



North Logan City

**Financial Statements
June 30, 2021**

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INTRODUCTORY SECTION

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DAMON CANN
MAYOR



ALAN LUCE
CITY ADMINISTRATOR

2076 NORTH 1200 EAST
NORTH LOGAN, UTAH 84341
(435) 752-1310

November 5, 2021

North Logan City Council
North Logan, Utah

It is with great pleasure that the financial statements for North Logan City for the year ended June 30, 2021, are presented.

In addition to the fund financial information currently presented in the City's financial statements, this report includes government-wide financial statements. The government-wide financial statements include a Statement of Net Position that provides the total net position of the City including all capital assets (including infrastructure) and the Statement of Activities that shows the cost of providing government services.

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. These financial statements are hereby issued and submitted to you for the fiscal year ended June 30, 2021, in accordance with these requirements.

This report consists of management's representations concerning the finances of North Logan City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework that is designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's knowledge and belief, this financial report is complete and reliable in all material respects.

North Logan City's financial statements have been audited by Allred Jackson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of North Logan City for the fiscal year ended June 30, 2021, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that North Logan City's financial statements for the fiscal year ended June 30, 2021, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section in this report.

I wish to express my appreciation to all members of the City who assisted and contributed to the preparation of this report.

Respectfully submitted,

Mayor Damon Cann
North Logan City

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of
North Logan City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of North Logan City, Utah, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise North Logan City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of North Logan City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Logan City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Logan City's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2021, on our consideration of North Logan City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Logan City's internal control over financial reporting and compliance,

Very truly yours,

A handwritten signature in black ink that reads "Alfred Jackson". The signature is written in a cursive style with a large, stylized 'A' and 'J'.

North Logan, UT
November 5, 2021

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NORTH LOGAN CITY Management's Discussion and Analysis

For the Year Ended June 30, 2021

As management of North Logan City, we offer readers of North Logan City's financial statements this narrative overview and analysis of our financial activities for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The total net position of North Logan City increased 11 percent to \$42,064,607.
- The total net position of \$42,064,607 was made up of \$31,534,777 in capital assets net of related debt and \$1,609,253 of restricted net position and \$8,920,577 of unrestricted net position.
- In the General Fund, revenues exceeded expenditures by \$1,290,073.
- Total net position of business-type activities increased by \$1,933,352.

REPORTING THE CITY AS A WHOLE

This discussion and analysis is intended to serve as an introduction to North Logan City's basic financial statements, consisting of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of North Logan City's finances in a manner similar to a private-sector business and can be found on pages 17-19 of this report.

- The Statement of Net Position presents information on all of North Logan 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 North Logan City is improving or deteriorating. However, users should also consider other nonfinancial factors.
- The Statement of Activities presents information showing how the City's net position changed during the fiscal year reported. 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, all of the current year's revenues and expenses are considered regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of North Logan 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).

NORTH LOGAN CITY

Management's Discussion and Analysis

Continued

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. North Logan City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- *Governmental funds* – These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services provided. Governmental fund information helps users determine whether there are more or fewer financial resources available to spend in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The major governmental funds (as determined by generally accepted accounting principles and elected by management) are the General Fund, Library and RDA Special Revenue Funds, and the Capital Projects Fund.

- *Proprietary funds* – North Logan City maintains one type of proprietary fund (enterprise funds), which reports the same functions presented as business-type activities in the government-wide financial statements. North Logan City uses enterprise funds to account for its water utility, sewer utility, and storm water utility.

The major governmental funds (as determined by generally accepted accounting principles and elected by management) are the water utility, sewer utility, and storm water utility funds.

NORTH LOGAN CITY
Management's Discussion and Analysis

Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of North Logan City, assets exceeded liabilities by \$42,064,607.

The greatest portion of North Logan City's net position (75%) reflects its investment in capital assets (i.e., land, buildings, infrastructure, and equipment), less any related outstanding debt used to acquire such assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay such debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City's net position as of June 30, 2021:

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Current and other assets	\$ 8,585,937	\$ 6,245,506	\$ 4,353,300	\$ 3,670,897
Noncurrent assets	765,195	1,168,785	919,082	427,684
Capital assets	20,072,109	18,893,454	12,672,614	11,763,575
Deferred outflow of resources	171,345	167,480	30,238	31,901
Total assets and deferred outflows	29,594,586	26,475,225	17,975,234	15,894,057
Long-term debt outstanding	1,063,793	386,311	131,608	202,172
Other liabilities	1,188,467	1,343,785	562,564	346,984
Deferred inflow of resources	2,507,494	2,253,678	51,287	48,478
Total liabilities and deferred inflows	4,759,754	3,983,774	745,459	597,634
Net position				
Net investment in capital assets	18,999,811	18,497,476	12,534,966	11,554,896
Restricted	690,171	1,098,790	919,082	427,684
Unrestricted	5,144,850	2,895,185	3,775,727	3,313,843
Total net position	\$ 24,834,832	\$ 22,491,451	\$ 17,229,775	\$ 15,296,423

