Increase in principal and interest in recognition of new debt obligation - \$1,139,791
- Transfer in from park development fund for impact fee contribution to new debt obligation - \$700,000
- Transfer of construction reserves to park development fund for Hatch park renovations - \$1,000,000

Park Development Fund

- Reduction in impact fee revenues - \$470,000

Water Fund

- Reduction in impact fee revenues - \$989,400
- Addition of 400 W Waterline reconstruction project - \$860,000
- Net increase in capital water projects - \$1,155,823

Storm Fund

- Reduction in impact fee revenues - \$92,000
- Net increase in capital storm projects - \$120,000

Golf Fund

- Increase in revenues related to expanding grill and events operations - \$215,000
- Increase in expenditures related to expanding grill and events operations - \$167,500
- Increase for golf cart trade in/purchase instead of lease - \$201,600

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities at June 30, 2023, amounts to \$106,043,773 (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 \$3,248,059, a total 3.16% increase consisting of increases of \$853,346 in governmental activities and \$2,394,713 in business-type activities.

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

**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2023**

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
Kubota Ventrac 4250Z	\$ 64,725	\$ -	\$ 64,725
Admin Bldg Boiler Replacement	49,450	-	49,450
Playground Equipment - Caleb Park	84,130	-	84,130
Playground Equipment - Stonehenge Park	79,195	-	79,195
Playground Equipment - Oldham Park	77,130	-	77,130
Completed Eaglewood Loop So to Rockwood	127,158	-	127,158
Completed Eagleridge Drive Overlay	515,131	-	515,131
Bus Shelters (UT-2017-015)	80,525	-	80,525
Current year expenses Foxboro Wetlands Park	43,248	-	43,248
Current year expenses 1100 No RR Cross Widen (60-980)	28,788	-	28,788
Current year expenses 75 E, 12 E & 175 Reconstruct	154,358	-	154,358
Current year expenses Lacey Way (Maria, Gary, Nancy)	191,810	-	191,810
Current year expenses Eaglewood Dr. (Orchard to Eagleridge)	45,065	-	45,065
Current year expenses Reconstruct US 89 to Center	84,579	-	84,579
Current year expenses 1100 North Bridge	96,839	-	96,839
Current year expenses Redwood Rd. Sidewalk West Connection	378,423	-	378,423
Current year expenses North Frontage Road (Wilson)	11,567	-	11,567
Current year expenses 400 West Street Reconstruction	3,000	-	3,000
Current year expenses Reconstruct Mntview, Skyview, Wldflwr, Sego	132	-	132
Current year expenses Parkway Dr, Canyon Ln, Eagle Pass	5,633	-	5,633
Current year expenses Sider Dr, 175 N, 550 E, 575 E	1,675	-	1,675
Current year expenses Elm Avenue Reconstruction	153,216	-	153,216
Fleet vehicles	409,236	-	409,236
Completed PRV Vault and Valve Replacement	-	92,792	92,792
Additional Improvements Eaglewood Cove Secondary Phase	-	29,004	29,004
Current year expenses 75 E, 12 E & 175 E Replacement	-	101,853	101,853
Current year expenses Lacey Way waterline Replacement	-	1,001,855	1,001,855
Current year expenses N Frontage Rd Wilson to City Center	-	13,702	13,702
Current year expenses Big West Oil flow ctr, valve, meter	-	16,954	16,954
Current year expenses Main St. Waterline US 89 to Center	-	263,612	263,612
Current year expenses 475 N & Cloverdale Waterline	-	170,342	170,342
Current year expenses Waterline Mntview, Skyview, Wldflwr, Sego	-	11,670	11,670
Current year expenses 400 W Waterline (500 N to 1100 N)	-	12,330	12,330
Water Machinery & Equipment	-	38,017	38,017
Completed Drainage Project at Hole #14	-	123,521	123,521
Current year expenses Flood Control Hole 7	-	30,235	30,235
Storm Machinery & Equipment	-	76,108	76,108
Completed Club House Renovation	-	1,880,914	1,880,914
Golf Carts (80)	-	485,600	485,600
Golf course machinery and equipment	-	23,160	23,160
Less current year deletions	(182,325)	(481,835)	(664,160)
Less current year depreciation expense (Fleet is in governmental)	(1,831,664)	(1,550,595)	(3,382,259)
Add current year accumulated depreciation deletions	182,325	55,470	237,796
Total	\$ 853,346	\$ 2,394,713	\$ 3,248,059

**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2023**

Capital Asset and Debt Administration (Continued)

City of North Salt Lake's Capital Assets (Net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 25,812,146	\$ 25,812,146	\$ 2,551,013	\$ 2,551,013	\$ 28,363,159	\$ 28,363,159
Water rights	-	-	2,864,052	2,864,052	2,864,052	2,864,052
Construction in progress	3,936,876	3,317,643	2,220,018	2,894,933	6,156,894	6,212,576
Buildings	4,403,974	4,625,936	4,106,878	713,435	8,510,852	5,339,371
Improvements	6,192,215	6,188,441	-	-	6,192,215	6,188,441
Golf course	-	-	2,072,120	2,184,514	2,072,120	2,184,514
Water distribution system	-	-	18,510,585	19,012,041	18,510,585	19,012,041
Storm water system	-	-	6,869,289	6,869,596	6,869,289	6,869,596
Machinery, equip, and vehicle:	1,757,801	1,720,063	1,136,669	846,326	2,894,470	2,566,389
Infrastructure	23,610,137	23,195,574	-	-	23,610,137	23,195,574
Total	\$ 65,713,149	\$ 64,859,803	\$ 40,330,624	\$ 37,935,912	\$ 106,043,773	\$ 102,795,715

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

Long-term debt. At the end of the current fiscal year, the City had \$27,200,277 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	
	2023	2022	2023	2022	2023	2022
Notes payable	\$ -	\$ -	\$ 708,073	\$ 708,073	\$ 708,073	\$ 708,073
Sales Tax revenue bonds	20,245,000	4,805,000	4,015,000	4,115,000	24,260,000	8,920,000
Water revenue bonds			1,766,000	1,976,000	1,766,000	1,976,000
RDA bonds	443,000	544,000	-	-	443,000	544,000
Capital leases	23,204	45,922	-	-	23,204	45,922
Total	\$ 20,711,204	\$ 5,394,922	\$ 6,489,073	\$ 6,799,073	\$ 27,200,277	\$ 12,193,995

During the 2023 fiscal year, the City's total debt increased by \$15,006,282. The increase is primarily the result of the issuance of new debt in the amount of \$16,692,000. 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 continued delay in development is beginning to create pressures in both the governmental and proprietary funds. County-wide construction permitting is down by 72% with permit values down 44%. Impact fee collections have experienced a steady decline since the summer of 2022, with annual collections declining from \$1,108,600 in fiscal year 2022 to only \$120,161 in fiscal year 2023. With close to five months of fiscal year 2024 elapsed, only 11.27% of budgeted impact fee revenue has been collected. Prolonged delays in development may begin to affect the City's capital planning as existing reserves are depleted. Fortunately, the City considers these revenues delayed instead of foregone as it is anticipated demand will pick up once interest rates stabilize.

Unemployment rates in Davis County currently match that of the State at 2.6 percent, which is up from 2.1 percent in October of 2022. Average monthly wage growth of 4.5 percent is an indication that the labor market is still considered favorable. (Source: Utah Department of Workforce Services)

**CITY OF NORTH SALT LAKE
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2023**

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

- As expected, sales tax revenues are beginning to “cool down” with essentially no growth in year to date collections when compared to fiscal year 2023.
- Property tax revenue in the general fund is budgeted with a modest increase of \$47,850 over 2022 certified tax rate budgeted revenues. County-wide changes in funding for the provision of animal control services are suppressing the impact of the 300+ properties that were annexed effective January 1, 2023.

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, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 19,157,102	\$ 4,891,750	\$ 24,048,852
Receivables:			
Taxes	3,356,335	-	3,356,335
Accounts net	50,300	778,843	829,143
Intergovernmental	1,776,593	-	1,776,593
Internal balances	2,921,931	(2,921,931)	-
Inventories	-	457,680	457,680
Prepays	70,785	431,604	502,389
Restricted cash and cash equivalents	26,145,802	2,207,174	28,352,976
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	3,936,876	2,220,018	6,156,894
Capital assets, net of accumulated depreciation:			
Buildings	4,403,974	4,106,878	8,510,852
Improvements other than buildings	6,192,215	-	6,192,215
Golf course	-	2,072,120	2,072,120
Water distribution system	-	18,510,585	18,510,585
Storm water system	-	6,869,289	6,869,289
Machinery, equipment, and vehicles	1,757,801	1,136,669	2,894,470
Infrastructure	23,610,137	-	23,610,137
Total Assets	119,191,997	46,175,744	165,367,741
Deferred Outflows of Resources			
Deferred outflows of resources relating to pensions	1,233,260	434,857	1,668,117
Total Assets and Deferred Outflows of Resources	120,425,257	46,610,601	167,035,858
Liabilities			
Accounts payable	1,562,689	884,105	2,446,794
Accrued liabilities	271,936	156,882	428,818
Developer and Customer Deposits	862,818	1,338	864,156
Noncurrent liabilities:			
Due within one year	1,501,727	452,242	1,953,969
Due in more than one year	20,265,445	6,392,127	26,657,572
Net pension liability	1,230,308	437,809	1,668,117
Total Liabilities	25,694,923	8,324,503	34,019,427
Deferred Inflows of Resources			
Deferred inflows of resources relating to pensions	12,383	4,555	16,938
Unearned revenues - golf prepaid	-	179,569	179,569
Unearned revenues - grants	2,466,435	-	2,466,435
Unearned revenues - property taxes	2,967,471	-	2,967,471
Total Deferred Inflows of Resources	5,446,289	184,124	5,630,413
Net Position			
Net investment in capital assets	60,667,128	30,828,670	91,495,798
Restricted for:			
Impact fees	3,026,782	1,467,273	4,494,055
Debt service	129,797	58,298	188,095
Road tax projects	975,088	-	975,088
Construction Projects	5,327,149	681,603	6,008,752
Local building authority	78,341	-	78,341
Housing restriction	661,645	-	661,645
Unrestricted	18,418,115	5,066,130	23,484,245
Total Net Position	89,284,045	38,101,974	127,386,019
Total Liabilities, Deferred Inflows, and Net Position	\$ 120,425,257	\$ 46,610,601	\$ 167,035,858

