

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



**GENERAL PURPOSE  
FINANCIAL STATEMENTS**

**For The Fiscal Year Ended June 30<sup>th</sup>, 2015**

**Together with Independent Auditor's Report**

Prepared by:  
North Salt Lake City  
Finance Department

**CITY OF NORTH SALT LAKE  
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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of  
North Salt Lake  
PO Box 540208, UT 84054

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Salt Lake, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise North Salt Lake's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Salt Lake, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of proportionate share of the net pension liability, and schedule of contributions on pages 3–13 and 57–58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Salt Lake's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of revenues, expenditures, and changes in fund balances, schedule of net revenues and aggregate debt service, and the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of revenues, expenditures, and changes in fund balances, schedule of net revenues and aggregate debt service, and the schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of revenues, expenditures, and changes in fund balances, schedule of net revenues and aggregate debt service, and the schedule of expenditures of state 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 October 13, 2015, on our consideration of North Salt Lake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 North Salt Lake's internal control over financial reporting and compliance.

*Wood Richards & Associates, PC*

Ogden, Utah  
October 13, 2015

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended June 30, 2015**

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, 2015. 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, 2015 by \$91,604,094. Of this amount, unrestricted net position of \$2,149,615 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's overall net position increased by \$8,026,879 from the prior year, the increase is net of a decrease to the beginning net position from a prior year adjustment caused by GASB 68 in the amount of \$1,988,048. Business-type activities increased net position by \$3,103,194 while governmental activities had an increase in net position of \$4,923,685.
- As of the close of the current fiscal year, the City of North Salt Lake's governmental funds reported combined ending fund balance of \$7,795,715, an increase of \$379,577 over the prior year. Of the total fund balance, \$2,286,294 is unassigned and available for spending. The remaining \$3,681,565 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 \$1,907,668 or 24.24% of total General Fund expenditures.
- The City of North Salt Lake's long-term debt obligations decreased by the net amount of \$257,468. The net decrease was attributable to payments of \$344,003 in notes payable to developers, and principal payments and bond premium amortizations of \$1,549,183 made on existing debt. A bond refunding of the 2006 Water Revenue bonds was begun with new debt being issued in the amount of \$1,976,000, the bond principal was reduced by payments in the amount of \$26,000. The city also purchased vehicles through a capital lease in the amount of \$305,867, the lease principal due was reduced by payments in the amount of \$131,213. Compensated absences increased in the amount of \$45,232.

**Overview of the Financial Statements**

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

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

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

**CITY OF NORTH SALT LAKE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2015**

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

The City of North Salt Lake adopts a one-year budget for its General Fund, Capital Projects Fund, Park Development Fund, and Road Development Fund. All of which are major funds. A budgetary comparison statement has been provided for each of the aforementioned funds to demonstrate compliance with the fiscal year 2015 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, 2015**

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

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. By far the largest portion of the City's net position \$85,316,291 (93.14%) reflects its investment in capital assets, less any related debt that is still outstanding and which was used to acquire those assets. Capital assets are used to provide services to citizens, and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of North Salt Lake's Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	12,230,775	\$ 12,083,143	\$ 5,530,308	\$ 2,849,173	\$ 17,761,083	\$ 14,932,316
Capital assets	59,672,598	54,229,305	35,078,716	33,088,727	94,751,314	87,318,032
Total assets	71,903,373	66,312,448	40,609,024	35,937,900	112,512,397	102,250,348
Deferred outflows of resources	319,756	-	109,331	-	429,087	-
Total Deferred outflows	319,756	-	109,331	-	429,087	-
Long-term liabilities outstanding	5,187,461	4,112,191	10,734,952	9,666,240	15,922,413	13,778,431
Other liabilities	1,734,903	2,154,683	1,116,011	589,932	2,850,914	2,744,615
Total liabilities	6,922,364	6,266,874	11,850,963	10,256,172	18,773,327	16,523,046
Deferred inflows of resources	2,481,593	2,150,087	82,470	-	2,564,063	2,150,087
Total Deferred inflows	2,481,593	2,150,087	82,470	-	2,564,063	2,150,087
Net Position:						
Net investment in capital assets	59,672,598	50,481,677	25,643,693	23,611,205	85,316,291	74,092,882
Restricted	1,719,748	2,170,815	2,418,440	1,046,177	4,138,188	3,216,992
Unrestricted	1,426,826	5,242,995	722,789	1,024,346	2,149,615	6,267,341
Total Net Position	<u>\$ 62,819,172</u>	<u>\$ 57,895,487</u>	<u>\$ 28,784,922</u>	<u>\$ 25,681,728</u>	<u>\$ 91,604,094</u>	<u>\$ 83,577,215</u>

An additional portion of the net position, \$4,138,188 (4.52%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,149,615 (2.35%), may be used to meet the government's ongoing obligations to citizens and creditors.

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

The City's overall net position increased \$8,026,879 (9.60%) net of prior year adjustment of \$1,988,048 caused by GASB 68. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2015**

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

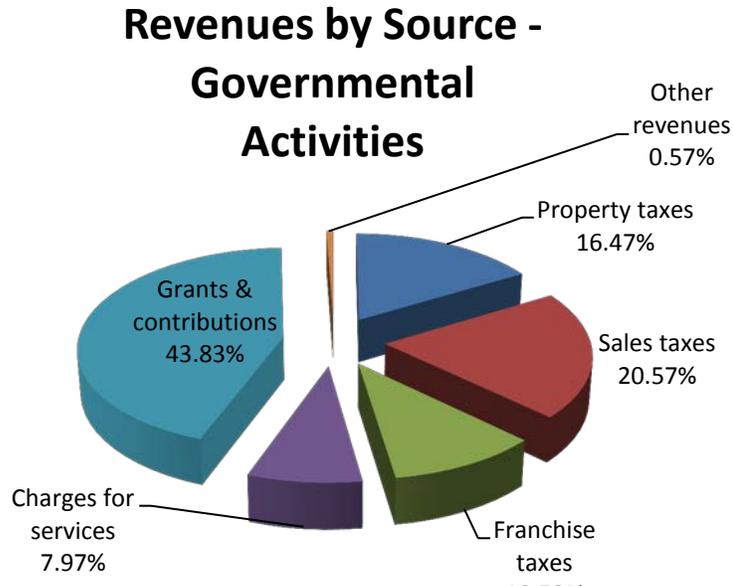
City of North Salt Lake's Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 1,321,266	\$ 1,467,571	\$ 6,613,077	\$ 6,061,491	\$ 7,934,343	\$ 7,529,062
Operating grants and contributions	948,735	698,253	-	-	948,735	698,253
Capital grants and contributions	6,321,453	2,636,856	2,834,805	2,976,508	9,156,258	5,613,364
General revenues:					-	
Property taxes	2,732,742	2,703,722	-	-	2,732,742	2,703,722
Other taxes	5,168,101	4,870,430	-	-	5,168,101	4,870,430
Other	95,185	74,325	(23,493)	61,771	71,692	136,096
<b>Total revenues</b>	<b>16,587,482</b>	<b>12,451,157</b>	<b>9,424,389</b>	<b>9,099,770</b>	<b>26,011,871</b>	<b>21,550,927</b>
Expenses:						
General government	2,085,419	1,944,409	-	-	2,085,419	1,944,409
Public safety	4,375,902	3,860,098	-	-	4,375,902	3,860,098
Highways and public works	1,451,632	1,480,682	-	-	1,451,632	1,480,682
Community development	680,367	544,108	-	-	680,367	544,108
Parks, recreation, and public properties	941,198	1,180,194	-	-	941,198	1,180,194
Interest on long-term debt	173,873	171,065	-	-	173,873	171,065
Water	-	-	3,235,321	3,049,936	3,235,321	3,049,936
Pressurized irrigation	-	-	340,436	359,579	340,436	359,579
Storm water	-	-	454,911	381,122	454,911	381,122
Solid waste	-	-	897,498	899,392	897,498	899,392
Golf course	-	-	1,360,386	1,493,510	1,360,386	1,493,510
<b>Total expenses</b>	<b>9,708,391</b>	<b>9,180,556</b>	<b>6,288,552</b>	<b>6,183,539</b>	<b>15,996,943</b>	<b>15,364,095</b>
Increase in Net Position before transfers	6,879,091	3,270,601	3,135,837	2,916,231	10,014,928	6,186,832
Transfers	(473,912)	(569,000)	473,912	569,000	-	-
<b>Increase (Decrease) in Net Position</b>	<b>6,405,179</b>	<b>2,701,601</b>	<b>3,609,749</b>	<b>3,485,231</b>	<b>10,014,928</b>	<b>6,186,832</b>
Net Position, As Restated	56,413,993	55,193,886	25,175,173	22,387,836	81,589,166	77,581,722
Prior Period Adjustment	-	-	-	(191,339)	-	(191,339)
<b>Net Position - end of year</b>	<b>\$ 62,819,172</b>	<b>\$ 57,895,487</b>	<b>\$ 28,784,922</b>	<b>\$ 25,681,728</b>	<b>\$ 91,604,094</b>	<b>\$ 83,577,215</b>

**Governmental activities.** As indicated by the data in the table above, governmental activities increased the net position of the City's by \$4,923,685 (8.5%) net of a prior year adjustment of \$1,436,365 caused by GASB 68. The increase, before transfers, totaled \$6,879,091. Comparison of total revenues and total expenditures to fiscal year 2014 shows an increase in revenues from governmental activities of \$4,136,325, while total expenses, before transfers and prior period adjustments, increased by \$527,835.

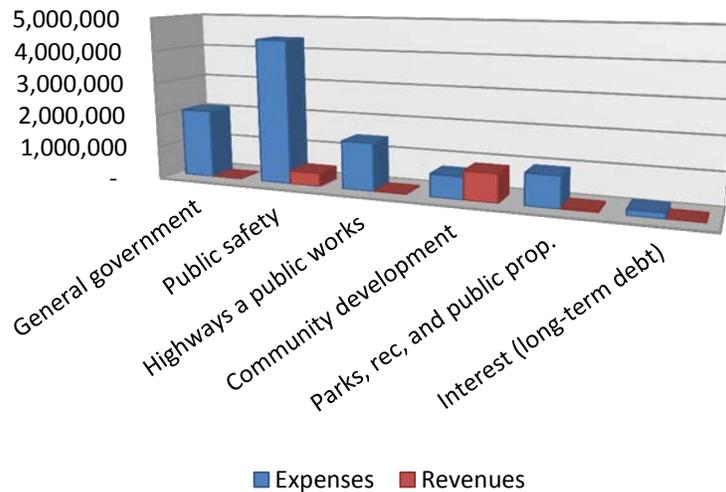
**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2015**

**Governmental Activities (Continued)**

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



### Expenses and Charge for Service Revenues - Governmental Activities

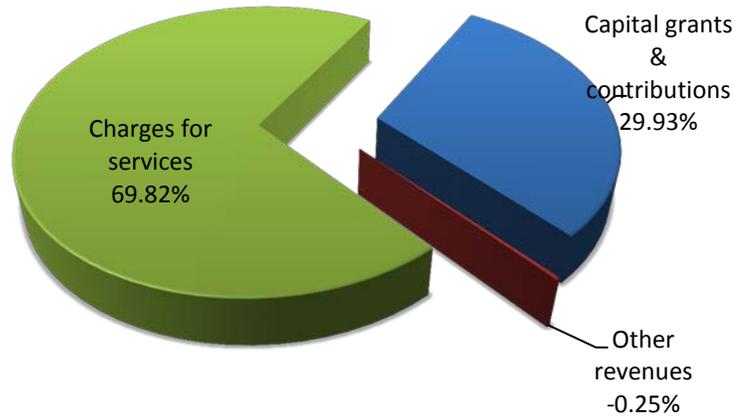


**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2015**

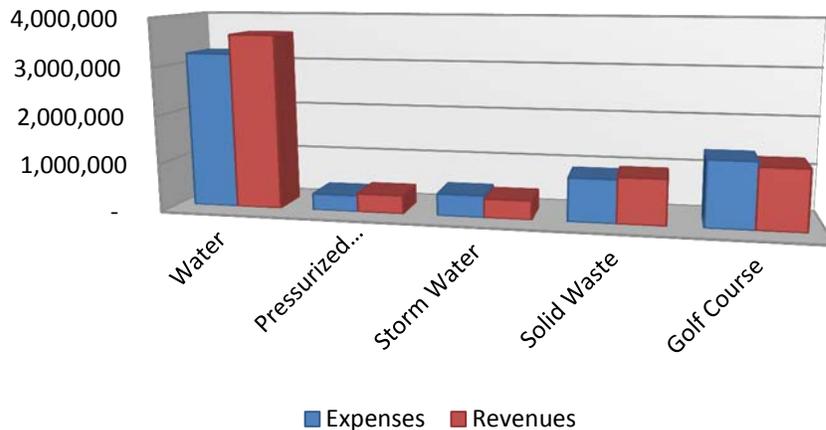
**Business-type activities.** Business-type activities increased the City's net position by \$3,103,194 (12.08%) net of a prior year adjustment of \$551,683 caused by GASB 68. As indicated by the data in the table on page 6, the increase in the City's net position provided this year by business-type activities was \$219,606 more than last year's increase. In comparison to the previous fiscal year 2014, revenues from all business-type activities increased by \$324,619 while expenses from all business-type activities increased by \$105,013.