NORTH LOGAN CITY

Management's Discussion and Analysis

Continued

The following table summarizes the changes in the City's net position during the fiscal year ended June 30, 2021:

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Revenues:				
Program revenues:				
Charges for services	\$ 2,502,749	\$ 2,217,484	\$ 4,536,926	\$ 4,283,999
Dedicated property tax	1,108,397	1,037,141	-	58,601
Operating grants & contributions	1,313,301	975,029	-	-
Capital grants & contributions	848,889	1,225,599	751,015	765,205
General revenues:				
Property taxes	1,100,037	892,535	-	-
Other taxes	4,952,156	4,237,127	-	-
Investment income	34,102	108,196	8,613	26,471
Other revenues	107,594	20,081	(41,229)	512
Total revenues	11,967,225	10,713,192	5,255,325	5,134,788
Expenses:				
General government	1,683,916	702,071	-	-
Public safety	2,057,294	2,071,717	-	-
Streets	2,691,876	2,699,153	-	-
Public works	30,228	35,248	-	-
Sanitation	1,083,719	1,109,817	-	-
Parks & recreation	1,508,514	1,637,343	-	-
Community development	561,297	457,407	-	-
Water	-	-	1,020,722	1,112,190
Sewer	-	-	2,101,956	1,988,338
Storm water	-	-	206,295	213,916
Total expenses	9,616,844	8,712,756	3,328,973	3,314,444
Transfers in (out)	(7,000)	(40,000)	7,000	40,000
Increase (decrease) in net position	2,343,381	1,960,436	1,933,352	1,860,344
Net position, beginning	22,491,451	20,531,015	15,296,423	13,436,079
Net position, ending	\$ 24,834,832	\$ 22,491,451	\$ 17,229,775	\$ 15,296,423

NORTH LOGAN CITY
Management's Discussion and Analysis

Continued

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The focus of the City's governmental 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.

As of June 30, 2021, the City's governmental funds (General, Special Revenue, and Capital Projects) reported combined fund balances of \$6,005,308. This represents an increase of \$1,708,069 (40%) over last year's ending balances.

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to match revenues and expenses are accounted for in this fund.

Taxes are the greatest source of revenue in the General Fund and represented 53 percent of total general fund revenues. The largest element was sales tax, which represented 62 percent of total tax revenues and 33 percent of total General Fund revenues. This compares with 36 percent in the prior fiscal year ended June 30, 2020.

As stated earlier, the City maintains three enterprise funds to account for its business-type activities. The separate fund statements included in this report provide the same information for business-type activities, in much more detail, as that provided in the government-wide financial statements.

Significant changes in the governmental funds included an increase in capital assets through contribution and acquisition of \$1,178,655 and an increase in long-term debt of \$677,482 due to a new RDA note payable.

Significant changes in business-type activities included a decrease in long-term debt of \$70,564 due to bond and capital lease principal payments, and an increase in capital assets through contributions and acquisition of \$909,039.

GENERAL AND SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS

The General Fund original budget for expenditures was \$8,716,066, which increased 21 percent to \$10,535,688 due to increased costs associated with general government, streets and improvements, parks, and community planning.

The Library Fund original budget for expenditures was \$577,303, which minimally decreased to \$576,830.

The RDA Fund original budget for expenditures was \$348,600, which was increased 28 percent to \$447,600 due to increased projects.

NORTH LOGAN CITY

Management's Discussion and Analysis

Continued

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – North Logan City's investment in capital assets (net of accumulated depreciation) as of June 30, 2021, totaled \$32,744,723. This includes land, buildings, improvements, infrastructure (streets, sidewalks, etc.), and equipment. The City's investment in fixed assets increased by seven percent due to capital asset additions being greater than current year depreciation.

Major capital asset events during the current fiscal year included the following:

- \$26,171 for sewer system improvements.
- \$1,128,615 for water improvements.
- \$283,433 for storm water improvements.
- \$1,140,789 for road improvements.
- \$1,252,253 for buildings and equipment
- \$67,813 for land acquisition.