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, 2023**

	<u>Program Revenues</u>				<u>Net Revenue (Expense) and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Functions/Programs							
Government Activities							
General governmental	\$ 2,096,239	\$ -	\$ -	\$ 1,270,256	\$ (825,983)	\$ -	\$ (825,983)
Public safety	6,940,989	391,749	26,225	-	(6,523,015)	-	(6,523,015)
Highways and public improvements	3,293,483	78,407	1,526,088	435,032	(1,253,956)	-	(1,253,956)
Community development	1,938,707	561,285	-	1,201	(1,376,221)	-	(1,376,221)
Parks, recreation, and public property	1,320,814	204,169	-	46,400	(1,070,245)	-	(1,070,245)
Interest on long-term debt	534,059	-	-	-	(534,059)	-	(534,059)
Total Governmental Activities	16,124,291	1,235,610	1,552,313	1,752,889	(11,583,479)	-	(11,583,479)
Business-type Activities							
Water	4,825,254	3,693,969	-	50,350	-	(1,080,935)	(1,080,935)
Pressurized irrigation	527,348	322,138	-	-	-	(205,210)	(205,210)
Storm water	916,895	970,139	-	13,927	-	67,171	67,171
Solid waste	1,498,636	1,547,856	-	-	-	49,220	49,220
Golf course	2,451,923	2,365,716	-	-	-	(86,207)	(86,207)
Total Business-type Activities	10,220,056	8,899,818	-	64,277	-	(1,255,961)	(1,255,961)
Total Government	\$ 26,344,347	\$ 10,135,428	\$ 1,552,313	\$ 1,817,166	(11,583,479)	(1,255,961)	(12,839,440)
General Revenues							
					6,313,541	-	6,313,541
					6,706,873	-	6,706,873
					2,344,067	-	2,344,067
					1,463,801	156,375	1,620,176
					82,893	8,685	91,578
					52,013	(132,483)	(80,470)
					16,963,188	32,577	16,995,765
					5,379,709	(1,223,384)	4,156,325
					83,904,336	39,325,358	123,229,694
					\$ 89,284,045	\$ 38,101,974	\$ 127,386,019

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

CITY OF NORTH SALT LAKE
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2023

	General	Redevelopment Agency	Debt Srv Rap Tax	Capital Projects	Road Development	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 3,705,272	\$ 2,168,410	\$ 199,099	\$ 5,717,743	\$ 5,788,764	\$ 710,486	\$ 18,289,774
Receivables:			-				
Taxes	3,229,652	-	126,683	-	-	-	3,356,335
Accounts - net	41,346	-	-	-	8,954	-	50,300
Intergovernmental	1,776,593	-	-	-	-	-	1,776,593
Prepays	70,785	-	-	-	-	-	70,785
Due from other funds	-	-	-	2,921,931	-	-	2,921,931
Restricted cash and cash equivalents	185,881	3,642,542	17,102,939	-	3,650,715	1,563,725	26,145,802
Total Assets	\$ 9,009,529	\$ 5,810,952	\$ 17,428,721	\$ 8,639,674	\$ 9,448,433	\$ 2,274,211	\$ 52,611,520
Liabilities							
Accounts payable	\$ 153,881	\$ 22,527	\$ -	\$ 164,759	\$ 979,809	\$ 240,455	\$ 1,561,431
Accrued liabilities	263,621	-	-	-	-	-	263,621
Due to other funds	-	-	-	-	-	-	-
Developer Deposits	862,818	-	-	-	-	-	862,818
Total Liabilities	1,280,320	22,527	-	164,759	979,809	240,455	2,687,870
Deferred Inflows of Resources							
Unavailable revenues - property taxes	2,967,471	-	-	-	-	-	2,967,471
Unearned Revenues - grants	-	-	-	-	2,466,435	-	2,466,435
Total Deferred Inflows of Resources	2,967,471	-	-	-	2,466,435	-	5,433,906
Fund Balances							
Nonspendable:							
Prepays	70,785	-	-	-	-	-	70,785
Restricted:							
Impact fees	-	-	-	-	2,861,508	165,274	3,026,782
Debt service	-	-	129,797	-	-	-	129,797
Road tax projects	185,881	-	-	-	789,207	-	975,088
Capital projects	-	3,642,542	16,973,142	-	-	658,465	21,274,149
Local building authority	-	-	-	-	-	78,341	78,341
Housing restriction	-	-	-	-	-	661,645	661,645
Assigned:							
Road development	-	-	-	-	2,351,474	-	2,351,474
Construction projects	-	-	-	8,474,915	-	470,031	8,944,946
Debt service	-	2,145,883	325,782	-	-	-	2,471,665
Unassigned	4,505,072	-	-	-	-	-	4,505,072
Total Fund Balances	4,761,738	5,788,425	17,428,721	8,474,915	6,002,189	2,033,756	44,489,744
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,009,529	\$ 5,810,952	\$ 17,428,721	\$ 8,639,674	\$ 9,448,433	\$ 2,274,211	\$ 52,611,520

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, 2023

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

Total fund balance - governmental funds	\$	44,489,744
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.		1,177,580
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		64,310,296
Long-term liabilities are not due and payable in the current period and therefore are not recorded in the funds.		(22,903,416)
Deferred inflows of resources, report net position that applies to future periods, is not shown in the fund statements		(11,933)
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.		2,221,773
Total net position - governmental activities	\$	<u>89,284,045</u>

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

CITY OF NORTH SALT LAKE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2023

	General	Redevelopment Agency	Debt Srv Rap Tax	Capital Projects	Road Development	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 12,217,340	\$ 2,492,999	\$ 654,144	\$ -	\$ -	\$ -	\$ 15,364,483
Licenses and permits	243,690	-	-	-	-	-	243,690
Rental income	-	-	-	-	-	89,222	89,222
Intergovernmental	2,822,569	-	-	-	426,748	-	3,249,317
Charges for services	553,939	-	-	-	-	-	553,939
Fines and forfeitures	354,821	-	-	-	-	-	354,821
Impact fees	-	-	-	-	8,284	47,601	55,885
Interest	99,602	256,239	645,521	184,569	200,025	59,421	1,445,377
Miscellaneous	36,848	-	-	-	-	-	36,848
Total Revenues	<u>16,328,809</u>	<u>2,749,238</u>	<u>1,299,665</u>	<u>184,569</u>	<u>635,057</u>	<u>196,244</u>	<u>21,393,582</u>
Expenditures							
Current:							
General government	1,811,723	-	-	-	-	-	1,811,723
Public safety	7,015,901	-	-	-	-	-	7,015,901
Highways and public improvements	1,965,122	-	-	-	532,125	-	2,497,247
Community development	809,064	1,044,983	93,451	-	-	37,679	1,985,177
Parks, recreation, and public property	1,236,985	-	-	-	-	-	1,236,985
Debt service:							
Principal	-	285,000	967,000	-	-	101,000	1,353,000
Interest	-	87,300	427,280	-	-	18,418	532,998
Capital outlay:							
General government	-	-	-	49,450	-	-	49,450
Highways and public improvements	-	-	-	-	1,889,103	-	1,889,103
Parks, recreation, and public property	-	-	-	-	-	240,455	240,455
Total Expenditures	<u>12,838,795</u>	<u>1,417,283</u>	<u>1,487,731</u>	<u>49,450</u>	<u>2,421,228</u>	<u>397,552</u>	<u>18,612,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,490,014</u>	<u>1,331,955</u>	<u>(188,066)</u>	<u>135,119</u>	<u>(1,786,171)</u>	<u>(201,308)</u>	<u>2,781,543</u>
Other Financing Sources (Uses)							
Transfer in	124,650	-	700,000	1,243,698	2,080,877	589,369	4,738,594
Transfer out	(3,320,477)	(314,023)	(300,000)	-	-	(804,094)	(4,738,594)
Proceeds from borrowing	-	-	16,692,000	-	-	-	16,692,000
Sale of capital assets	-	-	-	-	-	-	-
Contributions	39,983	-	-	-	-	-	39,983
Total Other Financing Sources (Uses)	<u>(3,155,844)</u>	<u>(314,023)</u>	<u>17,092,000</u>	<u>1,243,698</u>	<u>2,080,877</u>	<u>(214,725)</u>	<u>16,731,983</u>
Net Change in Fund Balances	<u>334,170</u>	<u>1,017,932</u>	<u>16,903,934</u>	<u>1,378,817</u>	<u>294,706</u>	<u>(416,033)</u>	<u>19,513,526</u>
Fund Balance, Beginning	<u>4,427,568</u>	<u>4,770,493</u>	<u>524,787</u>	<u>7,096,098</u>	<u>5,707,483</u>	<u>2,449,789</u>	<u>24,976,218</u>
Fund Balance, Ending	<u>\$ 4,761,738</u>	<u>\$ 5,788,425</u>	<u>\$ 17,428,721</u>	<u>\$ 8,474,915</u>	<u>\$ 6,002,189</u>	<u>\$ 2,033,756</u>	<u>\$ 44,489,744</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, 2023