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, 2015**

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

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

At June 30, 2015, the City's governmental funds reported combined ending fund balance of \$7,795,715, an increase of \$379,578 from the prior fiscal year. \$2,286,294 (29.33%) is available for spending at the government's discretion. The remaining \$5,509,421 of fund balance is not available for new spending because it is non-spendable in form (prepaid expenses); legally restricted by parties outside the financial reporting entity for 1) impact fees (\$1,319,117), 2) debt service (\$28,555), and 3) road construction projects (\$372,076); or 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 \$1,907,668. As a measure of the General Fund's liquidity, it may be useful to compare this amount to total fund expenditures of \$7,869,832 (24.24%). The fund balance of the City's General Fund increased \$372,090 during the current fiscal year. This represents a 18.87% change in fund balance.

This change in fund balance is \$40,629 less than the prior year. Total revenues in the general fund decreased by \$7,906 while expenditures increased by \$32,723. This increase consisted of: 1) a 3.29% increase in revenues of \$296,820 and a 0.46% decrease in expenditures of \$35,816, 2) an increase in the sale of fixed assets by \$5,616, and 3) the General Fund had a net transfer out of \$1,084,554 in the current year while last year it had a net transfer out of \$1,084,649.

The changes in revenue can be principally attributed to: 1), sales taxes increased \$318,062, 2) court revenue increased \$24,616, and 3) class B and C road revenues increased \$33,192. The revenue increases were offset by revenue decreases, 1) property tax decreased \$103,811, 2) building permit fees and plan check fees decreased \$124,667 and \$66,936, respectively, 3) federal grants and (intergovernmental revenues) decreased \$65,445, and 4) franchise taxes decreased \$20,392.

The principal changes in general fund expenditures related to: 1) a \$16,797 decrease in public works ), 2) a \$65,495 decrease in general government, 3) a \$25,599 decrease in community development. These decreases in expenditures were offset by expenditure increases in public safety and parks in the amount of \$54,548 and \$32,273, respectively.

Capital Projects Fund - This fund has a total fund balance of \$3,390,398, 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, 2015, the fund balance in the Capital Projects Fund decreased by \$281,816 compared to last year's decrease of \$445,003. The decrease in the City's Capital Projects Fund balance is a result of transfers to the road development fund amount of \$336,000. The expenditures were offset by transfers-in from the General Fund and Police Facilities Capital Project fund in the amount of \$260,000 and \$140,000, respectively.

Park Development Fund - This fund has a total fund balance of \$563,235. The increase in fund balance during the current fiscal year was \$1,030,970, compared to last year's decrease of \$750,876. The net change in fund balance consisted of: 1) intergovernmental revenue from federal and state reimbursement grants in the amount of \$120,782 and \$300,000, respectively to purchase property and construction, 2) impact fee revenue and related interest in the amount of \$732,951, 3) transfers-in from the general fund and the debt service fund in the amount of \$25,000 and \$260,000, respectively, and developer contributions in the amount of \$81,993. The revenue increases were offset by expenditures for; 1) park projects in the amount of \$214,586) and 2) debt payments in the amount of \$275,170.

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2015**

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

Road Development Fund – This fund has a total fund balance of \$1,311,293, of which \$1,174,644 is restricted for impact fee related road projects, and \$136,649 assigned to road development projects. The net decrease in fund balance during the current fiscal year was \$719,063 compared to last year's increase of \$990,531. The net change in fund balance consisted of impact fee revenue in the amount of \$748,826, transfers in of \$661,642, offset by expenditures in the amount of \$4,520,673.

**Proprietary funds.** At June 30, 2015, the City's proprietary funds reported combined ending net position of \$28,784,922, an increase of \$3,103,197 over the prior year. The unrestricted portion of proprietary fund net position has a balance of \$722,789. The remaining \$28,062,133 of net position is not available for new spending because it is invested in capital assets (\$25,643,693) or legally restricted by parties outside the financial reporting entity for 1) debt service (\$2,216,728) and 2) impact fees (\$201,712).

Water Fund – This fund ended fiscal year 2015 with a total net position of \$14,818,018; a net position increase of \$2,070,302, compared to a prior year increase of \$2,089,103. Revenue in the water fund experienced a net increase of \$64,481. Primary factors in the increase were as follows: 1) capital contributions increased \$509,355, 2) charges for services revenue increased the amount of \$326,524; this increase is primarily attributable to restructuring and increased utility rates. The increase is offset by 1) a decrease of \$760,200 in impact fee revenues and 2) a \$146,752 increase in operating expenses related to source of water purchase, power purchases, salaries and benefits, and depreciation

Pressurized Irrigation Fund - This fund has a total net position of \$5,781,476. The current year increase in the Pressurized Irrigation Fund's net position is primarily attributable to: 1) an increase from the prior year in charges for services and developer contributions in the amount of \$69,530 and \$358,468, respectively. The increases are offset by a decrease in impact fee revenues in the amount of \$371,699.

Storm Water, Solid Waste, & Golf Funds - This fund has total net positions of, \$175,109. The total net position did not have significant change from prior year and the fund had a positive current year operating income of \$52,206.

Storm Water - This fund has a total net position \$5,459,077. During the year ended June 30, 2015, the Storm Water Fund's net position increased \$643,066, compared to prior year increase of \$624,431. The increase is attributable to developer capital contributions in the amount of \$416,331 and impact fee revenues in the amount of \$321,963. The Storm Water experienced a net operating loss in the amount of \$44,797 attributable to an increase in contracted services.

Golf Funds - This fund has a total net position \$2,551,242. The net position of the fund increased in the amount of \$345,928, compared to an increase in the prior year of \$347,257. The Golf Fund experienced a net operating loss in the amount of \$62,943 compared to the operating loss in the prior year of \$166,638. The decrease in the loss is primarily attributable to a decrease in operating expenditures.

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2015**

**General Fund Budgetary Highlights**

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

- General tax revenues were increased in a net amount \$205,000 ; reflecting expected and increase in growth in sales tax of \$240,000 and a slight decrease in franchise tax of \$35,000.
- Intergovernmental revenues were revised downward \$138,900 to reflect a change in expected grant revenue.
- Public safety expenditures were revised upwards net \$8,769; an increase of \$17,769 for police equipment and personnel cost with a decrease of \$9,000 for contracted fire protection services.
- Public works streets and building department expenditures were revised upwards \$110,305 for street striping, fleet repairs, maintenance and capital replacement, and general repair and maintenance.
- Community development expenditures were revised downwards net \$20,000; with a decrease in Planning and Zoning for contracted inspection services and an increase in buildings for \$5,000.
- Parks expenditures were revised upwards from the original budget by \$46,800 for fleet capital replacement, water usage, and the 3<sup>rd</sup> of July celebration.
- Overall the general fund expenditures increased by \$132,599, from original to final budget.
- Transfers out increased \$473,115. Transfers-out increased to: 1) the Road Development fund in the amount of \$180,000, 2) to the Golf fund in the amount of \$38,115, 3) to the Park Capital Fund in the amount of \$25,000, offset by a decrease of \$30,000 in transfers-out to the Debt Service Fund.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities at June 30, 2015, amounts to \$94,751,314 (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. A total increase in the City's investment in capital assets for the current fiscal year was \$7,433,280 (a total 8.51% increase equaling increases of \$5,443,293 for governmental activities and \$1,989,989 for business-type activities).

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

<b>City of North Salt Lake's Capital Assets (Net of depreciation)</b>						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 23,647,789	\$ 23,578,120	\$ 2,551,013	\$ 2,551,013	\$ 26,198,802	\$ 26,129,133
Water rights	-	-	2,864,052	2,864,052	2,864,052	2,864,052
Construction in progress	52,711	729,471	142,327	1,244,704	195,038	1,974,175
Buildings	6,223,975	6,371,625	928,138	960,883	7,152,113	7,332,508
Improvements	6,893,785	6,416,432	-	-	6,893,785	6,416,432
Golf course	-	-	2,876,379	2,975,217	2,876,379	2,975,217
Water distribution system	-	-	18,804,944	16,702,971	18,804,944	16,702,971
Storm water system	-	-	5,687,880	4,696,020	5,687,880	4,696,020
Machinery, equipment, and vehicles	1,593,026	1,741,129	1,223,983	1,093,867	2,817,009	2,834,996
Infrastructure	21,261,312	15,392,528	-	-	21,261,312	15,392,528
<b>Total</b>	<b>\$ 59,672,598</b>	<b>\$ 54,229,305</b>	<b>\$ 35,078,716</b>	<b>\$ 33,088,727</b>	<b>\$ 94,751,314</b>	<b>\$ 87,318,032</b>

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2015**

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

<b>City of North Salt Lake's Schedule of Capital Asset Changes From Prior Year</b>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Land purchase for Canoe Takeout Park	\$ 69,669	\$ -	\$ 69,669
WIFI Building improvements	90,412	-	90,412
Remodel to City Hall	67,130	-	67,130
Interview Room recording equipment	6,196	-	6,196
Color copier	14,362	-	14,362
City hall camera system	27,146	-	27,146
Playground equipment	40,316	-	40,316
Springhill land betterment	19,193	-	19,193
City hall park	11,048	-	11,048
1100 North widening project	3,740,733	-	3,740,733
Reconstruction of Lofty and Hidden Lanes	131,976	-	131,976
Elk Hollow Reconstruction	166,648	-	166,648
Current year expenses to Woodside park in CIP	31,099	-	31,099
Current year expenses to Center Street widening	10,991	-	10,991
Current year expenses to Woodbriar project	6,467	-	6,467
Fleet vehicles	129,389	-	129,389
Developer contributions of roads, sidewalks, curb and gutter	2,187,570	-	2,187,570
Developer contributions of water lines	-	842,915	842,915
Water machinery and equipment	-	62,499	62,499
Waterline under I-15 at 2600 S	-	339,955	339,955
1100 N Waterline	-	619,612	619,612
Developer contributions of secondary water lines	-	445,060	445,060
Foxboro Booster Pump	-	142,327	142,327
Developer contributions of storm water lines	-	416,331	416,331
2016 International Truck Sweeper	-	202,537	202,537
Deer Hollow Detention Basin	-	53,461	53,461
Golf course machinery and equipment	-	156,330	156,330
Less current year deletions	(230,999)	(412,761)	(643,760)
Less current year depreciation expense (Fleet is in governmental)	(1,296,415)	(1,228,661)	(2,525,076)
Add current year accumulated depreciation deletions	220,360	350,384	570,744
<b>Total</b>	<b><u>\$ 5,443,291</u></b>	<b><u>\$ 1,989,989</u></b>	<b><u>\$ 7,433,280</u></b>

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

**CITY OF NORTH SALT LAKE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2015**

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

**Long-term debt.** At the end of the current fiscal year, the City had \$13,520,018 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	
	2015	2014	2015	2014	2015	2014
Notes payable	\$ -	\$ 75,170	\$ 1,006,508	\$ 1,275,341	\$ 1,006,508	\$ 1,350,511
Sales Tax revenue bonds	3,210,000	3,380,000	-	-	3,210,000	3,380,000
Water revenue bonds	-	-	7,567,676	6,427,690	7,567,676	6,427,690
General obligation bonds	-	-	1,131,339	1,674,508	1,131,339	1,674,508
Capital leases	217,339	292,458	387,156	137,383	604,495	429,841
<b>Total</b>	<b>\$ 3,427,339</b>	<b>\$ 3,747,628</b>	<b>\$ 10,092,679</b>	<b>\$ 9,514,922</b>	<b>\$ 13,520,018</b>	<b>\$ 13,262,550</b>

During the 2015 fiscal year, the City's total debt decreased by \$257,468. The net change is primarily a result of normally scheduled debt service payments, offset by a debt refunding transaction which resulted in debt issuance in the amount of \$1,970,000, offset by funds held in escrow in the amount of \$1,935,668. 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**

- In fiscal year 2015, sales tax revenue increased 10.2 percent over the previous year. Sales tax revenue was budgeted very conservatively with an increase 1 percent above the year end forecast. The most recent sales tax revenue estimates project actual sales tax revenues to be above the original fiscal year 2016 budget.
- The unemployment rate for the State of Utah is currently 3.7 percent, which is a .2 percent decrease from a rate of 3.5 percent a year ago. The local unemployment rate is likely to remain near the current level experienced by the State of Utah.
- The City will present a utility rate analysis to Council during fiscal year 2016, along with recommendations for any necessary rate adjustments. The City is committed to building long-term financial stability in the enterprise utility funds.
- Growth in residential and commercial construction is expected to continue through the upcoming fiscal year; however growth is expected at a slower rate than the experienced in recent years..
- Interest rates are expected to remain low throughout fiscal year 2016.
- On the expenditure side, increases are expected in health insurance premiums, as well as pension and other employee benefit costs.