	Governmental Activities	Business-type Activities
Land & water shares	\$ 7,167,177	\$ 474,409
Buildings and equipment	11,877,977	1,397,494
Systems	20,368,075	20,398,545
Less: accumulated depreciation	(19,341,120)	(9,597,834)
Total	<u>\$ 20,072,109</u>	<u>\$ 12,672,614</u>

Additional information on the City's capital assets can be found in the footnotes to this financial report.

Long-term debt – At June 30, 2021, the City had total capital leases at \$346,511 and a note payable to a developer for \$848,889. The City's debt increased by \$606,917 during the fiscal year. See the footnotes for additional information on the debt obligations of the City.

	Governmental Activities	Business-type Activities
Capital lease and notes payable	\$ 1,063,793	\$ 131,607
Revenue bonds	-	-
Total outstanding debt	<u>\$ 1,063,793</u>	<u>\$ 131,607</u>

NORTH LOGAN CITY
Statement of Net Position

As of June 30, 2021

	Governmental Activities	Business-type Activities	Total 2021	Memorandum 2020
Assets				
Current Assets:				
Cash and cash equivalents	\$ 5,003,451	\$ 3,721,779	\$ 8,725,230	\$ 6,949,244
Account receivable, net	3,502,084	631,521	4,133,605	2,921,686
Prepaid expense	80,402	-	80,402	45,473
Total current assets	8,585,937	4,353,300	12,939,237	9,916,403
Noncurrent assets:				
Restricted cash	690,171	919,082	1,609,253	1,526,474
Capital assets:				
Land and water shares	7,167,177	474,409	7,641,586	7,573,773
Distribution and collection systems	20,368,075	20,398,545	40,766,620	38,311,725
Buildings and equipment	11,877,977	1,397,494	13,275,471	12,150,714
Less: accumulated depreciation	(19,341,120)	(9,597,834)	(28,938,954)	(27,379,183)
Total capital assets	20,072,109	12,672,614	32,744,723	30,657,029
Pension asset	75,024	-	75,024	69,995
Total noncurrent assets	20,837,304	13,591,696	34,429,000	32,253,498
Total assets	29,423,241	17,944,996	47,368,237	42,169,901
Deferred outflow of resources - pensions	171,345	30,238	201,583	199,381
Total assets & deferred outflows of resources	\$ 29,594,586	\$ 17,975,234	\$ 47,569,820	\$ 42,369,282

See accompanying notes to the financial statements and auditor's report.

NORTH LOGAN CITY
Statement of Net Position

Continued

	Governmental Activities	Business-type Activities	Total 2021	Memorandum 2020
Liabilities & Deferred Inflows of Resources				
Current liabilities:				
Accounts payable	\$ 970,003	\$ 491,659	\$ 1,461,662	\$ 1,169,122
Accrued expense	68,244	31,829	100,073	124,726
Deposits	15,683	20,370	36,053	48,878
Accrued interest payable	8,505	6,040	14,545	16,174
Notes and leases payable within one year	192,401	41,678	234,079	241,972
Total current liabilities	1,254,836	591,576	1,846,412	1,600,872
Noncurrent liabilities:				
Net pension liability	30,826	5,439	36,265	240,065
Notes and leases payable	871,392	89,930	961,322	346,511
Accrued compensated absences	95,206	7,227	102,433	91,804
Total noncurrent liabilities	997,424	102,596	1,100,020	678,380
Deferred inflows of resources - pensions	290,624	51,287	341,911	302,985
Deferred inflows of resources - property taxes	2,216,870	-	2,216,870	1,999,171
Total liabilities & deferred inflows of resources	4,759,754	745,459	5,505,213	4,581,408
Net Position				
Net investment in capital assets	18,999,811	12,534,966	31,534,777	30,052,372
Restricted for:				
Debt service	-	-	-	36,141
Impact fees/park projects	638,498	919,082	1,557,580	1,107,696
Grants and contributions	51,673	-	51,673	382,637
Unrestricted	5,144,850	3,775,727	8,920,577	6,209,028
Total net position	\$ 24,834,832	\$ 17,229,775	\$ 42,064,607	\$ 37,787,874