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

Net change in fund balances - total governmental funds	\$	19,513,526
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 (1,831,665)
Less internal service fund depreciation expense included in net revenue below		391,583
		(1,440,082)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.		
		2,275,772
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.		
		1,423,454
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.		
		231,329
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.		
		(257,910)
The Statement of Activities includes the net pension benefit (expense) from the adoption of GASB 68, which is not included in the fund statements.		
		325,619
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.		
		(16,692,000)
Change in net position of governmental activities	\$	5,379,709

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, 2023

	Business-type Activities					Governmental	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Assets							
Current Assets							
Cash and cash equivalents	\$ 2,255,472	\$ 935,274	\$ 947,988	\$ 459,438	\$ 293,578	\$ 4,891,750	\$ 867,326
Receivables:							
Accounts receivable, net	427,626	64,681	109,515	163,459	13,562	778,843	-
Due from other funds	-	-	-	-	-	-	-
Inventories	326,450	29,844	-	-	101,386	457,680	-
Prepaid expenses	431,604	-	-	-	-	431,604	-
Total Current Assets	3,441,152	1,029,799	1,057,503	622,897	408,526	6,559,877	867,326
Noncurrent Assets							
Restricted cash and cash equivalents	1,099,282	117,017	250,974	-	739,901	2,207,174	-
Net pension asset	-	-	-	-	-	-	-
Capital assets:							
Land	197,538	-	-	-	2,353,475	2,551,013	-
Water rights	163,937	2,700,115	-	-	-	2,864,052	-
Buildings	294,908	-	-	-	4,423,796	4,718,704	-
Golf course	-	-	-	-	4,782,526	4,782,526	-
Water distribution system	28,676,069	3,098,284	-	-	-	31,774,353	-
Storm water system	-	-	8,996,788	-	-	8,996,788	-
Machinery, equipment, and vehicles	1,293,640	116,774	278,645	79,724	1,583,229	3,352,012	4,891,430
Construction-in-progress	2,173,889	-	46,129	-	-	2,220,018	-
Less accumulated depreciation	(13,163,671)	(1,363,028)	(2,297,747)	(78,253)	(4,026,141)	(20,928,840)	(3,488,579)
Total Noncurrent Assets	20,735,592	4,669,162	7,274,789	1,471	9,856,786	42,537,800	1,402,851
Total Assets	24,176,744	5,698,961	8,332,292	624,368	10,265,312	49,097,677	2,270,177
Deferred outflows of resources							
Deferred outflows of resources relating to pensions	157,281	31,810	60,171	20,310	165,285	434,857	55,680
Total Assets and Deferred Outflows of Resources	\$ 24,334,025	\$ 5,730,771	\$ 8,392,463	\$ 644,678	\$ 10,430,597	\$ 49,532,534	\$ 2,325,857

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 (Continued)
For The Year Ended June 30, 2023

	Business-type Activities					Total	Governmental
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Enterprise	Internal Service Fund - Fleet
Assets							
Current Assets							
Cash and cash equivalents	\$ 2,255,472	\$ 935,274	\$ 947,988	\$ 459,438	\$ 293,578	\$ 4,891,750	\$ 867,326
Receivables:							
Accounts receivable, net	427,626	64,681	109,515	163,459	13,562	778,843	-
Due from other funds	-	-	-	-	-	-	-
Inventories	326,450	29,844	-	-	101,386	457,680	-
Prepaid expenses	431,604	-	-	-	-	431,604	-
Total Current Assets	3,441,152	1,029,799	1,057,503	622,897	408,526	6,559,877	867,326
Noncurrent Assets							
Restricted cash and cash equivalents	1,099,282	117,017	250,974	-	739,901	2,207,174	-
Net pension asset	-	-	-	-	-	-	-
Capital assets:							
Land	197,538	-	-	-	2,353,475	2,551,013	-
Water rights	163,937	2,700,115	-	-	-	2,864,052	-
Buildings	294,908	-	-	-	4,423,796	4,718,704	-
Golf course	-	-	-	-	4,782,526	4,782,526	-
Water distribution system	28,676,069	3,098,284	-	-	-	31,774,353	-
Storm water system	-	-	8,996,788	-	-	8,996,788	-
Machinery, equipment, and vehicles	1,293,640	116,774	278,645	79,724	1,583,229	3,352,012	4,891,430
Construction-in-progress	2,173,889	-	46,129	-	-	2,220,018	-
Less accumulated depreciation	(13,163,671)	(1,363,028)	(2,297,747)	(78,253)	(4,026,141)	(20,928,840)	(3,488,579)
Total Noncurrent Assets	20,735,592	4,669,162	7,274,789	1,471	9,856,786	42,537,800	1,402,851
Total Assets	24,176,744	5,698,961	8,332,292	624,368	10,265,312	49,097,677	2,270,177
Deferred outflows of resources							
Deferred outflows of resources relating to pensions	157,281	31,810	60,171	20,310	165,285	434,857	55,680
Total Assets and Deferred Outflows of Resources	\$ 24,334,025	\$ 5,730,771	\$ 8,392,463	\$ 644,678	\$ 10,430,597	\$ 49,532,534	\$ 2,325,857

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
For The Year Ended June 30, 2023

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Operating Revenues							
Charges for services:							
Metered water sales	\$ 3,680,246	\$ 322,138	\$ -	\$ -	\$ -	\$ 4,002,384	\$ -
User fees	-	-	970,139	1,547,856	-	2,517,995	872,835
Connection and servicing fees	13,723	-	-	-	-	13,723	-
Admissions and lesson fees	-	-	-	-	1,132,873	1,132,873	-
Equipment and facility rents	-	-	-	-	745,152	745,152	-
Concession and merchandise sales	-	-	-	-	487,691	487,691	-
Miscellaneous	6,535	2,150	-	-	-	8,685	500
Total Operating Revenues	3,700,504	324,288	970,139	1,547,856	2,365,716	8,908,503	873,335
Operating Expenses							
Salaries and benefits	1,042,690	187,138	356,889	81,176	1,108,364	2,776,257	264,078
Office expense and supplies	408,722	11,662	79,300	46,471	63,605	609,760	-
Equipment - supplies and maintenance	791,961	21,140	197,626	83,039	242,166	1,335,932	55,722
Buildings and grounds - supplies and maintenance	58,605	-	-	-	37,908	96,513	-
Special department supplies	177,090	-	-	28,333	-	205,423	-
Power purchases	352,875	-	-	-	25,993	378,868	-
Water purchases	752,632	176,640	-	-	144,426	1,073,698	-
Professional services	188,776	2,992	27,469	4,007	96,361	319,605	-
Contracted services	-	-	-	1,251,645	-	1,251,645	-
Merchandise	-	-	-	-	358,158	358,158	-
Depreciation	971,265	103,276	247,648	3,965	224,441	1,550,595	391,583
Miscellaneous	50,178	24,500	3,233	-	79,503	157,414	-
Total Operating Expenses	4,794,794	527,348	912,165	1,498,636	2,380,925	10,113,868	711,383
Operating Income (Loss)	\$ (1,094,290)	\$ (203,060)	\$ 57,974	\$ 49,220	\$ (15,209)	\$ (1,205,365)	\$ 161,952

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, 2023

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Nonoperating Income (Expense)							
Interest income	\$ 95,335	\$ 23,847	\$ 26,895	\$ 10,298	\$ -	\$ 156,375	\$ 18,426
Interest expense	(30,460)	-	(4,730)	-	(70,998)	(106,188)	(1,062)
Gain (loss) from sale of capital assets	9,880	-	-	-	(142,363)	(132,483)	52,013
Total Nonoperating Income (Expense)	74,755	23,847	22,165	10,298	(213,361)	(82,296)	69,377
Income (loss) before contributions and transfers	(1,019,535)	(179,213)	80,139	59,518	(228,570)	(1,287,661)	231,329
Capital Contributions	-	-	-	-	-	-	-
Build America Bond Interest Subsidy and Other Grants	-	-	-	-	-	-	-
Impact Fees	50,350	-	13,927	-	-	64,277	-
Change in Net Position	(969,185)	(179,213)	94,066	59,518	(228,570)	(1,223,384)	231,329
Net Position, Beginning	22,869,905	5,849,185	7,847,557	369,565	2,389,146	39,325,358	1,990,444
Net Position, Ending	\$ 21,900,720	\$ 5,669,972	\$ 7,941,623	\$ 429,083	\$ 2,160,576	\$ 38,101,974	\$ 2,221,773

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, 2023

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
Cash Flows From Operating Activities							
Receipts from customers and users	\$ 3,723,077	\$ 309,447	\$ 963,097	\$ 1,519,405	\$ 2,353,451	\$ 8,868,476	\$ 873,339
Receipts from customer deposits	(70)	-	-	-	-	(70)	-
Payments to suppliers and service providers	(2,491,587)	(149,276)	(270,910)	(1,316,159)	(1,519,874)	(5,747,806)	(55,358)
Payments to employees and related benefits	(1,066,305)	(192,956)	(373,370)	(90,746)	(1,078,879)	(2,802,255)	(280,878)
Net cash flows from operating activities	165,115	(32,785)	318,817	112,500	(245,302)	318,345	537,103
Cash Flows From Non-Capital Financing Activities							
Due to/from other funds	-	-	-	-	-	-	-
Net cash flows from non-capital financing activities	-	-	-	-	-	-	-
Cash Flows From Capital and Related Financing Activities							
Acquisition and construction of capital assets	(1,752,131)	-	(229,864)	-	(2,389,675)	(4,371,670)	(409,236)
Proceeds from sales of capital assets	9,880	-	-	-	284,000	293,880	52,013
Impact fees and interest subsidies received	50,350	-	13,927	-	-	64,277	-
Proceeds from bonds	-	-	-	-	-	-	-
Principal paid on capital bonds and leases	(181,776)	-	(28,224)	-	(103,136)	(313,136)	(22,636)
Interest paid on capital bonds and leases	(30,460)	-	(4,730)	-	(70,998)	(106,188)	(1,062)
Net cash flows from capital and related financing activities	\$ (1,904,137)	\$ -	\$ (248,891)	\$ -	\$ (2,279,809)	\$ (4,432,837)	\$ (380,921)