**Requests for Information**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 4,510,773	\$ 3,579,808	\$ 8,090,581
Receivables:			
Taxes	2,304,126	-	2,304,126
Accounts net	755,098	651,141	1,406,239
Intergovernmental	965,240	-	965,240
Internal balances	1,846,237	(1,846,237)	-
Inventories	-	161,244	161,244
Prepays	108,108	282,413	390,521
Restricted assets cash and cash equivalents	1,737,755	2,700,763	4,438,518
Net pension asset	3,438	1,176	4,614
Capital assets not being depreciated:			
Land	23,647,789	2,551,013	26,198,802
Water rights	-	2,864,052	2,864,052
Construction in progress	52,711	142,327	195,038
Capital assets, net of accumulated depreciation:			
Buildings	6,223,975	928,138	7,152,113
Improvements other than buildings	6,893,785	-	6,893,785
Golf course	-	2,876,379	2,876,379
Water distribution system	-	18,804,944	18,804,944
Storm water system	-	5,687,880	5,687,880
Machinery, equipment, and vehicles	1,593,026	1,223,983	2,817,009
Infrastructure	21,261,312	-	21,261,312
<b>Total Assets</b>	<b>71,903,373</b>	<b>40,609,024</b>	<b>112,512,397</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources relating to pensions	319,756	109,331	429,087
<b>Total Assets and Deferred outflows of resources</b>	<b>72,223,129</b>	<b>40,718,355</b>	<b>112,941,484</b>
<b>Liabilities</b>			
Accounts payable	482,987	169,042	652,029
Accrued liabilities	171,637	188,240	359,877
Developer and customer deposits	1,062,272	336,368	1,398,640
Deposits	18,007	422,361	440,368
Noncurrent liabilities:			
Due within one year	457,924	1,315,697	1,773,621
Due in more than one year	3,356,925	8,949,929	12,306,854
Net pension liability	1,372,612	469,326	1,841,938
<b>Total Liabilities</b>	<b>6,922,364</b>	<b>11,850,963</b>	<b>18,773,327</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources relating to pensions	241,195	82,470	323,665
Unearned revenues - property taxes	2,240,398	-	2,240,398
<b>Total Deferred Inflows of Resources</b>	<b>2,481,593</b>	<b>82,470</b>	<b>2,564,063</b>
<b>Net Position</b>			
Net investment in capital assets	59,672,598	25,643,693	85,316,291
Restricted for:			
Impact fees	1,319,117	201,712	1,520,829
Debt Service	28,555	2,216,728	2,245,283
Road Construction	372,076	-	372,076
Unrestricted	1,426,826	722,789	2,149,615
<b>Total Net Position</b>	<b>62,819,172</b>	<b>28,784,922</b>	<b>91,604,094</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 72,223,129</b>	<b>\$ 40,718,355</b>	<b>\$ 112,941,484</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2015**

	<u>Program Revenues</u>				<u>Net (Expense) Revenue 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>		
<b>Functions/Programs</b>									
<b>Government Activities</b>									
General governmental	\$ 2,085,419	\$ -	\$ -	\$ 12,275	\$ (2,073,144)	\$ -	\$ (2,073,144)		
Public safety	4,375,902	402,972	17,513	53,595	(3,901,822)	-	(3,901,822)		
Highways and public improvements	1,451,632	19,146	494,780	5,314,622	4,376,916	-	4,376,916		
Community development	680,367	852,630	-	129,552	301,815	-	301,815		
Parks, recreation, and public property	941,198	46,518	436,442	811,409	353,171	-	353,171		
Interest on long-term debt	173,873	-	-	-	(173,873)	-	(173,873)		
<b>Total Governmental Activities</b>	<u>9,708,391</u>	<u>1,321,266</u>	<u>948,735</u>	<u>6,321,453</u>	<u>(1,116,937)</u>	<u>-</u>	<u>(1,116,937)</u>		
<b>Business-type Activities</b>									
Water	3,235,321	3,632,721	-	1,642,054	-	2,039,454	2,039,454		
Pressurized irrigation	340,436	384,600	-	454,457	-	498,621	498,621		
Storm water	454,911	393,886	-	738,294	-	677,269	677,269		
Solid waste	897,498	947,422	-	-	-	49,924	49,924		
Golf course	1,360,386	1,254,448	-	-	-	(105,938)	(105,938)		
<b>Total Business-type Activities</b>	<u>6,288,552</u>	<u>6,613,077</u>	<u>-</u>	<u>2,834,805</u>	<u>-</u>	<u>3,159,330</u>	<u>3,159,330</u>		
<b>Total Government</b>	<u>\$ 15,996,943</u>	<u>\$ 7,934,343</u>	<u>\$ 948,735</u>	<u>\$ 9,156,258</u>	<u>(1,116,937)</u>	<u>3,159,330</u>	<u>2,042,393</u>		
<b>General Revenues</b>									
					2,732,742	-	2,732,742		
					3,412,277	-	3,412,277		
					1,755,824	-	1,755,824		
					24,123	21,968	46,091		
					32,663	16,915	49,578		
					38,399	(62,376)	(23,977)		
					(473,912)	473,912	-		
					<b>Total General Revenues</b>	7,522,116	450,419	7,972,535	
						6,405,179	3,609,749	10,014,928	
						<b>Net Position, As Restated</b>	56,413,993	25,175,173	81,589,166
						<b>Net Position, Ending</b>	<u>\$ 62,819,172</u>	<u>\$ 28,784,922</u>	<u>\$ 91,604,094</u>

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

**CITY OF NORTH SALT LAKE**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2015**

	General	Capital Projects	Park Development	Road Development	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 2,246,036	\$ 1,297,163	\$ 412,743	\$ -	\$ 90,790	\$ 4,046,732
Receivables:						
Taxes	2,240,398	-	-	-	63,728	2,304,126
Accounts - net	2,058	-	65,000	688,040	-	755,098
Intergovernmental	965,240	-	-	-	-	965,240
Prepays	64,473	-	-	43,635	-	108,108
Due from other funds	-	2,111,781	-	-	-	2,111,781
Restricted cash and cash equivalents	372,076	-	106,088	1,174,644	84,947	1,737,755
<b>Total Assets</b>	<b>\$ 5,890,281</b>	<b>\$ 3,408,944</b>	<b>\$ 583,831</b>	<b>\$ 1,906,319</b>	<b>\$ 239,465</b>	<b>\$ 12,028,840</b>
<b>Liabilities</b>						
Accounts payable	\$ 76,595	\$ 18,546	\$ 2,589	\$ 382,376	\$ -	\$ 480,106
Accrued liabilities	166,799	-	-	-	-	166,799
Due to other funds	-	-	-	212,650	52,893	265,543
Developer deposits	1,062,272	-	-	-	-	1,062,272
Deposits	-	-	18,007	-	-	18,007
<b>Total Liabilities</b>	<b>1,305,666</b>	<b>18,546</b>	<b>20,596</b>	<b>595,026</b>	<b>52,893</b>	<b>1,992,727</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues - property taxes	2,240,398	-	-	-	-	2,240,398
<b>Total Deferred Inflows of Resources</b>	<b>2,240,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,240,398</b>
<b>Fund Balances</b>						
Nonspendable:						
Prepays	64,473	-	-	43,635	-	108,108
Restricted:						
Impact fees	-	-	88,081	1,174,644	56,392	1,319,117
Debt service	-	-	-	-	28,555	28,555
Road Construction	372,076	-	-	-	-	372,076
Assigned:						
Capital projects	-	3,390,398	-	-	-	3,390,398
Road development	-	-	-	93,014	-	93,014
Police facilities	-	-	-	-	-	-
Debt service	-	-	-	-	154,518	154,518
Unassigned	1,907,668	-	475,154	-	(52,893)	2,329,929
<b>Total Fund Balances</b>	<b>2,344,217</b>	<b>3,390,398</b>	<b>563,235</b>	<b>1,311,293</b>	<b>186,572</b>	<b>7,795,715</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,890,281</b>	<b>\$ 3,408,944</b>	<b>\$ 583,831</b>	<b>\$ 1,906,319</b>	<b>\$ 239,465</b>	<b>\$ 12,028,840</b>

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

**CITY OF NORTH SALT LAKE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF NET POSITION**  
**June 30, 2015**

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

<b>Total fund balance - governmental funds</b>	\$ 7,795,715
Net pension assets used in governmental activities are not financial resources and, therefore are not reported in the funds	3,334
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	310,015
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	58,392,243
Long-term liabilities are not due and payable in the current period and therefore are not recorded in the funds.	(4,926,253)
Deferred inflows of resources, a use of net position that applies to future periods, is not shown in the fund statements	(233,848)
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 fund are included in governmental activities in the statement of net position.	1,477,966
<b>Total net position - governmental activities</b>	<u><u>\$ 62,819,172</u></u>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<u>General</u>	<u>Capital Projects</u>	<u>Park Development</u>	<u>Road Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 7,430,954	\$ -	\$ -	\$ -	\$ 469,888	\$ 7,900,842
Licenses and permits	233,972	-	-	-	-	233,972
Intergovernmental	524,568	-	420,782	2,378,227	53,595	3,377,172
Charges for services	700,511	-	-	-	-	700,511
Fines and forfeitures	383,033	-	-	-	-	383,033
Impact fees	-	-	729,416	748,826	129,552	1,607,794
Interest	3,795	5,236	3,535	9,165	671	22,402
Miscellaneous	32,663	-	-	3,750	-	36,413
<b>Total Revenues</b>	<u>9,309,496</u>	<u>5,236</u>	<u>1,153,733</u>	<u>3,139,968</u>	<u>653,706</u>	<u>14,262,139</u>
<b>Expenditures</b>						
Current:						
General government	1,484,853	-	-	-	32,525	1,517,378
Public safety	3,950,948	-	-	-	-	3,950,948
Highways and public improvements	1,128,551	-	-	4,520,673	-	5,649,224
Community development	612,881	-	-	-	106,096	718,977
Parks, recreation, and public property	692,599	-	-	-	-	692,599
Debt service:						
Principal	-	-	245,170	-	-	245,170
Interest	-	-	30,000	-	137,688	167,688
Capital outlay:						
General government	-	351,052	-	-	-	351,052
Parks, recreation, and public property	-	-	214,586	-	-	214,586
<b>Total Expenditures</b>	<u>7,869,832</u>	<u>351,052</u>	<u>489,756</u>	<u>4,520,673</u>	<u>276,309</u>	<u>13,507,622</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,439,664</u>	<u>(345,816)</u>	<u>663,977</u>	<u>(1,380,705)</u>	<u>377,397</u>	<u>754,517</u>
<b>Other Financing Sources (Uses)</b>						
Transfer in	-	400,000	285,000	661,642	-	1,346,642
Transfer out	(1,084,554)	(336,000)	-	-	(400,000)	(1,820,554)
Contributions	15,660	-	81,993	-	-	97,653
Sale of capital assets	1,320	-	-	-	-	1,320
<b>Total Other Financing Sources (Uses)</b>	<u>(1,067,574)</u>	<u>64,000</u>	<u>366,993</u>	<u>661,642</u>	<u>(400,000)</u>	<u>(374,939)</u>
<b>Net Change in Fund Balances</b>	372,090	(281,816)	1,030,970	(719,063)	(22,603)	379,578
<b>Fund Balance, Beginning</b>	<u>1,972,127</u>	<u>3,672,214</u>	<u>(467,735)</u>	<u>2,030,356</u>	<u>209,175</u>	<u>7,416,137</u>
<b>Fund Balance, Ending</b>	<u>\$ 2,344,217</u>	<u>\$ 3,390,398</u>	<u>\$ 563,235</u>	<u>\$ 1,311,293</u>	<u>\$ 186,572</u>	<u>\$ 7,795,715</u>

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

**CITY OF NORTH SALT LAKE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2015**

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

<b>Net change in fund balances - total governmental funds</b>	\$ 379,578
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(1,057,132)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the statement of net position.	4,433,388
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	245,170
Governmental funds report costs of long-term debt issuance as expenditures. However, these expenditures are reported as deferred charges in the statement on net position.	
Internal service funds are used by management to charge the cost of fleet management to individual funds. The transfers from governmental funds to the internal service fund are included in governmental activities in the statement of net position.	52,428
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.	(20,889)
Certain revenue is deferred in the governmental funds but is not in the statement of net position because it qualifies for recognition under the economic resources measurement focus	185,066
Accrued liabilities	
Capital assets contributed by developers constitute revenues on the government-wide	2,187,570
<b>Change in net position of governmental activities</b>	<u><u>\$ 6,405,179</u></u>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – GENERAL FUND**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Property	\$ 2,424,060	\$ 2,424,060	\$ 2,262,853	\$ (161,207)
Sales and use	3,083,530	3,323,530	3,412,277	88,747
Franchise	1,810,049	1,775,049	1,755,824	(19,225)
Licenses and permits	225,230	225,230	233,972	8,742
Intergovernmental revenues	658,000	519,100	524,568	5,468
Charges for services	753,975	753,975	700,511	(53,464)
Fines and forfeitures	380,000	380,000	383,033	3,033
Interest	15,000	15,000	3,795	(11,205)
Miscellaneous	16,000	16,000	32,663	16,663
<b>Total Revenues</b>	<b>9,365,844</b>	<b>9,431,944</b>	<b>9,309,496</b>	<b>(122,448)</b>
<b>Expenditures</b>				
Current:				
General government:				
Legislative	210,150	210,150	138,922	71,228
Administrative	665,155	663,205	619,876	43,329
Judicial	303,865	270,865	241,674	29,191
Engineering	211,870	211,870	196,305	15,565
Buildings	292,247	313,922	288,076	25,846
Total general government	1,683,287	1,670,012	1,484,853	185,159
Public safety:				
Police department	2,787,957	2,805,726	2,748,500	57,226
Fire department	1,188,007	1,179,007	1,177,305	1,702
Animal control	24,980	24,980	25,143	(163)
Total public safety	4,000,944	4,009,713	3,950,948	58,765
Public works:				
Streets department	987,808	1,084,513	969,457	115,056
Buildings	178,300	191,900	159,094	32,806
Total public works	1,166,108	1,276,413	1,128,551	147,862
Community Development				
Planning and zoning	393,793	368,793	342,126	26,667
Building inspection	279,929	284,929	270,755	14,174
Total community development	673,722	653,722	612,881	40,841
Parks	688,410	735,210	692,599	42,611
<b>Total Expenditures</b>	<b>\$ 8,212,471</b>	<b>\$ 8,345,070</b>	<b>\$ 7,869,832</b>	<b>\$ 475,238</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	\$ 1,153,373	\$ 1,086,874	\$ 1,439,664	\$ 352,790
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	-	-
Transfer out	(995,585)	(1,468,700)	(1,084,554)	384,146
Sale of capital assets	4,000	4,000	1,320	(2,680)
Contributions	15,000	15,000	15,660	660
<b>Total Other Financing Sources (Uses)</b>	<u>(976,585)</u>	<u>(1,449,700)</u>	<u>(1,067,574)</u>	<u>382,126</u>
<b>Net Change in Fund Balance</b>	<u>\$ 176,788</u>	<u>\$ (362,826)</u>	372,090	<u>\$ 734,916</u>
<b>Fund Balance, Beginning</b>			<u>1,972,127</u>	
<b>Fund Balance, Ending</b>			<u>\$ 2,344,217</u>	