NORTH LOGAN CITY
Statement of Activities

For the Year Ended June 30, 2021

	Program Revenues					Net Governmental Activities	Business-type Activities	Total 2021	Memorandum 2020
	Expenses	Charges for Services	Dedicated Property Tax	Operating Grants & Contributions	Capital Grants & Contributions				
Governmental activities:									
General government	\$ 1,683,916	\$ 473,159	\$ -	\$ 627,158	\$ -	\$ (583,599)	\$ -	\$ (583,599)	\$ 73,890
Public safety	2,057,294	310,698	-	-	104,432	(1,642,164)	-	(1,642,164)	(1,686,686)
Streets	2,691,876	167,732	-	501,145	204,991	(1,818,008)	-	(1,818,008)	(1,219,811)
Public works	30,228	-	-	-	-	(30,228)	-	(30,228)	(35,248)
Sanitation	1,083,719	1,192,357	-	-	-	108,638	-	108,638	3,800
Parks and recreation	1,508,514	358,803	401,903	184,998	539,466	(23,344)	-	(23,344)	(579,156)
Community development	561,297	-	706,494	-	-	145,197	-	145,197	185,708
Total governmental activities	9,616,844	2,502,749	1,108,397	1,313,301	848,889	(3,843,508)	-	(3,843,508)	(3,257,503)
Business-type activities:									
Water	1,020,722	1,993,063	-	-	339,982	-	1,312,323	1,312,323	998,219
Sewer	2,101,956	2,292,575	-	-	411,033	-	601,652	601,652	669,557
Storm water	206,295	251,288	-	-	-	-	44,993	44,993	125,585
Total business-type activities	3,328,973	4,536,926	-	-	751,015	-	1,958,968	1,958,968	1,793,361
General revenues:									
Taxes:									
Property taxes levied for general purposes						1,100,037	-	1,100,037	892,535
Franchise and other taxes						1,183,303	-	1,183,303	956,144
General sales taxes & highway sales taxes						3,768,853	-	3,768,853	3,280,983
Business licenses						42,924	-	42,924	40,080
Gain (loss) on sale of assets						64,670	(41,229)	23,441	(19,487)
Investment income						34,102	8,613	42,715	134,667
Transfers in (out)						(7,000)	7,000	-	-
Total general revenues						6,186,889	(25,616)	6,161,273	5,284,922
Change in net position						2,343,381	1,933,352	4,276,733	3,820,780
Net position, beginning						22,491,451	15,296,423	37,787,874	33,967,094
Net position, ending						\$ 24,834,832	\$ 17,229,775	\$ 42,064,607	\$ 37,787,874

See accompanying notes to the financial statements and auditor's report.

NORTH LOGAN CITY
Balance Sheet
Governmental Funds

As of June 30, 2021

	General	Library	Capital Projects	RDA	Total 2021	Memorandum Total 2020
Assets						
Cash & cash equivalents	\$ 3,196,593	\$ 57,066	\$ 664,930	\$ 1,084,862	\$ 5,003,451	\$ 3,694,160
Accounts receivable, net	2,393,687	401,903	-	706,494	3,502,084	2,505,873
Prepaid expense	80,402	-	-	-	80,402	45,473
Restricted cash	690,171	-	-	-	690,171	1,098,790
Total assets	<u>\$ 6,360,853</u>	<u>\$ 458,969</u>	<u>\$ 664,930</u>	<u>\$ 1,791,356</u>	<u>\$ 9,276,108</u>	<u>\$ 7,344,296</u>
Liabilities, deferred inflows of resources, and fund balance						
Liabilities:						
Accounts payable	\$ 957,169	\$ 12,834	\$ -	\$ -	\$ 970,003	\$ 917,203
Accrued expenses	59,320	8,924	-	-	68,244	102,175
Deposits	15,683	-	-	-	15,683	28,508
Total liabilities	<u>1,032,172</u>	<u>21,758</u>	<u>-</u>	<u>-</u>	<u>1,053,930</u>	<u>1,047,886</u>
Total deferred inflows of resources	<u>1,108,473</u>	<u>401,903</u>	<u>-</u>	<u>706,494</u>	<u>2,216,870</u>	<u>1,999,171</u>
Total liabilities and deferred inflows	<u>2,140,645</u>	<u>423,661</u>	<u>-</u>	<u>706,494</u>	<u>3,270,800</u>	<u>3,047,057</u>
Fund balance:						
Non spendable	80,402	-	-	-	80,402	45,473
Restricted for:						
Park impact	332,691	-	-	-	332,691	437,156
Road impact	305,807	-	-	-	305,807	278,997
Community center	48,075	-	-	-	48,075	48,003
Economic development and other	3,598	-	-	-	3,598	334,634
Assigned for:						
Recreation	-	-	-	-	-	-
Cemetery	519,382	-	-	-	519,382	441,065
RSL	-	-	-	-	-	-
Wildland fires	244,281	-	-	-	244,281	243,809
Elk Ridge Park	11,162	-	-	-	11,162	11,140
Special revenue funds	-	35,308	-	1,084,862	1,120,170	773,275
Capital projects funds	-	-	664,930	-	664,930	593,829
Unassigned for: general fund	<u>2,674,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,674,810</u>	<u>1,089,858</u>
Total fund balances	<u>4,220,208</u>	<u>35,308</u>	<u>664,930</u>	<u>1,084,862</u>	<u>6,005,308</u>	<u>4,297,239</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,360,853</u>	<u>\$ 458,969</u>	<u>\$ 664,930</u>	<u>\$ 1,791,356</u>		