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, 2023

	Business-type Activities					Total	Governmental
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Enterprise	Internal Service Fund - Fleet
Cash Flows From Investing Activities							
Interest on investments	\$ 95,335	\$ 23,847	\$ 26,895	\$ 10,298	\$ -	\$ 156,375	\$ 18,426
Net cash flows from investing activities	95,335	23,847	26,895	10,298	-	156,375	18,426
Net Increase (Decrease) In Cash and Cash Equivalents	(1,643,687)	(8,938)	96,821	122,798	(2,525,111)	(3,958,117)	174,608
Cash and Cash Equivalents, Beginning	4,998,441	1,061,229	1,102,141	336,640	3,558,590	11,057,041	692,718
Cash and Cash Equivalents, Ending	\$ 3,354,753	\$ 1,052,291	\$ 1,198,962	\$ 459,438	\$ 1,033,479	\$ 7,098,924	\$ 867,326
Reconciliation of operating income to net cash flows from operating activities							
Earnings (loss) from operations	\$ (1,094,290)	\$ (203,060)	\$ 57,974	\$ 49,220	\$ (15,209)	\$ (1,205,365)	\$ 161,952
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:							
Depreciation	971,265	103,276	247,648	3,965	224,441	1,550,595	391,583
Changes in assets and liabilities							
Accounts receivable, net	22,573	(14,841)	(7,042)	(28,451)	(12,265)	(40,026)	-
Inventories	-	-	-	-	9,135	9,135	-
Prepaid expenses	(98,503)	87,143	303	-	5,740	(5,317)	-
Net pension liability	(43,275)	(17,897)	(18,551)	(9,650)	(3,355)	(92,728)	(14,820)
Accounts payable	388,152	(647)	40,363	97,333	(536,880)	(11,679)	658
Compensated absences	19,660	12,079	2,070	80	32,840	66,729	(1,980)
Accrued liabilities	(397)	1,162	(3,948)	3	50,251	47,071	(290)
Customer deposits	(70)	-	-	-	-	(70)	-
Net cash flows from operating activities	\$ 165,115	\$ (32,785)	\$ 318,817	\$ 112,500	\$ (245,302)	\$ 318,345	\$ 537,103

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.

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

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)

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 are 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.

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 Redevelopment Agency Funds are designated for the collection of tax increment revenues during the life of the City's redevelopment project areas, with expenditures consisting of commitments to development agreements, low-income housing, and parks projects.

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 Debt Service – Rap Tax Fund is a special revenue fund that accounts for RAP Tax revenues and associated debt service on parks projects. Due to issuance of \$16,692,000 in new debt this fiscal year, the Debt Service – Rap Tax Fund is recognized as a major governmental fund on the fiscal year 2023 financial statements.

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 30 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 35% of current year general fund revenues.

By resolution, the City Council may 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 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 30. 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 any 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes (Continued)

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 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 for regular employees, and 340 hours for department heads. Any vacation in excess of these amounts is forfeited. At retirement or termination, all unpaid accrued vacation, up to 240 hours for regular employees and 340 hours for department heads, 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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions (Continued)

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:

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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 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.

Subscription-Based Information Technology Arrangements

As of July 1, 2022 the City of North Salt Lake adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The implementation of this standard enhances the relevance and reliability of the City's financial statements by requiring it to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

As a subscriber, it is the City's policy to recognize the present value of future SBITA subscription payments expected to be made during the SBITA term. Generally, the City recognizes an intangible right-to-use subscription asset and subscription liability for subscription contracts or agreements with a total value of \$25,000 or more for a contract period longer than twelve months. When determining the contract term, the City must consider any options to extend as well as the reasonable expectation that those options will be exercised.

Once identified, the City recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate charged by the SBITA vendor, or by the City's incremental borrowing rate if the interest rate is not readily determinable. The City recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The subscription asset is initially measured as the sum of (1) the initial

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subscription-Based Information Technology Arrangements (Continued)

subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The City recognizes amortization of the subscription asset as an outflow of resources over the subscription term.

Certain characteristics of SBITA contracts or agreements do not meet the scope of a SBITA per the application of this statement, including:

1. Agreements covering a right to use period of twelve months or less;
2. Those that do not meet the \$25,000 capitalization threshold set by the City, either individually or when “like” subscriptions are aggregated (e.g., multiple desktop licenses for the same subscription based program).

The City monitors contracts and agreements and identifies changes in circumstances that would require recognition of a SBITA asset and liability. During the initial implementation, the City did not discover any existing agreements that met the definition of a SBITA as set forth in GASB Statement No. 96. While the City engages in several subscription based contracts, none were found to meet the \$25,000 capitalization threshold. Examples of these agreements include contracts with Adobe, Lexipol, ESRI-ARC GIS, Anatum Geomobile Solutions LLC (ATLAS H10), CivicRec, and Novotox, LLC (Elements).

Pending Accounting Pronouncements

In 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The provision of this standards will be adopted by the City beginning July 1, 2023.

In addition, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by adopting a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The provision of this standards will be adopted by the City beginning July 1, 2024.

NOTE 2 DEPOSIT AND INVESTMENTS

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

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

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

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

NOTE 2 DEPOSIT AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2023, \$736,042 in the City's bank balances are uninsured.

Investments

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

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

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

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

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act

(Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

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

NOTE 2 DEPOSIT AND INVESTMENTS (Continued)

Fair Value of Investments

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

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

At June 30, 2023, the City had the following recurring fair value measurements.

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
Utah Public Treasurer's Investment Fund	\$ 51,672,847	\$ -	\$ 51,672,847	\$ -
Total debt securities	\$ 51,672,847	\$ -	\$ 51,672,847	\$ -

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

- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2023 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, 2023, 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	\$ 51,672,847	\$ 51,672,847	-	-	-
	\$ 51,672,847	\$ 51,672,847	-	-	-

Credit Risk

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

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

NOTE 2 DEPOSIT AND INVESTMENTS (Continued)

At June 30, 2023, the City's investments had the following quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
PTIF Investments	\$ 51,672,847	-	-	-	\$ 51,672,847
	\$ 51,672,847	-	-	-	\$ 51,672,847

Concentration of Credit Risk

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

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

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

The following are the City's cash on hand, on deposit, and investments as of June 30, 2023:

Cash on hand and on deposit:	
Cash on deposit	\$ 725,881
Petty cash	3,100
PTIF investment	51,672,847
Total cash and investments	<u>\$ 52,401,828</u>

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

Cash	\$ 24,048,852
Restricted Cash	28,352,977
Total cash and investments	<u>\$ 52,401,828</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	\$ 58,298	\$ 58,298	\$ 58,298
Sales Tax Bonds Debt Service Reserves	129,797	129,797	129,797
LBA Debt Service Reserves	78,341	78,341	78,341
Impact Fees	4,494,054	4,494,054	4,494,054
Construction projects	21,955,753	6,008,753	21,955,753
Redevelopment low income housing	661,645	661,645	661,645
Unspent B&C Road Money	975,088	975,088	975,088
	<u>\$ 28,352,976</u>	<u>\$ 12,405,976</u>	<u>\$ 28,352,976</u>

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

NOTE 4 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts receivable at June 30, 2023 for all funds is \$10,000.

NOTE 5 CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023, is as follows:

	Balance June 30, 2022	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2023
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 25,812,145	\$ -	\$ -	\$ -	\$ 25,812,145
Construction in progress	3,317,643	1,198,331	-	(579,097)	3,936,876
Total capital assets, not being depreciated	<u>29,129,788</u>	<u>1,198,331</u>	<u>-</u>	<u>(579,097)</u>	<u>29,749,021</u>
Capital assets, being depreciated					
Infrastructure	30,547,135	722,813	-	579,097	31,849,046
Buildings	7,993,111	49,450	-	-	8,042,561
Improvements other than buildings	8,703,434	240,455	-	-	8,943,889
Machinery, equipment, and vehicles	6,297,858	473,961	-	-	6,771,819
Total capital assets, being depreciated	<u>53,541,538</u>	<u>1,486,679</u>	<u>-</u>	<u>579,097</u>	<u>55,607,315</u>
Less accumulated depreciation for					
Infrastructure	(7,351,560)	(887,348)	-	-	(8,238,908)
Buildings	(3,367,175)	(271,412)	-	-	(3,638,587)
Improvements other than buildings	(2,514,994)	(236,681)	-	-	(2,751,675)
Machinery, equipment, and vehicles	(4,577,793)	(436,224)	-	-	(5,014,017)
Total accumulated depreciation	<u>(17,817,174)</u>	<u>(1,831,664)</u>	<u>-</u>	<u>-</u>	<u>(19,643,187)</u>
Total capital assets, being depreciated, net	<u>35,730,015</u>	<u>(344,985)</u>	<u>-</u>	<u>579,097</u>	<u>35,964,128</u>
Governmental activities capital assets, net	<u>\$ 64,859,803</u>	<u>\$ 853,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,713,149</u>