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2015**

	Business-type Activities					Total	Governmental
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Enterprise	Internal Service Fund - Fleet
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$ 2,202,494	\$ 329,387	\$ 1,002,188	\$ 43,683	\$ 2,056	\$ 3,579,808	\$ 464,042
Accounts receivable, net	429,143	50,268	48,463	112,806	10,461	651,141	-
Inventories	86,731	-	-	-	74,513	161,244	-
Prepaid expenses	208,221	62,996	484	-	10,712	282,413	-
<b>Total Current Assets</b>	<u>2,926,589</u>	<u>442,651</u>	<u>1,051,135</u>	<u>156,489</u>	<u>97,742</u>	<u>4,674,606</u>	<u>464,042</u>
<b>Noncurrent Assets</b>							
Restricted cash and cash equivalents	2,583,283	56,107	11,116	-	50,257	2,700,763	-
Net pension asset	504	60	98	24	490	1,176	105
Capital assets:							
Land	197,538	-	-	-	2,353,475	2,551,013	-
Water rights	163,937	2,700,115	-	-	-	2,864,052	-
Buildings	294,908	-	-	-	1,198,068	1,492,976	-
Golf course	-	-	-	-	4,810,424	4,810,424	-
Water distribution system	22,131,356	2,883,831	-	-	-	25,015,187	-
Storm water system	-	-	6,331,673	-	-	6,331,673	-
Machinery, equipment, and vehicles	786,620	116,774	228,742	331,855	1,245,006	2,708,997	2,893,255
Construction-in-progress	-	142,327	-	-	-	142,327	-
Less accumulated depreciation	(6,423,524)	(478,725)	(673,668)	(199,767)	(3,062,249)	(10,837,933)	(1,612,901)
<b>Total Noncurrent Assets</b>	<u>19,734,622</u>	<u>5,420,489</u>	<u>5,897,961</u>	<u>132,112</u>	<u>6,595,471</u>	<u>37,780,655</u>	<u>1,280,459</u>
<b>Total Assets</b>	<u>22,661,211</u>	<u>5,863,140</u>	<u>6,949,096</u>	<u>288,601</u>	<u>6,693,213</u>	<u>42,455,261</u>	<u>1,744,501</u>
<b>Deferred outflows of resources</b>							
Deferred outflows of resources relating to pensions	46,856	5,578	9,140	2,188	45,569	109,331	9,740
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 22,708,067</u>	<u>\$ 5,868,718</u>	<u>\$ 6,958,236</u>	<u>\$ 290,789</u>	<u>\$ 6,738,782</u>	<u>\$ 42,564,592</u>	<u>\$ 1,754,241</u>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2015**

	Business-type Activities					Total	Governmental
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Enterprise	Internal Service Fund - Fleet
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Accounts payable	\$ 18,582	\$ 52,538	\$ 32,070	\$ 56,241	\$ 9,611	\$ 169,042	2,876
Compensated absences	30,954	2,611	4,016	1,890	52,539	92,010	1,090
Accrued liabilities	134,167	1,625	10,346	1,553	40,549	188,240	4,838
Due to other funds	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-
Leases payable	-	-	56,995	21,223	63,287	141,505	76,259
Revenue and general obligation bonds payable	501,545	-	22,468	-	558,169	1,082,182	-
Unearned revenue	-	-	422,361	-	-	422,361	-
<b>Total Current Liabilities</b>	<b>685,248</b>	<b>56,774</b>	<b>548,256</b>	<b>80,907</b>	<b>724,155</b>	<b>2,095,340</b>	<b>85,063</b>
<b>Noncurrent Liabilities</b>							
Compensated absences	27,450	2,315	3,561	1,676	46,591	81,593	966
Customer deposits	336,368	-	-	-	-	336,368	-
Due to other funds	-	-	-	-	1,846,237	1,846,237	-
Notes payable	-	-	349,508	-	657,000	1,006,508	-
Leases payable	-	-	112,542	22,052	110,401	244,995	141,081
Net pension liability	201,140	23,945	39,233	9,394	195,614	469,326	41,812
Revenue and general obligation bonds payable	6,604,499	-	439,165	-	573,169	7,616,833	-
<b>Total Noncurrent Liabilities</b>	<b>7,169,457</b>	<b>26,260</b>	<b>944,009</b>	<b>33,122</b>	<b>3,429,012</b>	<b>11,601,860</b>	<b>183,859</b>
<b>Total Liabilities</b>	<b>7,854,705</b>	<b>83,034</b>	<b>1,492,265</b>	<b>114,029</b>	<b>4,153,167</b>	<b>13,697,200</b>	<b>268,922</b>
<b>Deferred inflows of resources</b>							
Deferred inflows of resources relating to pensions	35,344	4,208	6,894	1,651	34,373	82,470	7,347
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>7,890,049</b>	<b>87,242</b>	<b>1,499,159</b>	<b>115,680</b>	<b>4,187,540</b>	<b>13,779,670</b>	<b>276,269</b>
<b>Net Position</b>							
Net investment in capital assets	10,044,791	5,364,322	4,906,069	88,813	5,239,698	25,643,693	1,063,014
Restricted:							
Debt service	2,216,728	-	-	-	-	2,216,728	-
Impact fees	134,489	56,107	11,116	-	-	201,712	-
Unrestricted	2,422,010	361,047	541,892	86,296	(2,688,456)	722,789	414,958
<b>Total Net Position</b>	<b>14,818,018</b>	<b>5,781,476</b>	<b>5,459,077</b>	<b>175,109</b>	<b>2,551,242</b>	<b>28,784,922</b>	<b>1,477,972</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 22,708,067</b>	<b>\$ 5,868,718</b>	<b>\$ 6,958,236</b>	<b>\$ 290,789</b>	<b>\$ 6,738,782</b>	<b>\$ 42,564,592</b>	<b>\$ 1,754,241</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2015**

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
<b>Operating Revenues</b>							
Charges for services:							
Metered water sales	\$ 3,524,373	\$ 384,600	\$ -	\$ -	\$ -	\$ 3,908,973	\$ -
User fees	-	-	393,886	947,422	-	1,341,308	514,168
Connection and servicing fees	108,348	-	-	-	-	108,348	-
Admissions and lesson fees	-	-	-	-	614,164	614,164	-
Equipment and facility rents	-	-	-	-	422,528	422,528	-
Concession and merchandise sales	-	-	-	-	217,756	217,756	-
Miscellaneous	16,915	-	-	-	-	16,915	-
<b>Total Operating Revenues</b>	<b>3,649,636</b>	<b>384,600</b>	<b>393,886</b>	<b>947,422</b>	<b>1,254,448</b>	<b>6,629,992</b>	<b>514,168</b>
<b>Operating Expenses</b>							
Salaries and benefits	656,321	81,159	128,443	32,879	615,658	1,514,460	128,487
Office expense and supplies	39,056	6,393	13,411	16,963	4,234	80,057	-
Equipment - supplies and maintenance	226,160	29,386	70,182	42,314	163,450	531,492	126,578
Buildings and grounds - supplies and maintenance	34,091	-	-	-	29,793	63,884	-
Special department supplies	196,428	-	-	34,651	-	231,079	-
Power purchases	496,649	-	-	-	41,779	538,428	-
Water purchases	462,081	125,384	-	-	52,178	639,643	-
Professional services	111,276	2,308	72,415	2,784	39,466	228,249	-
Contracted services	-	-	-	732,734	-	732,734	-
Merchandise	-	-	-	-	102,385	102,385	-
Depreciation	718,236	92,970	151,350	32,891	233,216	1,228,663	239,283
Miscellaneous	17,926	2,836	2,882	-	35,232	58,876	-
<b>Total Operating Expenses</b>	<b>2,958,224</b>	<b>340,436</b>	<b>438,683</b>	<b>895,216</b>	<b>1,317,391</b>	<b>5,949,950</b>	<b>494,348</b>
<b>Operating Income (Loss)</b>	<b>\$ 691,412</b>	<b>\$ 44,164</b>	<b>\$ (44,797)</b>	<b>\$ 52,206</b>	<b>\$ (62,943)</b>	<b>\$ 680,042</b>	<b>\$ 19,820</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2015**

	Business-type Activities					Total	Governmental
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Enterprise	Internal Service Fund - Fleet
<b>Nonoperating Income (Expense)</b>							
Interest income	\$ 13,933	\$ 1,849	\$ 3,587	\$ 59	\$ 2,540	\$ 21,968	\$ 1,723
Interest expense	(277,097)	-	(16,228)	(2,282)	(42,995)	(338,602)	(6,186)
Gain (loss) from sale of capital assets	-	-	(37,790)	-	(24,586)	(62,376)	37,080
<b>Total Nonoperating Income (Expense)</b>	<u>(263,164)</u>	<u>1,849</u>	<u>(50,431)</u>	<u>(2,223)</u>	<u>(65,041)</u>	<u>(379,010)</u>	<u>32,617</u>
Income (loss) before contributions and transfers	428,248	46,013	(95,228)	49,983	(127,984)	301,032	52,437
<b>Capital Contributions</b>	842,915	445,060	416,331	-	-	1,704,306	-
<b>Build America Bond Interest Subsidy</b>	65,239	-	-	-	-	65,239	-
<b>Impact Fees</b>	733,900	9,397	321,963	-	-	1,065,260	-
<b>Transfers in</b>	-	-	-	-	473,912	473,912	-
<b>Change in Net Position</b>	<u>2,070,302</u>	<u>500,470</u>	<u>643,066</u>	<u>49,983</u>	<u>345,928</u>	<u>3,609,749</u>	<u>52,437</u>
<b>Net Position, Beginning as Restated</b>	<u>12,747,716</u>	<u>5,281,006</u>	<u>4,816,011</u>	<u>125,126</u>	<u>2,205,314</u>	<u>25,175,173</u>	<u>1,425,535</u>
<b>Net Position, Ending</b>	<u>\$ 14,818,018</u>	<u>\$ 5,781,476</u>	<u>\$ 5,459,077</u>	<u>\$ 175,109</u>	<u>\$ 2,551,242</u>	<u>\$ 28,784,922</u>	<u>\$ 1,477,972</u>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Business-type Activities</b>					<b>Governmental Activities</b>	
	<b>Water</b>	<b>Pressurized Irrigation</b>	<b>Storm Water</b>	<b>Solid Waste</b>	<b>Golf</b>	<b>Total Enterprise</b>	<b>Internal Service Fund - Fleet</b>
<b>Cash Flows From Operating Activities</b>							
Receipts from customers and users	\$ 3,446,092	\$ 369,881	\$ 383,202	\$ 924,568	\$ 1,253,460	\$ 6,377,203	\$ 514,169
Receipts from customer deposits	27,922	-	422,361	-	-	450,283	-
Payments to suppliers and service providers	(1,581,419)	(111,486)	(125,198)	(840,522)	(424,128)	(3,082,753)	(111,915)
Payments to employees and related benefits	(695,287)	(89,298)	(141,213)	(33,672)	(659,369)	(1,618,839)	(138,060)
<b>Net cash flows from operating activities</b>	<b>1,197,308</b>	<b>169,097</b>	<b>539,152</b>	<b>50,374</b>	<b>169,963</b>	<b>2,125,894</b>	<b>264,194</b>
<b>Cash Flows From Non-Capital Financing Activities</b>							
Transfers in	-	-	-	-	473,912	473,912	-
<b>Net cash flows from non-capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>473,912</b>	<b>473,912</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities</b>							
Acquisition and construction of capital assets	(1,022,066)	(142,327)	(255,997)	-	(169,497)	(1,589,887)	(129,389)
Proceeds from sales of capital assets	-	-	-	-	-	-	47,718
Impact fees and interest subsidies received	799,139	9,397	321,963	-	-	1,130,499	-
Proceeds from bonds	1,976,000	-	-	-	-	1,976,000	-
Proceeds from leases	-	-	169,537	-	136,329	305,866	-
Principal paid on capital bonds and leases	(814,217)	-	(290,641)	(20,058)	(566,691)	(1,691,607)	(75,118)
Interest paid on capital bonds and leases	(277,097)	-	(16,228)	(2,282)	(42,995)	(338,602)	(6,186)
<b>Net cash flows from capital and related financing activities</b>	<b>\$ 661,759</b>	<b>\$ (132,930)</b>	<b>\$ (71,366)</b>	<b>\$ (22,340)</b>	<b>\$ (642,854)</b>	<b>\$ (207,731)</b>	<b>\$ (162,975)</b>