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources so they are not reported in the funds. The cost of these assets is \$39,413,229 and \$37,151,631, respectively and the accumulated depreciation is \$19,341,120 and \$18,258,177, respectively.

20,072,109 18,893,454

Long-term liabilities, including bonds payable, capital leases, and accrued compensated absences are not payable in the current period and therefore are not reported in the funds.

(1,167,504) (480,555)

Pension related assets, liabilities, deferred inflows and deferred outflows are not payable in the current period and therefore are not reported in the funds

(75,081) (218,687)

Total net position-governmental activities

\$ 24,834,832 \$ 22,491,451

NORTH LOGAN CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2021

	General	Library	Capital Projects	RDA	Total 2021	Memorandum 2020
Revenues:						
Taxes	\$ 6,052,193	\$ 401,903	\$ -	\$ 706,494	\$ 7,160,590	\$ 6,166,803
Licenses and permits	394,462	-	-	-	394,462	300,990
Intergovernmental revenue	1,826,834	7,497	-	-	1,834,331	1,494,906
Charges for services	2,814,930	8,367	-	-	2,823,297	1,933,330
Fines	174,131	1,210	-	-	175,341	169,927
Other	46,472	177,658	1,301	2,283	227,714	362,357
Total revenues	<u>11,309,022</u>	<u>596,635</u>	<u>1,301</u>	<u>708,777</u>	<u>12,615,735</u>	<u>10,428,313</u>
Expenditures:						
Current operations:						
General government	1,942,078	-	-	-	1,942,078	945,041
Public safety	1,970,356	-	-	-	1,970,356	2,059,869
Streets	3,022,891	-	6,200	-	3,029,091	2,834,789
Public works	30,228	-	-	-	30,228	35,248
Sanitation	1,083,719	-	-	-	1,083,719	1,109,817
Parks and recreation	1,821,107	576,790	-	-	2,397,897	1,798,050
Community development	199,235	-	-	362,062	561,297	534,033
Total expenditures	<u>10,069,614</u>	<u>576,790</u>	<u>6,200</u>	<u>362,062</u>	<u>11,014,666</u>	<u>9,316,847</u>
Excess (deficiency) of revenues over expenditures	1,239,408	19,845	(4,899)	346,715	1,601,069	1,111,466
Other financing sources (uses):						
Sale of capital assets	114,000	-	-	-	114,000	10,900
Capital contributions	-	-	-	-	-	-
Transfers in (out)	(63,335)	(19,665)	76,000	-	(7,000)	(40,000)
Total other financing sources	<u>50,665</u>	<u>(19,665)</u>	<u>76,000</u>	<u>-</u>	<u>107,000</u>	<u>(29,100)</u>
Net change in fund balances	1,290,073	180	71,101	346,715	1,708,069	1,082,366
Fund balances, beginning	2,930,135	35,128	593,829	738,147	4,297,239	3,214,873
Fund balances, ending	<u>\$ 4,220,208</u>	<u>\$ 35,308</u>	<u>\$ 664,930</u>	<u>\$ 1,084,862</u>	<u>\$ 6,005,308</u>	<u>\$ 4,297,239</u>

See accompanying notes to the financial statements and auditor's report.

NORTH LOGAN CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2021

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

Net change in fund balances-total governmental funds \$ 1,708,069

Governmental funds report capital outlays 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. This is the amount by which capital outlays exceeded depreciation in the current period.