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

Governmental activities	
General government	\$ 257,488
Community development	3,562
Public safety	143,491
Highways and public improvements	1,124,083
Parks, recreation, and public property	303,040
Total depreciation expense - governmental activities	<u>\$ 1,831,664</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, 2023:

	Balance June 30, 2022	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2023
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	2,894,933	1,622,553	-	(2,297,468)	2,220,018
Total capital assets, not being depreciated	8,309,998	1,622,553	-	(2,297,468)	7,635,083
Capital assets, being depreciated					
Buildings	1,509,101	1,880,914	(497,527)	1,826,215	4,718,704
Golf course	4,810,424	-	(27,898)	-	4,782,526
Water distribution system	31,280,123	121,797	-	372,433	31,774,353
Storm water system	8,774,447	123,521	-	98,820	8,996,788
Machinery, equipment, and vehicles	3,302,410	622,885	(573,284)	-	3,352,011
Total capital assets, being depreciated	49,676,505	2,749,118	(1,098,709)	2,297,468	53,624,382
Less accumulated depreciation for					
Buildings	(795,665)	(24,407)	208,247	-	(611,825)
Golf course	(2,625,910)	(97,908)	13,411	-	(2,710,406)
Water distribution system	(12,268,082)	(995,686)	-	-	(13,263,767)
Storm water system	(1,904,851)	(222,648)	-	-	(2,127,499)
Machinery, equipment, and vehicles	(2,456,084)	(209,947)	450,688	-	(2,215,342)
Total accumulated depreciation	(20,050,592)	(1,550,595)	672,347	-	(20,928,840)
Total capital assets, being depreciated, net	29,625,914	1,198,523	(426,362)	2,297,468	32,695,543
Business-type activities capital assets, net	\$ 37,935,912	\$ 2,821,076	\$ (426,362)	\$ -	\$ 40,330,626

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

Business-type Activities	
Water	\$ 971,265
Secondary Water	103,276
Storm Water	247,648
Solid Waste	3,965
Golf Course	224,441
Total depreciation expense - business-type activities	\$ 1,550,595

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

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

NOTE 6 DEFERRED INFLOW OF RESOURCES (Continued)

within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30.

Since the property tax to be levied on October 1, 2023 is not expected to be received within 60 days after the year ended June 30, 2023, 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, 2023. This amount is estimated to be \$2,967,471.

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 comply 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, 2023:

	Long-term debt payable at June 30, 2022	Additions	Reductions	Long-term debt payable at June 30, 2023	Due within One Year
Governmental activities					
Series 2022 Sales Tax Revenue Bond	\$ -	\$ 16,692,000	\$ 745,000	\$ 15,947,000	\$ 408,000
Series 2021 Sales Tax Revenue Bond	2,910,000	-	285,000	2,625,000	295,000
Plus unamortized premium	352,271	-	70,454	281,817	35,227
Series 2019 Sales Tax Refunding	1,895,000	-	222,000	1,673,000	225,000
Series 2016 Lease Revenue Bond	544,000	-	101,000	443,000	105,000
2016 Public Works Lease	45,837	-	22,633	23,204	23,204
Compensated Absences	518,222	570,044	314,115	774,152	410,296
	<u>\$ 6,265,330</u>	<u>\$ 17,262,044</u>	<u>\$ 1,760,202</u>	<u>\$ 21,767,173</u>	<u>\$ 1,501,727</u>
Governmental activity long-term liabilities					
Business-type activities					
Series 2022 Water Refunding	\$ 1,976,000	\$ -	\$ 210,000	\$ 1,766,000	\$ 209,000
Series 2021 Sales Tax Revenue Bond	4,115,000	-	100,000	4,015,000	-
Plus unamortized premium	94,089	-	3,136	90,953	3,136
Eaglewood Development N/P	657,000	-	-	657,000	-
Compass Development N/P	51,073	-	-	51,073	-
Compensated Absences	197,617	217,379	150,650	264,346	140,106
	<u>\$ 7,090,779</u>	<u>\$ 217,379</u>	<u>\$ 463,786</u>	<u>\$ 6,844,372</u>	<u>\$ 352,242</u>
Business-type activity long-term liabilities					

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, 2023, \$543,059 of interest was charged as a direct expense on the *statement of activities* for Governmental activities and \$106,188 of interest was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2023, 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 received and will be liquidated in the Local Building Authority Fund.

The annual debt service requirements to maturity, including principal and interest, for the Series 2016 Lease Revenue Bonds, as of June 30, 2023, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
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		\$ 443,000	\$ 41,575	\$ 484,575

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 and December 15 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, 2023, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
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		\$ 1,673,000	\$ 124,070	\$ 1,797,070

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, 2023, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
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		\$ 2,625,000	\$ 366,300	\$ 2,991,300
Plus unamortized premium		278,294		
Total		\$ 2,903,294		

Sales Tax Revenue Bonds Series 2022

On December 7, 2022, the City issued \$16,692,000 in Series 2022 Sales Tax Revenue Bonds for the purpose of financing the cost of expansion and improvements to Hatch Park. Principal payments on the bonds are due June 15 of each year and conclude on June 15, 2047. Interest payments are due on June 15 and December 15 of each year beginning June 15, 2023 and ending on June 15, 2047. The bonds were issued through a direct placement with a cost of issuance of \$92,000. The bonds carry an average interest cost of 4.889% and are callable at any time.

The annual debt service requirements to maturity, including principal and interest, for the Series 2022 Sales Tax Revenue Bonds, as of June 30, 2023, are as follows:

Year Ending June 30,	Interest Rate	Principal	Interest	Total
2024	3.20%	408,000	729,058	1,137,058
2025	3.30%	422,000	716,002	1,138,002
2026	3.40%	435,000	702,076	1,137,076
2027	3.50%	450,000	687,286	1,137,286
2028	3.60%	466,000	671,536	1,137,536
2029-2033	3.7% - 4.1%	2,606,000	3,083,042	5,689,042
2034-2038	4.2% - 4.6%	3,185,000	2,502,089	5,687,089
2039-2043	4.7% - 5.1%	3,989,000	1,697,389	5,686,389
2044-2047	5.2% - 5.7%	3,986,000	564,234	4,550,234
		\$ 15,947,000	\$ 11,352,712	\$ 27,299,712

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

NOTE 8 LONG-TERM DEBT (Continued)

2016 Public Works Vehicle Capital Lease

In February 2016, the City entered into an equipment lease purchase in the amount of \$170,420. The lease is secured by capital equipment with a historical cost of \$170,655 and accumulated depreciation of \$156,800 at June 30, 2023. 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, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	2.52%	23,204	585	23,789
Total		<u>\$ 23,204</u>	<u>\$ 585</u>	<u>\$ 23,789</u>

Business-type activities:

Water Revenue Bonds, Series 2010

In December of 2010 the City issued Series 2010 Water Revenue Bonds with a par value of \$4,000,000. The bonds are Build America Bonds (BABS) and are not tax exempt to the holder of the bonds. The bonds have a net interest cost of 5.99% and a true interest cost of 3.88%. However, the City will be reimbursed by the Federal Government equal to 35% of the interest paid. The purpose of the bond issue was 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 1st of each year through 2031 and interest payments are due on March 1st and September 1st 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

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

NOTE 8 LONG-TERM DEBT (Continued)

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, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2.10%	221,000	22,378	243,378
2029	2.30%	225,000	17,737	242,737
2030	2.50%	230,000	12,562	242,562
2031	2.85%	239,000	6,812	245,812
		<u>\$ 1,766,000</u>	<u>\$ 182,432</u>	<u>\$ 1,948,432</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 15th 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 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, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	3.00%	115,000	80,938	195,938
2029-2033	2% - 3%	615,000	352,838	967,838
2034-2038	2.00%	695,000	280,638	975,638
2039-2043	2% - 2.125%	765,000	207,394	972,394
2044-2048	2.25%	850,000	120,938	970,938
2049-2051	2.25%	555,000	25,200	580,200
		<u>4,015,000</u>	<u>\$ 1,423,644</u>	<u>\$ 5,438,644</u>
Plus unamortized premium		<u>87,816</u>		
Total		<u>\$ 4,102,816</u>		

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

NOTE 8 LONG-TERM DEBT (Continued)

Golf Course Note Payable – Eaglewood Development LTD

On December 18, 1992 the City entered into a non-interest bearing note payable agreement with Eaglewood Development LTD where the City borrowed \$657,000. The City shall pay a lender an amount equal to 100% of all cash flow until the lender shall have been paid an amount equal to 5% of the total participation net income which has accrued from the date hereof through the end of the fiscal year for which the payment is being made and which has not been previously paid to the lender. The City's obligation to make payments to the lender shall commence at such time as the City shall have accumulated in the golf enterprise fund an unrestricted net position balance the amount of \$175,000, which amount shall include any interest earned on funds deposited in the enterprise reserve fund. Prior to the accumulation of \$175,000, 100% of the cash flow shall be deposited in the enterprise fund. In any fiscal year the cash flow is not available to permit actual payment to the lender of amount required to be paid pursuant to the above stipulations, then payment of such amount shall be deferred until such time as cash flow shall be available to make payments with zero interest. The annual due date of all payments shall be 90 days after the close of each fiscal year. The 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, 2023 is \$51,073.