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

**CITY OF NORTH SALT LAKE**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2015**

	Business-type Activities					Governmental Activities	
	Water	Pressurized Irrigation	Storm Water	Solid Waste	Golf	Total Enterprise	Internal Service Fund - Fleet
<b>Cash Flows From Investing Activities</b>							
Interest on investments	\$ 13,933	\$ 1,849	\$ 3,587	\$ 59	\$ 2,540.00	\$ 21,968	\$ 1,723
<b>Net cash flows from investing activities</b>	<u>13,933</u>	<u>1,849</u>	<u>3,587</u>	<u>59</u>	<u>2,540</u>	<u>21,968</u>	<u>1,723</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	1,873,000	38,016	471,373	28,093	3,561	2,414,043	102,942
<b>Cash and Cash Equivalents, Beginning</b>	<u>2,912,777</u>	<u>347,478</u>	<u>541,931</u>	<u>15,590</u>	<u>48,752</u>	<u>3,866,528</u>	<u>361,100</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 4,785,777</u>	<u>\$ 385,494</u>	<u>\$ 1,013,304</u>	<u>\$ 43,683</u>	<u>\$ 52,313</u>	<u>\$ 6,280,571</u>	<u>\$ 464,042</u>
<b>Reconciliation of operating income to net cash flows from operating activities</b>							
Earnings (loss) from operations	\$ 691,412	\$ 44,164	\$ (44,797)	\$ 52,206	\$ (62,943)	\$ 680,042	\$ 19,820
Adjustments to reconcile earnings (loss) to net cash flows from operating activities:							
Depreciation	718,236	92,970	151,350	32,891	233,214	1,228,661	239,283
Changes in assets and liabilities							
Accounts receivable, net	(203,544)	(14,719)	(10,684)	(22,854)	(986)	(252,787)	-
Inventories	(23,797)	-	-	-	14,956	(8,841)	-
Prepaid expenses	(3,791)	(608)	(224)	-	325	(4,298)	2,028
Net pension liability	(27,972)	(3,330)	(5,436)	(1,306)	(27,203)	(65,247)	(5,815)
Accounts payable	(17,877)	52,437	29,797	(12,212)	6,207	58,352	1,984
Compensated absences	13,129	(1,479)	(1,878)	1,819	10,694	22,285	2,056
Accrued liabilities	23,590	(338)	(1,337)	(170)	(4,301)	17,444	4,838
Customer deposits	27,922	-	422,361	-	-	450,283	-
<b>Net cash flows from operating activities</b>	<u>\$ 1,197,308</u>	<u>\$ 169,097</u>	<u>\$ 539,152</u>	<u>\$ 50,374</u>	<u>\$ 169,963</u>	<u>\$ 2,125,894</u>	<u>\$ 264,194</u>
<b>Schedule of non-cash capital and related financing activities:</b>							
Contributions of capital assets	\$ 842,915	\$ 445,060	\$ 416,331	\$ -	\$ -	\$ 1,704,306	\$ -
Purchase of machinery, equipment, and vehicles on account	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,671

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

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

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

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

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

#### The Reporting Entity

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. In defining the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by the Governmental Accounting Standards board (GASB). Under GASB Statement No. 61, The Financial Reporting Entity, the financial reporting entity consists of the primary government and the following component units:

#### Blended Component Units

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

The City established a Municipal Building Authority pursuant to state code. The Governing Board of the Building Authority 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. During fiscal year 2004, all of the remaining debt related to the Authority was paid off and no other activity has occurred in the Authority since that time.

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.

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

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

Government-Wide and Fund Financial Statements (Continued)

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

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Budgets

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

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

Utah State law prohibits the appropriation of the sum of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated fund balance categories is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Utah State law also prohibits the accumulation of the stated fund balance categories in any amount greater than 25% of the next year's budgeted revenues.

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

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

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

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

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

Estimates and assumptions

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

Taxes

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are assessed and collected by Davis County. Taxes are attached as an enforceable lien as of January 1, are levied as of October 1, and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

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

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

Cash and cash equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

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.

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

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

Capital Assets (Continued)

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

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

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

Interfund transactions

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

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

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

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

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

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

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

Deferred inflows of resources

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

Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a bi-weekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement or termination, all unpaid accrued vacation, up to 240 hours, is paid to the employee. Sick leave is earned at a rate of 8 hours (one day) per month. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave to a maximum of 180 days. Employees with at least 120 hours of accumulate sick leave are allowed to cash in one-third (1/3) of their annual sick leave that exceeds the 120 minimum. Accumulated sick leave paid to employees upon retirement is limited to 20% to 50% of accumulated hours depending upon years of service. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave. The amount of accumulated leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Pensions

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

Equity – Fund Financial Statements

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

Nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

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

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

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, as established by the City Manager. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

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

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

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

Equity – Government-wide & Proprietary Financial Statements

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

1. Invested in capital assets, net of related debt – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

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

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

**NOTE 2 DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Cash includes amounts in demand deposits including the portion of the Utah State Treasurer’s investment pool that is considered as a demand deposit. Investments are stated at cost or amortized cost, which approximates fair value. Each fund’s portion of this pool is displayed on the combined balance sheet as “cash and cash equivalents” which also includes cash accounts that are separately held by several of the City’s funds.

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, “the Act”) and by rules of the Utah Money Management Council (“the Council”). Following are discussions of the City’s exposure to various risks related to its cash management activities.

*Custodial credit risk – deposits* is the risk that in the event of bank failure, the City’s deposits may not be recovered. The City’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. As of June 30, 2015, \$770,549 of the City’s bank balances of \$1,428,979 was uninsured and uncollateralized.

*Custodial credit risk – investments* 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 that are in the possession of an outside party. As of June 30, 2015, the City had all of its investments in the PTIF totaling \$11,323,470, all of which was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Credit risk* is the risk that the counterparty to an investment will not fulfill its obligations. The City policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified

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

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

depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poors; banker acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City is authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the

PTIF are allocated based upon the participants’ average daily balances. As of June 30, 2015, the fair value per share factor for investments in the PTIF was 1.005610.

*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 held in the portfolio. The City’s investment in the Utah Public Treasurers’ Investment Fund has no concentration of credit risk.

*Interest rate risk* is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City’s PTIF investments are less than one year.

Following are the City’s cash on hand, on deposit, and investments at June 30, 2015:

Cash on hand and on deposit:	
Petty Cash	\$ 3,600
Cash on Deposit	1,202,028
PTIF Investment	<u>11,323,470</u>
Total cash and investments	<u><u>\$ 12,529,098</u></u>

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

Cash and cash equivalents	\$ 8,090,581
Restricted cash and cash equivalents	<u>4,438,518</u>
Total cash and investments	<u><u>\$ 12,529,098</u></u>

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

**NOTE 3 RESTRICTED BALANCES**

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

	Restricted Cash	Restricted Net Position	Restricted Fund Balance
Water Bonds Debt Service Reserves	\$ 2,448,794	\$ 2,216,728	\$ -
Golf GO Bonds Debt Service Reserves	50,257	-	-
Sales Tax Bonds Debt Service Reserves	28,555	-	28,555
Impact Fees	1,520,829	201,712	1,319,117
Park Construction	18,007	-	-
Unspent B&C Road Money	372,076	-	372,076
	<u>\$ 4,438,518</u>	<u>\$ 2,418,440</u>	<u>\$ 1,719,748</u>

**NOTE 4 ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The allowance for doubtful accounts receivable at June 30, 2015 for all funds is \$10,000.

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

**NOTE 5 CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2015, is as follows:

	<b>Balance June 30, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>
<b>Governmental activities</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 23,578,120	\$ 69,669	\$ -	\$ 23,647,789
Construction in progress	729,471	48,557	(725,317)	52,711
<b>Total capital assets, not being depreciated</b>	<b>24,307,591</b>	<b>118,226</b>	<b>(725,317)</b>	<b>23,700,500</b>
<b>Capital assets, being depreciated</b>				
Infrastructure	17,381,970	6,318,920	-	23,700,890
Buildings	7,632,076	109,319	-	7,741,395
Improvements other than buildings	7,184,715	672,328	-	7,857,043
Machinery, equipment, and vehicles	4,201,594	256,869	(230,999)	4,227,464
<b>Total capital assets, being depreciated</b>	<b>36,400,355</b>	<b>7,357,436</b>	<b>(230,999)</b>	<b>43,526,792</b>
<b>Less accumulated depreciation for</b>				
Infrastructure	(1,989,443)	(450,135)	-	(2,439,578)
Buildings	(1,260,452)	(256,968)	-	(1,517,420)
Improvements other than buildings	(768,281)	(194,977)	-	(963,258)
Machinery, equipment, and vehicles	(2,460,465)	(394,333)	220,360	(2,634,438)
<b>Total accumulated depreciation</b>	<b>(6,478,641)</b>	<b>(1,296,413)</b>	<b>220,360</b>	<b>(7,554,694)</b>
<b>Total capital assets, being depreciated, net</b>	<b>29,921,714</b>	<b>6,061,023</b>	<b>(10,639)</b>	<b>35,972,098</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 54,229,305</b>	<b>\$ 6,179,249</b>	<b>\$ (735,956)</b>	<b>\$ 59,672,598</b>

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

<b>Governmental activities</b>	
General government	\$ 361,925
Community Development	3,701
Public safety	117,139
Highways and public improvements	573,924
Parks, recreation, and public property	239,724
<b>Total depreciation expense - governmental activities</b>	<b>\$ 1,296,413</b>

**CTY 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, 2015:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Business-type Activities</b>					
<b>Capital assets, not being depreciated</b>					
Land	\$ 2,551,013				\$ 2,551,013
Water rights	2,864,052				2,864,052
Construction in progress	1,244,704	142,327	(1,244,704)		142,327
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total capital assets, not being depreciated</b>	<b>6,659,769</b>	<b>142,327</b>	<b>(1,244,704)</b>	<b>-</b>	<b>5,557,392</b>
<b>Capital assets, being depreciated</b>					
Buildings	1,492,976				1,492,976
Golf course	4,810,424				4,810,424
Water distribution system	22,175,249	2,247,542		592,396	25,015,187
Storm water system	5,209,572	469,792		652,308	6,331,672
Machinery, equipment, and vehicles	2,700,393	421,366	(412,761)	-	2,708,998
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total capital assets, being depreciated</b>	<b>36,388,614</b>	<b>3,138,700</b>	<b>(412,761)</b>	<b>1,244,704</b>	<b>40,359,257</b>
<b>Less accumulated depreciation for</b>					
Buildings	(532,093)	(32,745)			(564,838)
Golf course	(1,835,207)	(98,838)			(1,934,045)
Water distribution system	(5,472,278)	(737,965)			(6,210,243)
Storm water system	(513,552)	(130,240)			(643,792)
Machinery, equipment, and vehicles	(1,605,031)	(228,875)	348,891		(1,485,015)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total accumulated depreciation</b>	<b>(9,958,161)</b>	<b>(1,228,663)</b>	<b>348,891</b>	<b>-</b>	<b>(10,837,933)</b>
<b>Total capital assets, being depreciated, net</b>	<b>26,430,453</b>	<b>1,910,037</b>	<b>(63,870)</b>	<b>1,244,704</b>	<b>29,521,324</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 33,090,222</b>	<b>\$ 2,052,364</b>	<b>\$ (1,308,574)</b>	<b>\$ 1,244,704</b>	<b>\$ 35,078,716</b>

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

<b>Business-type Activities</b>	
Water	\$ 718,236
Secondary Water	92,970
Storm Water	151,350
Solid Waste	32,891
Golf Course	233,216
	<hr/>
<b>Total depreciation expense - business-type activities</b>	<b>\$ 1,228,663</b>

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

**NOTE 6 DEFERRED INFLOW OF RESOURCES**

In conjunction with the implementation of GASB Statement No. 33, “*Accounting and Financial Reporting for Nonexchange Transactions*” the City has accrued a property tax receivable and a deferred inflow of resources for unavailable property tax revenue in the General Fund in the amounts of \$2,150,087.

Property taxes in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1, and then are due and payable at November 30.

Since the property tax to be levied on October 1, 2015 is not expected to be received within 60 days after the year ended June 30, 2015, 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, 2015.

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 12 for information on how those amounts are derived and when they will be charged to expense in the following years.