Contributed capital	\$ 286,820	
Purchase of fixed assets	2,142,022	
Proceeds on disposal of assets	(114,000)	
Gain (loss) on disposal of assets	64,670	
Depreciation expense	<u>(1,200,857)</u>	1,178,655

Pension (expense) benefit 143,606

Governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Note payable issuances	(1,000,000)	
Repayment of note and lease principal	322,518	
Change in accrued interest	1,162	
Change in accrued compensated absences	(10,629)	<u>(686,949)</u>
Change in net position of governmental activities		<u>\$ 2,343,381</u>

NORTH LOGAN CITY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Taxes:				
General property taxes-current	\$ 964,276	\$ 1,001,720	\$ 1,074,086	\$ 72,366
Prior years' taxes-delinquent	18,590	25,951	25,951	-
General sales & use taxes	2,888,000	3,174,711	3,768,853	594,142
Franchise taxes	24,316	26,199	26,199	-
Transportation tax	190,000	285,000	319,033	34,033
Mass transit tax	540,600	875,000	838,071	(36,929)
Total taxes	4,625,782	5,388,581	6,052,193	663,612
Licenses & permits:				
Business licenses & permits	35,000	38,618	42,924	4,306
Building structures & equipment	177,416	358,877	345,424	(13,453)
Animal licenses	5,500	5,631	6,114	483
Total licenses & permits	217,916	403,126	394,462	(8,664)
Intergovernmental revenues:				
Public safety	2,660	4,432	4,432	-
State and other governmental grants	513,570	808,774	1,321,257	512,483
Class "C" road fund allotment	405,112	405,112	501,145	96,033
Total intergovernmental revenues	921,342	1,218,318	1,826,834	608,516
Charges for services:				
Zoning & subdivision fees	203,366	342,857	1,147,816	804,959
Sale of maps & publications	50	50	-	(50)
Public safety	162,176	161,000	127,333	(33,667)
Refuse collection charges	916,356	1,088,227	1,192,357	104,130
Cemetery fees	64,440	94,429	89,674	(4,755)
Parks and public property	225,390	690,504	257,750	(432,754)
Total charges for services	1,571,778	2,377,067	2,814,930	437,863
Fines & forfeitures:				
Fines	153,200	153,740	174,101	20,361
Forfeitures	100	-	30	30
Total fines & forfeitures	153,300	153,740	174,131	20,391
Miscellaneous revenue:				
Interest earnings	83,521	31,074	30,361	(713)
Rents & miscellaneous	22,762	8,016	16,111	8,095
Sale of materials & supplies	87,000	114,000	114,000	-
Total miscellaneous revenue	193,283	153,090	160,472	7,382
Total revenues	\$ 7,683,401	\$ 9,693,922	\$ 11,423,022	\$ 1,729,100

See accompanying notes to the financial statements and auditor's report.

NORTH LOGAN CITY
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund

Continued

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Expenditures				
General government:				
Legislative	\$ 71,700	\$ 103,852	\$ 93,730	\$ 10,122
Judicial	186,000	196,100	181,394	14,706
Executive	153,256	175,580	166,364	9,216
Administrative	236,973	243,044	206,566	36,478
Non-departmental	311,145	1,291,996	1,287,167	4,829
Planning & zoning	8,395	8,795	6,857	1,938
Total general government	<u>967,469</u>	<u>2,019,367</u>	<u>1,942,078</u>	<u>77,289</u>
Public safety:				
Police department	1,185,547	901,547	898,069	3,478
Fire department	919,100	920,100	759,974	160,126
Protective inspection	153,933	320,200	308,107	12,093
Animal control	3,000	3,246	4,206	(960)
Total public safety	<u>2,261,580</u>	<u>2,145,093</u>	<u>1,970,356</u>	<u>174,737</u>
Streets & improvements:				
Streets	2,420,877	3,023,733	3,022,891	842
Public works	77,111	77,111	30,228	46,883
Sanitation	960,000	1,085,000	1,083,719	1,281
Total streets & improvements	<u>3,457,988</u>	<u>4,185,844</u>	<u>4,136,838</u>	<u>49,006</u>
Parks, recreation, & public property:				
Park & park areas	1,491,872	1,562,547	1,488,169	74,378
Recreation & culture	264,867	295,143	287,981	7,162
Cemetery	41,200	51,200	44,957	6,243
Total parks, recreation, & public property	<u>1,797,939</u>	<u>1,908,890</u>	<u>1,821,107</u>	<u>87,783</u>
Community & economic development:				
Community planning	209,090	220,659	199,235	21,424
Transfers & other uses:				
Transfer to other funds	22,000	55,835	63,335	(7,500)
Total transfers & other uses	<u>22,000</u>	<u>55,835</u>	<u>63,335</u>	<u>(7,500)</u>
Total expenditures	<u>8,716,066</u>	<u>10,535,688</u>	<u>10,132,949</u>	<u>402,739</u>
Net change in fund balance	<u>(1,032,665)</u>	<u>(841,766)</u>	<u>1,290,073</u>	<u>2,131,839</u>
Fund balance, beginning	<u>2,930,135</u>	<u>2,930,135</u>	<u>2,930,135</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,897,470</u>	<u>\$ 2,088,369</u>	<u>\$ 4,220,208</u>	<u>\$ 2,131,839</u>