NOTE 9 INTERGOVERNMENTAL REVENUE

Intergovernmental revenue for the year ended June 30, 2023 consists of the following:

<u>Revenue Source</u>	<u>Amount</u>	<u>% of Total</u>
Utah Class C Road Allotment	\$ 895,032	27.55%
Intergovernmental -Fuel Tax	631,057	19.42%
Intergovernmental -UDOT	426,748	13.13%
Utah Liquor Law Enforcement Grant	26,225	0.81%
Department of Justice Grant	4,291	0.13%
ARPA State and Local Fiscal Recovery Funds	1,265,965	38.96%
	<u>\$ 3,249,317</u>	<u>100.00%</u>
Governmental Funds	\$ 3,249,317	
Proprietary Funds	-	
	<u>\$ 3,249,317</u>	

Of the \$3,249,317 in total intergovernmental revenues, all were reported in the proprietary funds (compared to \$4,341,010 in governmental funds and \$59,607 in proprietary funds in the prior fiscal year).

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.

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

NOTE 10 RISK MANAGEMENT (Continued)

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:

	Coverage Limits	Deductible
General Liability	5,000,000	-
Auto Bodily Injury	5,000,000	-
Auto Property Damage	5,000,000	-
Underinsured Motorist	100,000	-
Uninsured Motorist	100,000	-
Building	12,515,617	1,000
Building Contents	3,244,350	1,000
Contractors Equipment	1,504,101	1,000
Equipment in the Open	869,190	1,000
Mobile Equipment	45,640	1,000
Sewer/Water Buildings	13,851,000	1,000
Sewer/Water Building Contents	1,955,400	1,000
Position Bond	1,000,000	-

* Deductible is per incidence

NOTE 11 INTERFUND TRANSACTIONS

At June 30, 2023, the City's internal balances due to or from other activities were as follows:

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

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, 2023 are listed on the following page.

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 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.

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

NOTE 11 INTERFUND TRANSACTIONS (Continued)

	Transfer - In	Transfer - Out
Governmental:		
General Fund	\$ 124,650	\$ 3,320,477
Redevelopment Agency	-	314,023
Housing Agency	189,373	-
Building Authority Fund	99,996	-
Debt Service Fund	-	1,000,000
Capital Projects Fund	1,243,698	-
Parks Capital Fund	1,000,000	99,996
Police Facilities Fund	-	4,098
Roadway Devel. Fund	2,080,877	-
	\$ 4,738,593	\$ 4,738,593

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 \$1,722,073 for fire services.

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

NOTE 13 REDEVELOPMENT AGENCY OF THE CITY OF NORTH SALT LAKE

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

- Project Area 1 – Eaglewood Village
 - Increment Collected: \$599,271
 - Development expenditures: \$569,474
 - Administrative fee transferred to General Fund: \$29,964
- Project Area 2 – Redwood Road
 - Increment Collected: \$1,351,226
 - Development expenditures: \$22,643
 - Administrative fee transferred to General Fund: \$67,561
 - Transfer to Housing Fund for low-income housing projects: \$135,123
- Project Area 3 – Highway 89
 - Increment Collected: \$542,502
 - Development Expenditures: \$452,866
 - Administrative fee transferred to General Fund: \$27,125
 - Transfer to Housing Fund for low-income-housing projects: \$54,250

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

NOTE 14 SUBSEQUENT EVENTS

The City has no subsequent events to report.

NOTE 15 PENSION PLAN

General Information about the Pension Plan

Plan Description:

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

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Public Safety Retirement System (Public Safety System) is a cost-sharing, multiple-employer public employee retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.
- The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

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

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

NOTE 15 PENSION PLAN (Continued)

Benefits Provided:

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

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years, any age 25 years, any age* 20 years, age 60* 10 years, age 62* 4 years, age 65*	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years, any age 10 years, age 60 4 years, age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 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*	1.50% per year to June 30, 2020; 2.00% per year July 1, 2020 to present	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, 2023 are as follows:

	Employee Paid	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System			
111 - Local Government Division Tier 2	N/A	16.01	0.18
Noncontributory System			
15 - Local Government Division Tier 1	N/A	17.97	N/A
Public Safety Retirement System			
Contributory			
122 - Other Division A Contributory Tier 2	2.59	25.83	N/A
Noncontributory			
43 Other Dev A with 2.5% COLA	N/A	34.04	N/A
Tier 2 DC Only			
211 - Local Government	N/A	6.19	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, 2023, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 413,538	\$ -
Public Safety System	467,116	-
Tier 2 Public Employees System	227,588	-
Tier 2 Public Safety and Firefighter	166,693	16,714
Tier 2 DC Only System	10,995	-
Tier 2 DC Only Public Safety and Firefighter	5,662	441
Total Contributions	\$ 1,291,591	\$ 17,155

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, 2023, we reported a net pension asset of \$0 and a net pension liability of \$1,668,117.

	Measurement Date: December 31, 2022				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2021	Change (Decrease)
Noncontributory System	\$ -	\$ 450,675	0.2631296%	0.2650405%	(0.0019109)%
Public Safety System	\$ -	\$1,134,163	0.8771052%	0.8241249%	0.0529803%
Tier 2 Public Employees System	\$ -	\$ 66,599	0.0611624%	0.0524632%	0.0086992%
Tier 2 Public Safety and Firefighter System	\$ -	\$ 16,680	0.1999402%	0.1671625%	0.0327777%
Total Net Pension Asset/Liability	\$ -	\$1,668,117			

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 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, 2023, we recognized pension expense of \$ 839,978.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 188,424	\$ 8,173
Changes in assumptions	\$ 136,449	\$ 3,640
Net difference between projected and actual earnings on pension plan investments	\$ 604,309	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 69,744	\$ 5,125
Contributions subsequent to the measurement date	\$ 609,024	\$ -
Total	\$ 1,607,950	\$ 16,938

\$609,024 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, 2022.

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

NOTE 15 PENSION PLAN (Continued)

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ (201,890)
2024	\$ (20,404)
2025	\$ 247,048
2026	\$ 920,481
2027	\$ 6,676
Thereafter	\$ 30,077

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

For the year ended June 30, 2023, we recognized pension expense of \$ 223,078.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 152,862	\$ -
Changes in assumptions	\$ 73,860	\$ 1,800
Net difference between projected and actual earnings on pension plan investments	\$ 297,270	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 6,212	\$ -
Contributions subsequent to the measurement date	\$ 196,293	\$ -
Total	\$ 726,497	\$ 1,800

\$ 196,293 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, 2022.

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 shown as follows:

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ (61,169)
2024	\$ 13,655
2025	\$ 119,402
2026	\$ 456,516
2027	\$ -
Thereafter	\$ -

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

NOTE 15 PENSION PLAN (Continued)

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

For the year ended June 30, 2023, we recognized pension expense of \$ 416,968.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,021	\$ -
Changes in assumptions	\$ 30,419	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 262,882	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 48,736	\$ -
Contributions subsequent to the measurement date	\$ 219,373	\$ -
Total	\$ 566,431	\$ -

\$ 219,373 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, 2022.

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ (145,972)
2024	\$ (45,360)
2025	\$ 109,587
2026	\$ 428,803
2027	\$ -
Thereafter	\$ -

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

For the year ended June 30, 2023, we recognized pension expense of \$ 127,570.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

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

NOTE 15 PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,495	\$ 2,642
Changes in assumptions	\$ 21,621	\$ 169
Net difference between projected and actual earnings on pension plan investments	\$ 26,851	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 11,065	\$ 2,580
Contributions subsequent to the measurement date	\$ 111,573	\$ -
Total	\$ 193,605	\$ 5,391

\$ 111,573 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, 2022.

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ 3,714
2024	\$ 7,944
2025	\$ 12,686
2026	\$ 24,143
2027	\$ 5,682
Thereafter	\$ 22,471

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

For the year ended June 30, 2023, we recognized pension expense of \$ 72,361.

At June 30, 2023, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,046	\$ 5,531
Changes in assumptions	\$ 10,549	\$ 1,671
Net difference between projected and actual earnings on pension plan investments	\$ 17,306	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 3,731	\$ 2,545
Contributions subsequent to the measurement date	\$ 81,786	\$ -
Total	\$ 121,418	\$ 9,747

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

NOTE 15 PENSION PLAN (Continued)

\$ 81,786 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, 2022.

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

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ 1,536
2024	\$ 3,356
2025	\$ 5,372
2026	\$ 11,019
2027	\$ 994
Thereafter	\$ 7,606

Actuarial Assumptions

The total pension liability in the December 31, 2022 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 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, 2022, valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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:

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

NOTE 15 PENSION PLAN (Continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	35.00%	6.58%	2.30%
Debt Securities	20.00%	1.08%	0.22%
Real Assets	18.00%	5.72%	1.03%
Private Equity	12.00%	9.80%	1.18%
Absolute Return	15.00%	2.91%	0.44%
Cash and Cash Equivalents	0.00%	-0.11%	0.00%
Totals	100.00%		5.17%
	<u>Inflation</u>		<u>2.50%</u>
	<u>Expected arithmetic nominal return</u>		<u>7.67%</u>

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

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

System	1% Decrease or 5.85%	Discount Rate of 6.85%	1% Increase or 7.85%
Noncontributory System	\$ 2,840,304	\$ 450,675	\$ (1,545,986)
Public Safety System	\$ 3,652,577	\$ 1,134,163	\$ (913,901)
Tier 2 Public Employees System	\$ 291,003	\$ 66,599	\$ (106,275)
Tier 2 Public Safety and Firefighter	\$ 133,518	\$ 16,680	\$ (76,178)
Total Contributions	\$ 6,917,402	\$ 1,668,117	\$ (2,642,340)

Defined Contribution Savings Plans

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

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

NOTE 15 PENSION PLAN (Continued)