**NOTE 7 DEVELOPER AND CUSTOMER DEPOSITS**

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

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

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

**NOTE 8 LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2015:

	Long-term debt payable at			Long-term debt payable at		Due within
	June 30, 2014	Additions	Reductions	June 30, 2015	One Year	
<b>Governmental activities</b>						
Series 2010 Sales Tax	\$ 3,380,000	\$ -	\$ 170,000	\$ 3,210,000	\$ 175,000	
2012 Police Vehicle Lease	83,229	-	41,240	41,989	41,989	
2014 Public Works Lease	209,229	-	33,879	175,350	68,934	
Woodside Homes N/P	75,170	-	75,170	-	-	
Compensated Absences	364,563	273,422	250,476	387,509	172,001	
	<u>364,563</u>	<u>273,422</u>	<u>250,476</u>	<u>387,509</u>	<u>172,001</u>	
<b>Governmental activity long-term liabilities</b>	<u>\$ 4,112,191</u>	<u>\$ 273,422</u>	<u>\$ 570,765</u>	<u>\$ 3,814,848</u>	<u>\$ 457,924</u>	
<b>Business-type activities</b>						
Series 2002 Water Revenue	\$ 339,000	\$ -	\$ 339,000	\$ -	\$ -	
Series 2006 Water Revenue	2,465,000	-	305,000	2,160,000	320,000	
Plus unamortized premium	26,980	-	3,854	23,126	3,854	
Series 2010 Water Revenue	3,560,000	-	160,000	3,400,000	165,000	
Plus unamortized premium	36,710	-	2,160	34,550	2,160	
Series 2015 Water Revenue	-	1,976,000	26,000	1,950,000	33,000	
Series 2009 G.O. Bonds	1,635,000	-	530,000	1,105,000	545,000	
Plus unamortized premium	39,508	-	13,169	26,339	13,169	
Eaglewood Development N/P	657,000	-	-	657,000	-	
2012 Golf Equip. Capital Lease	74,050	-	36,036	38,014	38,014	
2015 Golf Equip. Capital Lease	-	136,330	-	136,330	25,928	
Solid Waste Capital Lease	63,333	-	20,058	43,275	21,223	
2015 Storm Equip Capital Lease	-	169,537	-	169,537	56,995	
Compass Development N/P	618,341	-	268,833	349,508	-	
Compensated Absences	151,318	113,489	91,203	173,604	91,354	
	<u>151,318</u>	<u>113,489</u>	<u>91,203</u>	<u>173,604</u>	<u>91,354</u>	
<b>Business-type activity long-term liabilities</b>	<u>\$ 9,666,240</u>	<u>\$ 2,395,356</u>	<u>\$ 1,795,313</u>	<u>\$ 10,266,283</u>	<u>\$ 1,315,697</u>	

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

For the year ended June 30, 2015, \$173,873 of interest was charged as a direct expense on the *statement of activities* for Governmental activities and \$338,602 of interest was charged to expense in the Business-type Activities. No interest was capitalized for the year ended June 30, 2015, in Governmental or Business-type Activities.

**Governmental Activities:**

Sales Tax Revenue Bonds, Series 2010

In May of 2010 the City issued the Sales Tax Revenue Bonds, Series 2010 with a par value of \$4,030,000. The bonds are Build America Bonds (BABS) and are not tax exempt to the holder of the bonds. The bonds have a net interest cost of 5.16% and a true interest cost of 3.38%. However, the City will be reimbursed by the Federal Government equal to 27.7% of the interest paid. The bonds require interest payments in June and December of each year until maturity in 2030. Principal payments are due in June of each year until June 2030. These bonds were issued for the purpose of park construction. The bonds proceeds were received in the Park Improvement Fund and will be liquidated in the Debt Service Fund.

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

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

Sales Tax Revenue Bonds, Series 2010 (Continued):

The annual debt service requirements to maturity, including principal and interest, for the Series 2010 Sales Tax Revenue Bonds, as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.55%	\$ 175,000	\$ 159,918	\$ 334,918
2017	3.80%	180,000	153,705	333,705
2018	4.15%	180,000	146,865	326,865
2019	4.30%	185,000	139,395	324,395
2020	4.50%	190,000	131,440	321,440
2011-2025	4.65-5.15%	1,055,000	516,078	1,571,078
2026-2030	5.15-5.80%	1,245,000	219,720	1,464,720
<b>Total</b>		<b>\$ 3,210,000</b>	<b>\$ 1,467,121</b>	<b>\$ 4,677,121</b>

2012 Police Vehicle Capital Lease

In September 2012 the City entered into an equipment lease purchase for \$164,993. The lease is secured by capital equipment amortized through depreciation expense. Payments are due in June and December of each year until June 2016. The lease has an interest rate of 1.81%. From lease inception through June 30, 2013 this lease was liquidated in the general fund; however, beginning in the fiscal year ending June 30, 2015 this lease along with the associated assets were transferred to the fleet internal service fund where the lease will be liquidated until maturity. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1.81%	\$ 41,989	\$ 571	\$ 42,560
<b>Total</b>		<b>\$ 41,989</b>	<b>\$ 571</b>	<b>\$ 42,560</b>

2014 Public Works Vehicle Capital Lease

In April 2014 the City entered into an equipment lease purchase in the amount of \$279,014. The lease is secured by capital equipment with a historical cost of \$279,014 and accumulated depreciation of \$4,778 at June 30, 2015. Payments are due in April and October of each year until October 2017. The lease has an interest rate of 2.31%. 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, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2.31%	\$ 68,934	\$ 3,654	\$ 72,588
2017	2.31%	70,535	2,053	72,588
2018	2.31%	35,881	414	36,295
<b>Total</b>		<b>\$ 175,350</b>	<b>\$ 6,121</b>	<b>\$ 181,471</b>

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

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

Woodside Homes Note Payable

On November 24, 2008 the City entered into a note payable agreement with Woodside Homes for the purchase of 13 acres of land for the Foxboro North Park. In exchange for the 13 acres, the City committed to a non-interest bearing note of \$1,522,170 that would be repaid with park development impact fees (\$2,200 fee) as the fees are collected in conjunction with issuing building permits from that respective development area. During the fiscal year ending June 30, 2015, the City paid off the outstanding balance of this note payable completing the agreement.

**Business-type activities:**

Water Revenue and Refunding Bonds, Series 2002

In April of 2002 the City issued Series 2002 Water Revenue and Refunding Bonds with a par value of \$1,158,000. Upon issuance of the Series 2002 bonds, \$718,000 was exchanged with the Board of Water Resources to retire the Series 2000B Bonds. The final payment for the Series 2002 Bonds was due December 2015. The City was required to maintain a debt service reserve account. The balance in the reserve account was applied to the final payment as of June 30, 2015 there was no balance remaining in the reserve account.

Water Revenue Bonds, Series 2006

In August of 2006 the City issued Series 2006 Water Revenue Bonds with a par value of \$4,560,000. The interest rate on the Series 2006 bonds varies. Water sales are security for the bond. Interest payments are due on March 1<sup>st</sup> and September 1st of each year. Principal payments are due on March 1st of each year with final payment being due in March 2021.

The Series 2006 Water Revenue Bonds have a rate covenant requirement. This requires the Water Fund to have its rates and fees (including connection fees) to be sufficient to pay the system's operation and maintenance expenses (excluding depreciation) and to provide net revenues of not less than 125% of the annual debt service requirement for the forthcoming year. The City did meet this requirement for the fiscal year ended June 30, 2015 using the water fund, pressurized irrigation fund, and storm water fund revenues and expenses in making the calculations. The calculation is shown in the supplementary information.

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

A Debt Service Reserve Fund is required set at a total amount upon the time of issuance to be \$648,900. Of this amount, \$419,680 has been included in the reserve through a surety bond and is not reported as an asset or a restriction on the *statement of net position*. The City was required to fund the difference with a deposit in a reserved cash account in the amount of \$229,220. At June 30, 2015, the City has \$178,606 in a reserved cash account with an additional \$12,261 in restricted cash to meet the debt covenants.

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

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

Water Revenue Bonds, Series 2006 (Continued)

The annual debt service requirements to maturity, including principal and interest for the Series 2006 Water Revenue Bonds, as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	4.25%	\$ 320,000	\$ 8,000	\$ 328,000
		320,000	<u>8,000</u>	<u>328,000</u>
	Plus unamortized premium	<u>23,126</u>		
	<b>Total</b>	<u>\$ 343,126</u>		

Water Revenue Bonds, Series 2010

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

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

The Series 2010 Water Revenue Bonds have a rate covenant requirement. This requires the Water Fund to have its rates and fees (including connection fees) to be sufficient to pay the system's operation and maintenance expenses (excluding depreciation) and to provide net revenues of not less than 125% of the annual debt service requirement for the forthcoming year. The City did meet this requirement for the fiscal year ended June 30, 2015 using the water fund, pressurized irrigation fund, and storm water fund revenues and expenses in making the calculations. The calculation is shown in the supplementary information.

The City is required to, by the 15th day of each month, transfer and deposit into the Bond Fund, an amount equal to approximately one-sixth of the interest falling due on the next interest payment date,

Water Revenue Bonds, Series 2010 (Continued)

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.

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

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

A Debt Service Reserve Fund is required set at a total amount upon the time of issuance to be \$364,978. One-half of this reserve is satisfied with an insurance policy, the other half is satisfied with a deposit made into a reserve cash account at the time of issuance in the amount of \$182,489. At June 30, 2015, the City has \$125,416 in a reserved cash account with an additional \$96,844 in restricted cash to meet the debt covenants.

The annual debt service requirements to maturity, including principal and interest for the Series 2010 Water Revenue Bonds as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.75%	\$ 165,000	\$ 127,255	\$ 292,255
2017	4.25%	170,000	123,234	293,234
2018	4.50%	175,000	118,537	293,537
2019	4.75%	180,000	113,418	293,418
2020	5.15%	185,000	107,861	292,861
2021 - 2025	5.15-6.00%	1,020,000	437,673	1,457,673
2026 - 2030	6.00-6.50%	1,225,000	221,942	1,446,942
2031	6.75%	280,000	12,285	292,285
		3,400,000	\$ 1,262,205	\$ 4,662,205
Plus unamortized premium		34,550		
<b>Total</b>		\$ 3,434,550		

Water Revenue Bonds, Series 2015

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

The anticipated annual requirement to amortize long-term debt and related interest as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1.00%	\$ 33,000	\$ 35,802	\$ 68,802
2017	1.20%	373,000	35,472	408,472
2018	1.55%	373,000	30,996	403,996
2019	1.95%	380,000	25,215	405,215
2020	2.15%	392,000	17,805	409,805
2021	2.35%	399,000	9,377	408,377
		\$ 1,950,000	\$ 154,666	\$ 2,104,666

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

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

Below is a table illustrating the various water bond reserves of the City and the method of funding those reserves:

	Restricted Cash Reported in	Restricted Cash Offset by Debt	Restriction Funded with Insurance
2006 Water Bond Fund	\$ 112,261	\$ 112,261	\$ -
2006 Water Reserve Fund	178,606	-	419,680
2010 Water Bond Fund	96,844	96,844	-
2010 Water Reserve Fund	125,416	-	182,489
2015 Water Reserve Fund	1,912,707	-	-
2015 Water Reserve Fund	22,960	22,960	-
	<u>\$ 2,448,794</u>	<u>\$ 232,065</u>	<u>\$ 602,169</u>

General Obligation Refunding Bonds, Series 2009

In 2009 the City issued the General Obligation Bonds, Series 2009 with a par value of \$4,525,000 and a face value of \$4,633,647. The bonds require interest payments in June and December of each year until maturity. Principal payments are due in June of each year until June 2017. These bonds were issued for the purpose of refunding in advance of maturity the 2003 Series Bonds. The bonds are reported in the golf course fund. There are no reserve requirements for these bonds.

The annual debt service requirements to maturity, including principal and interest for the Series 2009 General Obligation Refunding Bond as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.50%	\$ 545,000	\$ 38,675	\$ 583,675
2017	3.50%	560,000	19,600	579,600
		1,105,000	<u>\$ 58,275</u>	<u>\$ 1,163,275</u>
	Plus unamortized premium	<u>26,339</u>		
<b>Total</b>		<u>\$ 1,131,339</u>		

Golf Course Note Payable – Eaglewood Development LTD

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

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

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

2012 Golf Course Capital Lease

In September 2012 the City entered into an equipment lease purchase for \$146,796. The lease is secured by capital equipment amortized through depreciation expense. Payments are due in September and March of each year until 2016. The lease has an interest rate of 1.81%. The golf fund is used to liquidate the lease. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	1.81%	\$ 38,014	\$ 339	\$ 38,353
		<u>\$ 38,014</u>	<u>\$ 339</u>	<u>\$ 38,353</u>

2015 Golf Course Capital Lease

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

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2.50%	\$ 25,928	\$ 3,247	\$ 29,175
2017	2.50%	26,580	2,595	29,175
2018	2.50%	27,249	1,926	29,175
2019	2.50%	27,935	1,241	29,176
2020	2.50%	28,638	538	29,176
<b>Total</b>		<u>\$ 136,330</u>	<u>\$ 9,547</u>	<u>\$ 145,877</u>

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, 2015 is \$349,508.

Solid Waste Lease

In January of 2010 the City entered into an equipment lease for \$138,000 for the purchase of sanitation equipment amortized through depreciation expense. The lease is secured by the equipment. Payments are due in January and July of each year until 2017. The lease has an interest rate of 3.87%. The Solid Waste fund is used to liquidate the lease.