NORTH LOGAN CITY
Statement of Revenues, Expenditures, and Change in Fund Balances
Budget and Actual
Library and RDA Funds

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Library revenues				
Dedicated property taxes	\$ 401,903	\$ 401,903	\$ 401,903	\$ -
Intergovernmental revenue	5,800	7,497	7,497	-
Charges for services	11,500	6,500	8,367	1,867
Fines	7,000	7,000	1,210	(5,790)
Other	171,100	178,100	177,658	(442)
Total revenues	597,303	601,000	596,635	(4,365)
Library expenditures				
General operations	577,303	576,830	576,790	40
Total expenditures	577,303	576,830	576,790	40
Excess (deficiency) of revenues over expenditures	20,000	24,170	19,845	(4,325)
Other financing sources (uses):				
Transfers in (out)	(20,000)	(20,000)	(19,665)	(335)
Net change in fund balance	-	4,170	180	(4,660)
Fund balance, beginning	35,128	35,128	35,128	-
Fund balance, ending	\$ 35,128	\$ 39,298	\$ 35,308	\$ (4,660)
RDA revenues				
Dedicated property taxes	\$ 600,000	\$ 706,494	\$ 706,494	\$ -
Other	3,915	2,180	2,283	103
Total revenues	603,915	708,674	708,777	103
RDA expenditures				
Community development	348,600	447,600	362,062	85,538
Excess (deficiency) of revenues over expenditures	255,315	261,074	346,715	85,641
Transfer to other funds	-	-	-	-
Net change in fund balance	255,315	261,074	346,715	85,641
Fund balance, beginning	738,147	738,147	738,147	-
Fund balance, ending	\$ 993,462	\$ 999,221	\$ 1,084,862	\$ 85,641

NORTH LOGAN CITY
Statement of Net Position
Proprietary Funds

As of June 30, 2021

	Water	Sewer	Storm water	Total 2021	Memorandum 2020
Assets					
Current assets:					
Cash & cash equivalents	\$ 2,357,083	\$ 1,154,362	\$ 210,334	\$ 3,721,779	\$ 3,255,084
Accounts receivable, net	404,184	206,425	20,912	631,521	415,813
Total current assets	<u>2,761,267</u>	<u>1,360,787</u>	<u>231,246</u>	<u>4,353,300</u>	<u>3,670,897</u>
Noncurrent assets:					
Restricted cash	536,544	382,538	-	919,082	427,684
Capital assets					
Land & water shares	473,559	850	-	474,409	474,409
Distribution and collection systems	13,072,080	6,638,304	688,161	20,398,545	19,039,188
Buildings and equipment	771,800	359,944	265,750	1,397,494	1,370,984
Less accumulated depreciation	<u>(5,767,483)</u>	<u>(3,685,001)</u>	<u>(145,350)</u>	<u>(9,597,834)</u>	<u>(9,121,006)</u>
Total noncurrent assets	<u>9,086,500</u>	<u>3,696,635</u>	<u>808,561</u>	<u>13,591,696</u>	<u>12,191,259</u>
Deferred outflow of resources- pensions	<u>16,127</u>	<u>10,079</u>	<u>4,032</u>	<u>30,238</u>	<u>31,901</u>
Total assets and deferred outflow of resources	<u>\$ 11,863,894</u>	<u>\$ 5,067,501</u>	<u>\$ 1,043,839</u>	<u>\$ 17,975,234</u>	<u>\$ 15,894,057</u>