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

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

401(k) Plan	2023	2022	2021
Employer Contributions	\$ 307,283	\$ 276,370	\$ 233,194
Employee Contributions	\$ 106,180	\$ 78,161	\$ 82,787
457 Plan			
Employer Contributions	\$ 15,574	\$ 16,536	\$ 13,532
Employee Contributions	\$ 21,482	\$ 25,347	\$ 28,848
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 51,931	\$ 49,519	\$ 44,157

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL- GENERAL FUND
For The Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
Revenues				
Taxes:				
Property	\$ 3,014,877	\$ 3,014,877	\$ 3,166,400	\$ 151,523
Sales and use	6,390,627	6,390,627	6,706,873	316,246
Franchise	1,958,072	2,216,072	2,344,067	127,995
Licenses and permits	232,000	232,000	243,690	11,690
Intergovernmental revenues	2,625,935	2,625,935	2,822,569	196,634
Charges for services	818,800	818,800	553,939	(264,861)
Fines and forfeitures	350,000	350,000	354,821	4,821
Interest	15,000	79,800	99,602	19,802
Miscellaneous	52,000	52,000	36,848	(15,152)
Total Revenues	15,457,311	15,780,111	16,328,809	548,698
Expenditures				
Current:				
General government:				
Legislative	278,200	278,200	251,402	26,798
Administrative	1,107,678	1,142,678	1,039,038	103,640
Buildings	89,200	149,200	160,532	(11,332)
Judicial	386,500	386,500	360,751	25,749
Total general government	1,861,578	1,956,578	1,811,723	144,855
Public safety:				
Police department	5,347,185	5,466,185	5,293,828	172,357
Fire department	1,738,106	1,738,106	1,722,073	16,033
Total public safety	7,085,291	7,204,291	7,015,901	188,390
Public works:				
Streets department	1,901,100	1,924,100	1,826,601	97,499
Engineering	267,430	150,430	138,521	11,909
Total public works	2,168,530	2,074,530	1,965,122	109,408
Community Development				
Planning and zoning	541,500	561,400	551,460	9,940
Building inspection	272,700	272,700	257,604	15,096
Total community development	814,200	834,100	809,064	25,036
Parks	1,182,500	1,347,000	1,236,985	110,015
Total Expenditures	\$ 13,112,099	\$ 13,416,499	\$ 12,838,795	\$ 577,704

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL- GENERAL FUND
For The Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,345,212	\$ 2,363,612	\$ 3,490,014	\$ 1,126,402
Other Financing Sources (Uses)				
Appropriations from fund balance	619,815	754,415	-	754,415
Transfer in	103,909	103,909	124,650	(20,741)
Transfer out	(3,098,936)	(3,251,936)	(3,320,477)	68,541
Sale of capital assets	5,000	5,000	-	5,000
Contributions	25,000	25,000	39,983	(14,983)
Total Other Financing Sources (Uses)	<u>(2,345,212)</u>	<u>(2,363,612)</u>	<u>(3,155,844)</u>	<u>792,232</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	334,170	<u>\$ 1,918,634</u>
Fund Balance, Beginning			<u>4,427,568</u>	
Fund Balance, Ending			<u>\$ 4,761,738</u>	

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL- REDEVELOPMENT AGENCY FUNDS
For The Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
Revenues				
Taxes	\$ 2,078,178	\$ 2,494,778	\$ 2,492,999	\$ (1,779)
Intergovernmental	-	-	-	-
Interest	2,000	2,000	256,239	254,239
Total Revenues	2,080,178	2,496,778	2,749,238	252,460
Expenditures				
Community	4,562,004	4,798,004	1,417,283	3,380,721
Total Expenditures	4,562,004	4,798,004	1,417,283	3,380,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,481,826)	(2,301,226)	1,331,955	3,633,181
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfer out	(314,294)	(266,579)	(314,023)	(47,444)
Proceeds from Borrowing	-	-	-	-
Total Other Financing Sources (Uses)	(314,294)	(266,579)	(314,023)	(47,444)
Net Change in Fund Balance	\$ (314,294)	\$ (266,579)	1,017,932	\$ (47,444)
Fund Balance, Beginning			4,770,493	
Fund Balance, Ending			\$ 5,788,425	

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL- DEBT SERVICE FUND
For The Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
Revenues				
Sales taxes	\$ 588,737	\$ 588,737	\$ 654,144	\$ 65,407
Interest	1,400	361,400	645,521	284,121
Total Revenues	590,137	950,137	1,299,665	349,528
Expenditures				
Debt service:				
Principal	222,000	967,000	967,000	-
Interest	34,500	427,291	427,280	11
Fees	1,550	92,951	93,451	(500)
Total Expenditures	258,050	1,487,242	1,487,731	(489)
Excess (Deficiency) of Revenues Over (Under) Expenditures	332,087	(537,105)	(188,066)	349,039
Other Financing Sources (Uses)				
Transfer In	-	700,000	700,000	-
Transfer Out	(300,000)	(1,300,000)	(300,000)	1,000,000
Proceeds from Borrowing	-	16,692,000	16,692,000	-
Total Other Financing Sources (Uses)	(300,000)	16,092,000	17,092,000	1,000,000
Net Change in Fund Balance	\$ 32,087	\$ 15,554,895	16,903,934	\$ 1,349,039
Fund Balance, Beginning			524,787	
Fund Balance, Ending			\$ 17,428,721	

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL- CAPITAL PROJECTS FUND
For The Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 30,000	\$ 132,000	\$ 184,569	\$ 52,569
Total Revenues	<u>30,000</u>	<u>132,000</u>	<u>184,569</u>	<u>52,569</u>
Expenditures				
General government	-	124,197	49,450	74,747
Public safety	282,400	282,400	-	282,400
Total Expenditures	<u>282,400</u>	<u>406,597</u>	<u>49,450</u>	<u>357,147</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(252,400)</u>	<u>(274,597)</u>	<u>135,119</u>	<u>409,716</u>
Other Financing Sources (Uses)				
Transfer in	1,350,205	1,350,205	1,243,698	(106,507)
Total Other Financing Sources (Uses)	<u>1,350,205</u>	<u>1,350,205</u>	<u>1,243,698</u>	<u>(106,507)</u>
Net Change in Fund Balance	<u>\$ 1,097,805</u>	<u>\$ 1,075,608</u>	<u>1,378,817</u>	<u>\$ 303,209</u>
Fund Balance, Beginning			<u>7,096,098</u>	
Fund Balance, Ending			<u>\$ 8,474,915</u>	

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL- ROADWAY DEVELOPMENT FUND
For The Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
Revenues				
Impact fees	\$ 461,600	\$ 61,600	\$ 8,284	\$ (53,316)
Intergovernmental revenues	-	2,627,693	426,748	(2,200,945)
Interest	11,500	125,500	200,025	74,525
Total Revenues	473,100	2,814,793	635,057	(2,179,736)
Expenditures				
Highways and public improvements	525,000	9,768,557	2,421,228	7,347,329
Total Expenditures	525,000	9,768,557	2,421,228	7,347,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,900)	(6,953,764)	(1,786,171)	5,167,593
Other Financing Sources (Uses)				
Transfer in	1,859,331	2,012,331	2,080,877	68,546
Total Other Financing Sources (Uses)	1,859,331	2,012,331	2,080,877	68,546
Net Change in Fund Balance	\$ 1,807,431	\$ (4,941,433)	294,706	\$ 5,236,139
Fund Balance, Beginning			5,707,483	
Fund Balance, Ending			\$ 6,002,189	

CITY OF NORTH SALT LAKE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
The Year Ended June 30, 2023

with a measurement date of December 31, 2022

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)	2023	0.2631296%	0.8771052%	0.0611624%	0.1999402%
	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)	2023	\$ 450,675	\$ 1,134,163	\$ 66,599
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		2023	\$ 2,349,398	\$ 1,561,121	\$ 1,331,508
	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, 2023

Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2023	19.18%	72.65%	5.00%	2.71%
	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	2023	97.5%	93.6%	92.3%	96.4%
	2022	108.7%	104.2%	103.8%	102.8%
	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 schedule above discloses an 8-year history and will be built prospectively.

See accompanying notes to required supplementary information.

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

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contributions deficiency (excess)	Covered Employee Payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	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%
	2023	413,538	413,538	-	2,313,719	17.87%
Public Safety System	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%
	2023	467,116	467,116	-	1,554,107	30.06%
Tier 2 Public Employees System*	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%
	2023	227,588	227,588	-	1,422,102	16.00%
Tier 2 Public Safety and Firefighter System*	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%
	2023	166,693	166,693	-	645,349	25.83%

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

Tier 2 Public Employees DC Only System*								
2016	\$	8,869	\$	8,869	\$	-	\$ 138,174	6.42%
2017		8,898		8,898		-	149,806	5.94%
2018		9,128		9,128		-	153,241	5.96%
2019		4,591		4,591		-	85,419	5.37%
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%
2023		10,995		10,995		-	177,625	6.19%
Tier 2 Public Safety and Firefighter DC Only System*								
2021	\$	-	\$	-	\$	-	\$ -	0.00%
2022		-		-		-	-	0.00%
2023		5,662		5,662		-	47,857	11.83%

* 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 8.1b 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:

No changes were made in actuarial assumptions from the prior year's valuation.