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

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	3.87%	\$ 21,223	\$ 1,471	\$ 22,694
2017	3.87%	22,052	642	22,694
<b>Total</b>		<u>\$ 43,275</u>	<u>\$ 2,113</u>	<u>\$ 45,388</u>

Storm Waste Lease

In May of 2015 the City entered into an equipment lease for \$169,537 for the purchase of a Street Sweeper amortized through depreciation expense. The lease is secured by the equipment. Payments are due in January and July of each year until 2017. The lease has an interest rate of 2.14%. The Storm Waste 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, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2.14%	\$ 56,995	\$ 1,088	\$ 58,084
2017	2.14%	55,675	2,408	58,084
2018	2.14%	56,867	1,217	58,084
<b>Total</b>		<u>\$ 169,537</u>	<u>\$ 4,714</u>	<u>\$ 174,251</u>

**NOTE 9 INTERGOVERNMENTAL REVENUE**

Intergovernmental revenue for the year ended June 30, 2015 consists of the following:

<u>Revenue Source</u>	<u>Amount</u>	<u>% of Total</u>
Utah Class C Road allotment	\$ 494,780	14.37%
Utah Liquor Law Enforcement Grant	17,513	0.51%
Court Security Grant	3,600	0.10%
JAG Grant	7,500	0.22%
Bullet Proof Vest Grant	1,175	0.03%
1100 North Street Road Grant	2,378,226	69.09%
State Grant Springhill Landslide	420,782	12.22%
Federal Build America Bond Interest Reimbursement Grant	118,835	3.45%
	<u>\$ 3,442,411</u>	<u>100.00%</u>

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

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

The City believes that possible contingencies (contingencies incurred but not reported) where the loss cannot be reasonably estimated are immaterial to the financial statements of the City. The City had the following outstanding construction commitments at June 30, 2015:

<u>Contractor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid/Accrued to Date</u>
ACME Construction	Park #11 Woodside	93,538	31,099

**NOTE 11 RISK MANAGEMENT**

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

	<u>Coverage Limits</u>	<u>Deductible</u>
General Liability	2,000,000	-
Auto Bodily Injury	2,000,000	-
Auto Property Damage	2,000,000	-
Underinsured Motorist	80,000	-
Uninsured Motorist	80,000	-
Building	10,926,300	1,000 *
Building Contents	2,275,287	1,000 *
Contractors Equipment	1,216,639	1,000 *
Electronic Data Equipment	59,800	1,000 *
Equipment in the Open	23,690	1,000 *
Mobile Equipment	45,640	1,000 *
Sewer/Water Buildings	4,566,600	1,000 *
Sewer/Water Building Contents	1,536,500	1,000 *
Position Bond	900,000	-
Treasurer's Fidelity Bond	750,000	-

\* Deductible is per incidence

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

**NOTE 12 PENSION PLAN**

General Information about the Pension Plan

**Plan Description:**

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

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

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

**NOTE 12 PENSION PLAN (Continued)**

**Benefits Provided:**

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

<b>Summary of Benefits by System</b>				
System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA **
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65*	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% 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*	1.5% per year all years	Up to 2.5%

\* with actuarial reductions

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

**Contributions:**

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

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

**NOTE 12 PENSION PLAN (Continued)**

**Utah Retirement Systems**

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Government Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Government Division Tier 1	N/A	N/A	18.470%
Public Safety Retirement System			
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%
122 - Other Division A Contributory Tier 2	N/A	N/A	22.550%

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

At December 31, 2014, we reported a net pension asset of \$4,614 and a net pension liability of \$1,841,938.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.2382980%	\$ -	\$ 1,034,746
Public Safety System	0.6418601%	\$ -	\$ 807,192
Tier 2 Public Employees System	0.0632276%	\$ 1,916	\$ -
Tier 2 Public Safety and Firefighter System	0.1823782%	\$ 2,698	\$ -
Total Net Pension Asset/Liability		<u>\$ 4,614</u>	<u>\$ 1,841,938</u>

The net pension asset and liability was measure as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$505,070. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

**NOTE 12 PENSION PLAN (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 88	\$ 113,555
Changes in assumptions	-	210,110
Net difference between projected and actual earnings on pension plan investments	42,982	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	386,017	-
Total	\$ 429,087	\$ 323,665

\$386,017 was reported as deferred outflows of resources related to pensions resulting from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. 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
2015	\$ (77,613)
2016	(77,613)
2017	(77,613)
2018	(45,561)
2019	(343)
Thereafter	\$ (1,853)

**Actuarial assumptions:**

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

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

**NOTE 12 PENSION PLAN (Continued)**

**Retired Member Mortality**

Class of Member

**Educators**

Men EDUM (90%)

Women EDUF (100%)

**Public Safety and Firefighters**

Men RP 2000mWC (100%)

Women EDUC (120%)

**Local Government, Public Employees**

Men RP 2000mWC (100%)

Women EDUC (120%)

*EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage*

*EDUC = Constructed mortality table based on actual experience of female educators multiplied by given percentage*

*RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage*

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 – December 31, 2013.

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

Asset Class	Expected Return Arithmetic Basis			Long-term Expected Portfolio Real Rate of Return
	Target Asset Allocation	Real Return Arithmetic Basis		
Equity Securities	40%	7.06%		2.82%
Debt Securities	20%	0.80%		0.16%
Real Assets	13%	5.10%		0.66%
Private Equity	9%	11.30%		1.02%
Absolute Return	18%	3.15%		0.57%
Cash and Cash Equivalents	0%	0.00%		0.00%
Totals	100%			5.23%
		<u>Inflation</u>		2.75%
		<u>Expected arithmetic nominal return</u>		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.50 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.

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

**NOTE 12 PENSION PLAN (Continued)**

**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 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated used a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of Net pension (asset) / liability	\$ 4,545,659	\$ 1,837,324	\$ (393,039)

**Pension Plan Fiduciary Net Position:**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued URS financial report.

**NOTE 13 INTERFUND TRANSACTIONS**

At June 30, 2015, the City’s internal balances due to or from other activities were as follows:

Due to Capital Projects Fund - Payable	Capital Projects - Receivable
Redevelopment	\$ 52,893
Road Capital Projects	212,650
Golf	1,846,237
Total	\$ 2,111,780

The Golf Fund payable represents transferred subsidies made to the Golf Fund from fiscal years 1994 through 2015. The Redevelopment Agency will not begin collection of tax increment from the project areas until Fiscal Year 2016. The City does not expect to be repaid from the Golf Fund or the Redevelopment Agency within one year. The Parks Capital Project fund payable is expected to be repaid within one year. The balances are owed to the Capital Projects Fund as it has the financial resources available to loan the money.

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

**NOTE 13 INTERFUND TRANSACTIONS (Continued)**

In addition to the above, transfers were made which will not be repaid. Interfund transfers for the year ended June 30, 2015 are as follows:

	Transfer - In	Transfer - Out
Governmental:		
General Fund	\$ -	\$ 1,084,554
Debt Service Fund	-	260,000
Capital Projects Fund	400,000	336,000
Police Facilities Fund	-	140,000
Parks Devel fund	285,000	-
Roadway Devel. Fund	661,642	-
Enterprise:		
Golf Fund	473,912	-
	\$ 1,820,554	\$ 1,820,554

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 transfer to the Roadway Development Fund was for the construction of C Road qualifying road projects and seal coating. The Police Facilities Fund transferred its share of the capital cost of the new building to the Capital Projects Fund. The transfer to the Debt Service Fund was to cover the difference between the R.A.P. bond payments and the R.A.P. sales taxes produced by the R.A.P. tax. The Debt Service Fund transferred funds to the Park Development Fund for the construction and rehabilitation of non-growth related Park projects. The transfers from the Capital Projects fund to the Fleet fund were to fund purchase of new vehicles.

**NOTE 14 CONTRACT AGREEMENTS**

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

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

The Solid Waste Management District, Sewer District and Recreation District charge users directly for services received. During the current fiscal year the City paid the Fire Agency \$1,177,305 for fire services.

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

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

**NOTE 15 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 \$111,680 for project area 2 of tax increment monies. The developer was paid \$106,096, 95% of the tax increment monies collected. No funds were paid out to any taxing agency. The RDA has no outstanding bonds or other loans incurred to finance costs associated with its project area.

The RDA expended \$32,525 towards professional and technical costs.

**NOTE 16 PRIOR PERIOD ADJUSTMENTS**

The requirement to apply GASB 68 this fiscal year resulted in an adjustment to prior period net position. This is due to the required disclosure of a Net Pension Liability, Deferred Outflows and Inflows of Resources and, if applicable, a Net Pension Asset. This accounting change did not require an adjustment to the fund financial statements. The net effect on net position is as follows:

	Net Position - Beginning	GASB 68 Adjustments to Prior Year	Net Position - Beginning Restated
Governmental Activities	57,895,487	(1,481,494)	56,413,993
Water	12,964,811	(217,095)	12,747,716
Pressurized Irrigation	5,306,851	(25,845)	5,281,006
Storm Water	4,858,356	(42,345)	4,816,011
Solid Waste	135,265	(10,139)	125,126
Golf	2,416,445	(211,131)	2,205,314
Fleet	1,470,664	(45,129)	1,425,535

**NOTE 17 DEFICIT FUND BALANCES**

The City had one fund with a deficit fund balance at year end. The RDA fund had a deficit fund balance of \$52,893.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF NORTH SALT LAKE, UTAH**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**UTAH RETIREMENT SYSTEMS**  
**DECEMBER 31, 2014**  
Last 10 fiscal years\*

	<b>Noncontribu tory System</b>	<b>Tier 2 Public Employees System</b>	<b>Tier 2 Public Employees System</b>	<b>Tier 2 Public Employees System</b>
Proportion of the net pension liability (asset)	0.2382980%	0.6418601%	0.0632276%	0.1823782%
Proportion share of the net pension liability (asset)	\$ 1,034,746	\$ 807,192	\$ (1,916)	\$ (2,698)
Covered employee payroll	\$ 1,990,364	\$ 986,989	\$ 310,185	\$ 75,315
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.0%	81.8%	-0.6%	-3.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	90.5%	103.5%	120.5%

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

**CITY OF NORTH SALT LAKE, UTAH**  
**SCHEDULE OF CONTRIBUTIONS**  
**UTAH RETIREMENT SYSTEMS**  
**DECEMBER 31, 2014**  
Last 10 fiscal years\*

	<u>Noncontribu tory System</u>	<u>Public Safety System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighter System</u>
Contractually required contribution	\$ 374,538	\$ 316,151	\$ 26,086	\$ 8,218
Contributions in relation to the contractually required contribution	\$ (374,538)	\$ (316,151)	\$ (26,086)	\$ (8,218)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,990,364	\$ 986,989	\$ 310,185	\$ 75,315
Contribution as a percentage of covered-employee payroll**	18.82%	32.03%	8.41%	10.91%

\* Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10 years of information. The schedule above is only for the current year.

\*\* Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

**See accompanying notes to required supplementary information**

**CITY OF NORTH SALT LAKE, UTAH**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**UTAH RETIREMENT SYSTEMS**  
**DECEMBER 31, 2014**

Other Information Not Required as Part of RSI

The information below is not required as part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31.

**Defined Contribution System**

	<u>Employee Paid Contributions</u>	<u>Employer Paid Contributions</u>
401(k) Plan*	\$ 59,283	\$ 192,052
457 Plan	31,124	-
Roth IRA Plan	570	-
Traditional IRA Plan	250	-
HRA Plan	\$ -	\$ -

\* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

## **SUPPLEMENTARY INFORMATION**

**CITY OF NORTH SALT LAKE**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2015**

	<b>Redevelopment Agency</b>	<b>Debt Service</b>	<b>Police Facilities</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 90,790	\$ -	\$ 90,790
Taxes receivable	-	63,728	-	63,728
Restricted cash and cash equivalents	-	28,555	56,392	84,947
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 183,073</b>	<b>\$ 56,392</b>	<b>\$ 239,465</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Due to other funds	\$ 52,893	\$ -	\$ -	\$ 52,893
<b>Total Liabilities</b>	<b>52,893</b>	<b>-</b>	<b>-</b>	<b>52,893</b>
<b>Fund Balances</b>				
Restricted:				
Impact fees	-	-	56,392	56,392
Debt service	-	28,555	-	28,555
Assigned	-	154,518	-	154,518
Unassigned	(52,893)	-	-	(52,893)
<b>Total Fund Balances</b>	<b>(52,893)</b>	<b>183,073</b>	<b>56,392</b>	<b>186,572</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 183,073</b>	<b>\$ 56,392</b>	<b>\$ 239,465</b>

**CITY OF NORTH SALT LAKE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2015**

	<b>Redevelopment</b>		<b>Police</b>	<b>Total</b>
	<b>Agency</b>	<b>Debt Service</b>	<b>Facilities</b>	<b>Nonmajor</b>
<b>Revenues</b>				<b>Governmental</b>
	\$	\$	\$	\$
	<b>111,680</b>	<b>358,208</b>	<b>-</b>	<b>469,888</b>
Property taxes	111,680	358,208	-	469,888
Intergovernmental	-	53,595	-	53,595
Impact fees	-	-	129,552	129,552
Interest	-	556	115	671
<b>Total Revenues</b>	<b>111,680</b>	<b>412,359</b>	<b>129,667</b>	<b>653,706</b>
<b>Expenditures</b>				
General government	32,525	-	-	32,525
Community Deveopment	106,096	-	-	106,096
Interest	-	137,688	-	137,688
<b>Total Expenditures</b>	<b>138,621</b>	<b>137,688</b>	<b>-</b>	<b>276,309</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(26,941)</b>	<b>274,671</b>	<b>129,667</b>	<b>377,397</b>
<b>Other Financing Sources (Uses)</b>				
Transfer out	-	(260,000)	(140,000)	(400,000)
<b>Total Other Financing</b>				
<b>Sources (Uses)</b>	<b>-</b>	<b>(260,000)</b>	<b>(140,000)</b>	<b>(400,000)</b>
Net Change in Fund Balances	(26,941)	14,671	(10,333)	(22,603)
<b>Fund Balance, Beginning</b>	<b>(25,952)</b>	<b>168,402</b>	<b>66,725</b>	<b>209,175</b>
<b>Fund Balance, Ending</b>	<b>\$ (52,893)</b>	<b>\$ 183,073</b>	<b>\$ 56,392</b>	<b>\$ 186,572</b>

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – MAJOR CAPITAL PROJECTS FUND**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest	\$ 25,000	\$ 5,000	\$ 5,236	\$ 236
<b>Total Revenues</b>	<u>25,000</u>	<u>5,000</u>	<u>5,236</u>	<u>236</u>
<b>Expenditures</b>				
Parks, recreation, and public property	-	2,302,095	351,052	1,951,043
<b>Total Expenditures</b>	<u>-</u>	<u>2,302,095</u>	<u>351,052</u>	<u>1,951,043</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>25,000</u>	<u>(2,297,095)</u>	<u>(345,816)</u>	<u>1,951,279</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	50,000	400,000	400,000	-
Transfer out	(270,000)	(336,000)	(336,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(220,000)</u>	<u>64,000</u>	<u>64,000</u>	<u>-</u>
<b>Net Change in Fund Balance *</b>	<u>\$ (195,000)</u>	<u>\$ (2,233,095)</u>	<u>(281,816)</u>	<u>\$ 1,951,279</u>
<b>Fund Balance, Beginning</b>			<u>3,672,214</u>	
<b>Fund Balance, Ending</b>			<u>\$ 3,390,398</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL –MAJOR PARK DEVELOPMENT**  
**CAPITAL PROJECTS FUND**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Impact fees	\$ 600,000	\$ 680,000	\$ 729,416	\$ 49,416
Intergovernmental revenues	100,000	318,100	420,782	102,682
Interest	-	-	3,535	3,535
<b>Total Revenues</b>	<u>700,000</u>	<u>998,100</u>	<u>1,153,733</u>	<u>155,633</u>
<b>Expenditures</b>				
Current:				
Debt service:				
Principal	341,570	246,570	245,170	1,400
Interest	35,000	30,000	30,000	-
Improvements	107,000	666,524	214,586	451,938
<b>Total Expenditures</b>	<u>483,570</u>	<u>943,094</u>	<u>489,756</u>	<u>453,338</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>216,430</u>	<u>55,006</u>	<u>663,977</u>	<u>608,971</u>
<b>Other Financing Sources (Uses)</b>				
Contributions	-	-	81,993	(81,993)
Transfer in	200,000	285,000	285,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>200,000</u>	<u>285,000</u>	<u>366,993</u>	<u>(81,993)</u>
<b>Net Change in Fund Balance *</b>	<u>\$ 416,430</u>	<u>\$ 340,006</u>	1,030,970	<u>\$ 690,964</u>
<b>Fund Balance, Beginning</b>			<u>(467,735)</u>	
<b>Fund Balance, Ending</b>			<u>\$ 563,235</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – MAJOR ROADWAY DEVELOPMENT**  
**CAPITAL PROJECTS FUND**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Impact fees	\$ 596,000	\$ 650,000	\$ 748,826	\$ 98,826
Intergovernmental revenues	-	4,265,832	2,378,227	(1,887,605)
Interest	3,000	9,000	9,165	165
Miscellaneous	-	5,000	3,750	(1,250)
<b>Total Revenues</b>	<u>599,000</u>	<u>4,929,832</u>	<u>3,139,968</u>	<u>(1,789,864)</u>
<b>Expenditures</b>				
Highways and public improvements	<u>290,000</u>	<u>7,018,848</u>	<u>4,520,673</u>	<u>2,498,175</u>
<b>Total Expenditures</b>	<u>290,000</u>	<u>7,018,848</u>	<u>4,520,673</u>	<u>2,498,175</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>309,000</u>	<u>(2,089,016)</u>	<u>(1,380,705)</u>	<u>708,311</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	<u>760,000</u>	<u>1,006,000</u>	<u>661,642</u>	<u>(344,358)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>760,000</u>	<u>1,006,000</u>	<u>661,642</u>	<u>(344,358)</u>
<b>Net Change in Fund Balance *</b>	<u>\$ 1,069,000</u>	<u>\$ (1,083,016)</u>	<u>(719,063)</u>	<u>\$ 363,953</u>
<b>Fund Balance, Beginning</b>			<u>2,030,356</u>	
<b>Fund Balance, Ending</b>			<u>\$ 1,311,293</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – NONMAJOR REDEVELOPMENT AGENCY**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ 111,680	\$ 111,680	\$ -
<b>Total Revenues</b>	<u>-</u>	<u>111,680</u>	<u>111,680</u>	<u>-</u>
<b>Expenditures</b>				
Improvements	21,000	30,000	32,525	(2,525)
Developer reimbursement	-	106,100	106,096	4
<b>Total Expenditures</b>	<u>21,000</u>	<u>136,100</u>	<u>138,621</u>	<u>(2,521)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(21,000)</u>	<u>(24,420)</u>	<u>(26,941)</u>	<u>(2,521)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (21,000)</u>	<u>\$ (24,420)</u>	(26,941)	<u>\$ (2,521)</u>
<b>Fund Balance, Beginning</b>			<u>(25,952)</u>	
<b>Fund Balance, Ending</b>			<u>\$ (52,893)</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL – NONMAJOR DEBT SERVICE FUND**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Sales taxes	\$ 260,000	\$ 330,000	\$ 358,208	\$ 28,208
Intergovernmental	57,816	53,586	53,595	9
Interest	-	-	556	556
<b>Total Revenues</b>	<u>317,816</u>	<u>383,586</u>	<u>412,359</u>	<u>28,773</u>
<b>Expenditures</b>				
Debt service:				
Interest	137,688	137,688	137,688	-
<b>Total Expenditures</b>	<u>137,688</u>	<u>137,688</u>	<u>137,688</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>180,128</u>	<u>245,898</u>	<u>274,671</u>	<u>28,773</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	30,000	-	-	-
Transfer out	(200,000)	(260,000)	(260,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(170,000)</u>	<u>(260,000)</u>	<u>(260,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 10,128</u>	<u>\$ (14,102)</u>	14,671	<u>\$ 28,773</u>
<b>Fund Balance, Beginning</b>			<u>168,402</u>	
<b>Fund Balance, Ending</b>			<u>\$ 183,073</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL –NONMAJOR POLICE FACILITIES**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Impact fees	\$ 205,000	\$ 205,000	\$ 129,552	\$ (75,448)
Interest	3,000	3,000	115	(2,885)
<b>Total Revenues</b>	<u>208,000</u>	<u>208,000</u>	<u>129,667</u>	<u>(78,333)</u>
<b>Expenditures</b>				
Public Safety	100,000	100,000	-	100,000
<b>Total Expenditures</b>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>108,000</u>	<u>108,000</u>	<u>129,667</u>	<u>21,667</u>
<b>Other Financing Sources (Uses)</b>				
Transfer out	(50,000)	(140,000)	(140,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(50,000)</u>	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 58,000</u>	<u>\$ (32,000)</u>	<u>(10,333)</u>	<u>\$ 21,667</u>
<b>Fund Balance, Beginning</b>			<u>66,725</u>	
<b>Fund Balance, Ending</b>			<u>\$ 56,392</u>	

**CITY OF NORTH SALT LAKE**  
**SCHEDULE OF NET REVENUES AND AGGREGATE DEBT SERVICE**  
**AS DESCRIBED IN THE BOND DOCUMENTS FOR THE WATER BONDS**  
**For The Year Ended June 30, 2015**

<b>Net Revenues:</b>			
Total Operating Revenues		\$	4,428,122
Non-Operating Revenues			
	Impact Fees		1,065,260
	Interest Income		19,369
			<u>5,512,751</u>
Operating Expenses (excluding depreciation)			<u>2,774,787</u>
	Total Expenses (excluding depreciation)		<u>2,774,787</u>
<b>Net Revenues</b>		<b>\$</b>	<b><u>2,737,964</u></b>
<b>Fiscal Year 2016 Debt Service Requirements:</b>			
	2006 Bonds	\$	413,417
	2010 Bonds		292,255
	2015 Bonds		68,802
			<u>774,474</u>
<b>Net revenues divided by aggregate fiscal year 2016 debt service</b>			354%
<b>Minimum requirement</b>			125%
<b>Excess (Deficiency)</b>			229%

**CITY OF NORTH SALT LAKE**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended June 30, 2015**

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
<b><u>UTAH DEPARTMENT OF TRANSPORTATION</u></b>			
1100 North Street: Redwood Road to 110 East		2015	\$ 2,135,200
Overland Road Project		NA	243,026
Class C Road Fund Expenditures		2015	325,642
<b>Subtotal – Utah Department of Transportation</b>			<b><u>\$ 2,703,868</u></b>
<b><u>UTAH DEPARTMENT OF PUBLIC SAFETY</u></b>			
Springhill Landslide Hazard Mitigation Grant		NA	\$ 12,496
Springhill Landslide Pre-Disaster Mitigation Grant		NA	43,286
<b>Subtotal – Utah Department of Public Safety</b>			<b><u>\$ 55,782</u></b>
<b><u>UTAH COMMISSION ON CRIMINAL AND JUVENILE JUSTICE (UCCJJ)</u></b>			
State Liquor Funds		NA	\$ 17,513
Justice Assistance Grants		NA	7,500
Bullet Proof Vest Grant		NA	1,175
<b>Subtotal – UCCJJ</b>			<b><u>\$ 26,188</u></b>
<b><u>UTAH DEPARTMENT OF NATURAL RESOURCES</u></b>			
North Salt Lake Land Slide Project	#151206	NA	\$ 300,000
MOU Critical Lands Funds		NA	\$ 65,000
<b>Subtotal – Utah Department of Natural Resources</b>			<b><u>\$ 365,000</u></b>
<b><u>ADMINISTRATIVE OFFICE OF THE COURTS</u></b>			
Justice Court Technology, Security and Training		NA	\$ 3,600
<b>Subtotal – [Name of State Agency]</b>			<b><u>\$ 3,600</u></b>
<b>TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES</b>			<b><u><u>\$ 3,154,438</u></u></b>

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

To the Mayor and Council of  
North Salt Lake  
PO Box 540208, UT 84054

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Salt Lake, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise North Salt Lake's basic financial statements, and have issued our report thereon dated October 13, 2015.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Wood Richards & Associates, PC*

Ogden, Utah  
October 13, 2015

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH  
THE STATE COMPLIANCE AUDIT GUIDE ON:**

- **COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS**
- **COMPLIANCE FOR EACH MAJOR STATE PROGRAM**
- **INTERNAL CONTROL OVER COMPLIANCE**
- **SCHEDULE OF EXPENDITURES OF STATE AWARDS**

To the Mayor and Council and Chief Executive Officer of  
North Salt Lake  
PO Box 540208, UT 84054

**Report On Compliance with General State Compliance Requirements and for Each Major State Program**

We have audited North Salt Lake's compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on North Salt Lake or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

Budgetary Compliance  
Fund Balance  
Justice Courts  
Utah Retirement Systems  
Enterprise Fund Transfers, Reimbursements, Loans, and Services  
Tax Levy Revenue Recognition  
Restricted Taxes  
Open and Public Meetings Act

North Salt Lake received state funding from the following programs classified as major programs for the year ended June 30, 2015:

1100 North Street: Redwood Road to 110 East Project  
Class C Road Fund Allotment

***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

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

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

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of North Salt Lake's compliance.

### ***Opinion on General State Compliance Requirements and Each Major State Program***

In our opinion, North Salt Lake complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on North Salt Lake or on each of its major state programs for the year ended June 30, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and questioned costs as items 2015-1 and 2015-2. Our opinion on compliance is not modified with respect to these matters.

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

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program 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 general state or major state program 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 general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

#### **Report on Schedule of Expenditures of State Awards as Required by the *State Compliance Audit Guide***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Salt Lake as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise North Salt Lake's basic financial statements. We issued our report thereon dated October 13, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Wood Richards & Associates, PC*

Ogden, Utah  
October 13, 2015

**CITY OF NORTH SALT LAKE  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**2015-01:                    State Compliance – Budgetary Compliance**

*Criteria:* A municipality is required to adopt an annual budget and stay within the parameter of the approved budget within each fund.

*Condition:* The City had an approved budget for all of its funds. However, the total expenses incurred during the year exceeded the approved budget in the Redevelopment Agency.

*Cause:* The timing of expenditures was not anticipated within this fund, accordingly expenditures were over budget.

*Effect:* The City is not compliant with the budgetary compliance requirement.

*Recommendation:* We recommend the City review its budget and financial reports and amend the budget prior to incurring any unbudgeted expenditures.

*Management's Response:* We incurred professional and development costs in June of 2015 that exceeded the budget within the Redevelopment Agency fund. This overage was not identified until after the fiscal year had already concluded. In the future, we will monitor our budget to actual reports with additional scrutiny and increase our budgets prior to incurring overages.

**2015-02:                    State Compliance – Open and Public Meetings Act**

*Criteria:* Municipalities are required to comply with the Open and Public Meetings Act. This Act requires municipalities to have annual trainings, notify the public of meetings and agenda items, provide meeting minutes timely, and comply with closed meeting requirements.

*Condition:* The City did not upload its city council and work session meeting minutes to the Utah Public Notice Website.

*Cause:* The City's Recorder was unaware of the requirement to upload city council and work session meeting minutes to the Utah Public Notice Website.

*Effect:* The City had an instance of noncompliance with the Open and Public Meetings Act.

*Recommendation:* We recommend the City begin uploading meeting minutes to the Utah Public Notice Website within the required time period.

*Management's Response:* We will take the necessary steps to ensure that we are aware of and compliant with all applicable requirements of the Open and Public Meetings Act.