SUPPLEMENTARY INFORMATION

CITY OF NORTH SALT LAKE
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	<u>Housing Agency</u>	<u>Local Building Authority</u>	<u>Park Development</u>	<u>Police Facilities</u>	<u>Total Nonmajor Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ -	\$ 111,979	\$ 598,507	\$ -	\$ 710,486
Prepays	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Restricted cash and cash equivalents	661,645	78,341	673,566	150,173	1,563,725
Total Assets	<u>\$ 661,645</u>	<u>\$ 190,320</u>	<u>\$ 1,272,073</u>	<u>\$ 150,173</u>	<u>\$ 2,274,211</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 240,455	\$ -	\$ 240,455
Total Liabilities	<u>-</u>	<u>-</u>	<u>240,455</u>	<u>-</u>	<u>240,455</u>
Fund Balances					
Restricted:					
Impact fees	-	-	15,101	150,173	165,274
Debt service	-	-	-	-	-
Local Building Authority	-	78,341	-	-	78,341
Construction Projects - RAP Tax	-	-	658,465	-	658,465
Housing Restriction	661,645	-	-	-	661,645
Assigned	-	111,979	358,052	-	470,031
Total Fund Balances	<u>661,645</u>	<u>190,320</u>	<u>1,031,618</u>	<u>150,173</u>	<u>2,033,756</u>
Total Liabilities and Fund Balances	<u>\$ 661,645</u>	<u>\$ 190,320</u>	<u>\$ 1,272,073</u>	<u>\$ 150,173</u>	<u>\$ 2,274,211</u>

CITY OF NORTH SALT LAKE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2023

	Housing Agency	Local Building Authority	Park Development	Police Facilities	Total Nonmajor Governmental Funds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Rental income	-	89,222	-	-	89,222
Intergovernmental	-	-	-	-	-
Impact fees	-	-	46,400	1,201	47,601
Miscellaneous	-	-	-	-	-
Interest	11,977	6,465	37,720	3,259	59,421
Total Revenues	11,977	95,687	84,120	4,460	196,244
Expenditures					
Community development	-	37,679	-	-	37,679
Parks, recreation, and public property	-	-	240,455	-	240,455
Debt service:					
Principal	-	101,000	-	-	101,000
Interest	-	18,418	-	-	18,418
Total Expenditures	-	157,097	240,455	-	397,552
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,977	(61,410)	(156,335)	4,460	(201,308)
Other Financing Sources (Uses)					
Transfer in	189,373	99,996	300,000	-	589,369
Transfer out	-	-	(799,996)	(4,098)	(804,094)
Proceeds from Borrowing	-	-	-	-	-
Total Other Financing Sources (Uses)	189,373	99,996	(499,996)	(4,098)	(214,725)
Net Change in Fund Balances	201,350	38,586	(656,331)	362	(416,033)
Fund Balance, Beginning	460,295	151,734	1,687,949	149,811	2,449,789
Fund Balance, Ending	\$ 661,645	\$ 190,320	\$ 1,031,618	\$ 150,173	\$ 2,033,756

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR HOUSING SPECIAL REVENUE
FUND
For The Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest	1,000	1,000	11,977	10,977
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>11,977</u>	<u>10,977</u>
Expenditures				
Community	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,000</u>	<u>1,000</u>	<u>11,977</u>	<u>10,977</u>
Other Financing Sources (Uses)				
Transfer in	162,670	162,670	189,373	26,703
Total Other Financing Sources (Uses)	<u>162,670</u>	<u>162,670</u>	<u>189,373</u>	<u>26,703</u>
Net Change in Fund Balance	<u>\$ 162,670</u>	<u>\$ 162,670</u>	201,350	<u>\$ 26,703</u>
Fund Balance, Beginning			<u>460,295</u>	
Fund Balance, Ending			<u>\$ 661,645</u>	

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR LOCAL BUILDING
AUTHORITY SPECIAL REVENUE FUND
For The Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Rent	\$ 89,760	\$ 89,760	\$ 89,222	\$ (538)
Interest	500	500	6,465	5,965
Total Revenues	<u>90,260</u>	<u>90,260</u>	<u>95,687</u>	<u>5,427</u>
Expenditures				
Community Development	38,500	38,500	37,679	821
Debt service:				
Principal	101,000	101,000	101,000	-
Interest	21,200	21,200	18,418	2,782
Total Expenditures	<u>160,700</u>	<u>160,700</u>	<u>157,097</u>	<u>3,603</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(70,440)</u>	<u>(70,440)</u>	<u>(61,410)</u>	<u>9,030</u>
Other Financing Sources (Uses)				
Transfer in	100,000	100,000	99,996	(4)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>99,996</u>	<u>(4)</u>
Net Change in Fund Balance	<u>\$ 100,000</u>	<u>\$ 100,000</u>	38,586	<u>\$ (4)</u>
Fund Balance, Beginning			<u>151,734</u>	
Fund Balance, Ending			<u>\$ 190,320</u>	

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR PARK DEVELOPMENT
CAPITAL PROJECTS FUND
For The Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 557,000	\$ 87,000	\$ 46,400	\$ (40,600)
Miscellaneous	-	-	-	-
Interest	2,900	2,900	37,720	34,820
Total Revenues	<u>559,900</u>	<u>89,900</u>	<u>84,120</u>	<u>(5,780)</u>
Expenditures				
Current:				
Improvements	250,000	2,613,350	240,455	2,372,895
Total Expenditures	<u>250,000</u>	<u>2,613,350</u>	<u>240,455</u>	<u>2,372,895</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>309,900</u>	<u>(2,523,450)</u>	<u>(156,335)</u>	<u>2,367,115</u>
Other Financing Sources (Uses)				
Transfer in	300,000	1,890,278	300,000	1,590,278
Transfer out	(100,000)	(800,000)	(799,996)	(4)
Sale of capital assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>1,090,278</u>	<u>(499,996)</u>	<u>1,590,274</u>
Net Change in Fund Balance	<u>\$ 509,900</u>	<u>\$ (1,433,172)</u>	<u>(656,331)</u>	<u>\$ 776,841</u>
Fund Balance, Beginning			<u>1,687,949</u>	
Fund Balance, Ending			<u>\$ 1,031,618</u>	

CITY OF NORTH SALT LAKE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – NONMAJOR POLICE FACILITIES CAPITAL
PROJECTS REVENUE FUND
For The Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Impact fees	\$ 110,600	\$ 110,600	\$ 1,201	\$ (109,399)
Interest	1,000	1,000	3,259	2,259
Total Revenues	<u>111,600</u>	<u>111,600</u>	<u>4,460</u>	<u>(107,140)</u>
Other Financing Sources (Uses)				
Transfer out	<u>(110,600)</u>	<u>(110,600)</u>	<u>(4,098)</u>	<u>106,502</u>
Total Other Financing Sources (Uses)	<u>(110,600)</u>	<u>(110,600)</u>	<u>(4,098)</u>	<u>106,502</u>
Net Change in Fund Balance	<u>\$ 1,000</u>	<u>\$ 1,000</u>	362	<u>\$ (638)</u>
Fund Balance, Beginning			<u>149,811</u>	
Fund Balance, Ending			<u>\$ 150,173</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, 2023**

Net Revenues:		
Total Operating Revenues		\$ 4,994,931
Non-Operating Revenues		
	Impact Fees	64,277
	Interest Income	146,077
		5,205,285
Operating Expenses (excluding depreciation)		4,912,118
	Total Expenses (excluding depreciation)	4,912,118
Net Revenues		\$ 293,167
 Fiscal Year 2023 Debt Service Requirements:		
	2021 Bonds	\$ 209,000
		\$ 209,000
Fiscal Year 2023 Net revenues divided by aggregate fiscal year 2024 debt service		140%
Minimum requirement		200%
Excess (Deficiency)*		-60%

* Note that the FY 2023 deficiency is related to decreased revenues due to water usage restrictions placed by external sources. The City does not anticipate this to be an ongoing trend and has proceeded with a 10% increase in rate structure as indicated as part of the capital facilities plan.



**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 City Council of
the City of North Salt Lake
10 E Center St
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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of North Salt Lake, Utah, as of and for the year ended June 30, 2023, 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 November 30, 2023.

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, Utah'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, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of North Salt Lake, Utah'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 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
November 30, 2023



**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, 2023.

State compliance requirements were tested for the year ended June 30, 2023 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Restricted Taxes and Related Revenues
- Fraud Risk Assessment
- Government Fees
- Open and Public Meetings Act

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, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion. Our audit does not provide a legal determination of the City of North Salt Lake's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of North Salt Lake's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of North Salt Lake's compliance based on our audit. 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 GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of North Salt Lake's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of North Salt Lake's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of North Salt Lake's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of North Salt Lake's internal control over compliance. Accordingly, no such opinion is expressed.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Guide. Accordingly, this report is not suitable for any other purpose.

Child Richards CPAs & Advisors

Ogden, Utah
November 30, 2023



**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

Opinion on Each Major Federal Program

We have audited City of North Salt Lake’s compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of North Salt Lake’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of North Salt Lake’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of North Salt Lake’s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of North Salt Lake's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of North Salt Lake's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of North Salt Lake's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of North Salt Lake's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
November 30, 2023

**CITY OF NORTH SALT LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Grantor Pass Through/ Grantor Program Title	Assistance Listing Number	Pass-Through Entity Number	Federal Award Expended	Subrecipient Awards
Major Programs:				
Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>\$ 1,239,605</u>	-
	Total Major Programs		<u>\$ 1,239,605</u>	
Non-Major Programs:				
Department of Transportation Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		\$ 64,420	-
Federal Emergency Management Agency Passed through Utah Division of Emergency Management Disaster Grant - Public Assistance	97.036	DR-4578	<u>26,360</u>	-
	Total Nonmajor Programs		<u>90,780</u>	-
	Total Federal Awards Expended		<u><u>\$ 1,330,385</u></u>	

See Accompanying Notes

CITY OF NORTH SALT LAKE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023.

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, 2023 was \$0.

**CITY OF NORTH SALT LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Noncompliance material of financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
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.	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
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?	No

**CITY OF NORTH SALT LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

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*

None