NORTH LOGAN CITY
Statement of Net Position
Proprietary Funds

Continued

	Water	Sewer	Storm water	Total 2021	Memorandum 2020
Liabilities					
Current liabilities:					
Accounts payable	\$ 356,661	\$ 134,933	\$ 65	\$ 491,659	\$ 251,919
Accrued payables	25,147	12,063	1,846	39,056	29,778
Deposits	19,270	1,100	-	20,370	20,370
Accrued interest payable	1,042	-	4,998	6,040	6,507
Bonds payable - due within a year	5,529	-	36,149	41,678	70,565
Total current liabilities	<u>407,649</u>	<u>148,096</u>	<u>43,058</u>	<u>598,803</u>	<u>379,139</u>
Noncurrent liabilities:					
Net pension liability	2,901	1,813	725	5,439	38,410
Bond payable - due in more than one year	12,104	-	77,826	89,930	131,607
Total noncurrent liabilities	<u>15,005</u>	<u>1,813</u>	<u>78,551</u>	<u>95,369</u>	<u>170,017</u>
Total liabilities	<u>422,654</u>	<u>149,909</u>	<u>121,609</u>	<u>694,172</u>	<u>549,156</u>
Deferred inflow of resources- pensions	27,353	17,096	6,838	51,287	48,478
Total liabilities and deferred inflows	<u>450,007</u>	<u>167,005</u>	<u>128,447</u>	<u>745,459</u>	<u>597,634</u>
Net Position					
Net investment in capital assets	8,531,281	3,314,097	689,588	12,534,966	11,554,896
Restricted for debt service	-	-	-	-	36,141
Restricted for impact fees	536,544	382,538	-	919,082	391,543
Unrestricted	2,346,062	1,203,861	225,804	3,775,727	3,313,843
Total net position	<u>\$ 11,413,887</u>	<u>\$ 4,900,496</u>	<u>\$ 915,392</u>	<u>\$ 17,229,775</u>	<u>\$ 15,296,423</u>

See accompanying notes to the financial statements and auditor's report.

NORTH LOGAN CITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

For the Year Ended June 30, 2021

	Water	Sewer	Storm water	Total 2021	Memorandum 2020
Operating revenues:					
Charges for services	\$ 1,771,813	\$ 2,274,375	\$ 251,288	\$ 4,297,476	\$ 4,281,257
Impact fees	339,982	411,033	-	751,015	233,157
Other	221,250	18,200	-	239,450	2,742
Total operating revenues	2,333,045	2,703,608	251,288	5,287,941	4,517,156
Operating expenses:					
Wages and benefits	153,190	91,834	29,396	274,420	351,451
Professional fees	8,138	10	15,251	23,399	52,822
Disposal and treatment	-	1,467,466	-	1,467,466	1,383,471
Utilities	102,961	-	-	102,961	83,208
Repairs and maintenance	173,817	66,367	60,379	300,563	366,539
Other	221,485	300,466	23,113	545,064	482,316
Facilities	48,280	26,554	13,000	87,834	87,834
Depreciation	311,809	148,925	59,228	519,962	495,783
Total operating expenses	1,019,680	2,101,622	200,367	3,321,669	3,303,424
Operating income (loss)	1,313,365	601,986	50,921	1,966,272	1,213,732
Non-operating revenues (expenses):					
Interest income	5,533	2,468	612	8,613	26,471
Gain(loss) on disposal of assets	(41,229)	-	-	(41,229)	512
Interest expense	(1,042)	(334)	(5,928)	(7,304)	(11,020)
Transfers in (out)	-	7,000	-	7,000	40,000
Property tax	-	-	-	-	58,601
Contributed capital	-	-	-	-	532,048
Total non-operating revenue (expense)	(36,738)	9,134	(5,316)	(32,920)	646,612
Change in net position	1,276,627	611,120	45,605	1,933,352	1,860,344
Total net position, beginning	10,137,260	4,289,376	869,787	15,296,423	13,436,079
Total net position, ending	\$ 11,413,887	\$ 4,900,496	\$ 915,392	\$ 17,229,775	\$ 15,296,423

NORTH LOGAN CITY
Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2021

	Water	Sewer	Storm water	Total 2021	Memorandum 2020
Cash flows from operating activities					
Receipts from customers and users	\$ 2,136,703	\$ 2,685,354	\$ 250,176	\$ 5,072,233	\$ 4,410,506
Payments to suppliers	(298,804)	(1,885,947)	(115,484)	(2,300,235)	(2,499,871)
Payments to employees	(153,190)	(91,834)	(29,396)	(274,420)	(351,451)
Net cash provided by operating activities	<u>1,684,709</u>	<u>707,573</u>	<u>105,296</u>	<u>2,497,578</u>	<u>1,559,184</u>
Cash flows from capital and related financing activities					
Dedicated property tax	-	-	-	-	58,601
Principal paid on capital debt	-	(36,141)	(34,423)	(70,564)	(150,792)
Interest paid on capital debt	(1,042)	(334)	(5,928)	(7,304)	(11,020)
Proceeds from sale of capital assets	-	-	-	-	678
Purchases of capital assets	(1,155,563)	(31,234)	(283,433)	(1,470,230)	(310,748)
Net cash used by capital and related financing activities	<u>(1,156,605)</u>	<u>(67,709)</u>	<u>(323,784)</u>	<u>(1,548,098)</u>	<u>(413,281)</u>
Cash flows from investing activities					
Interest received	<u>5,533</u>	<u>2,468</u>	<u>612</u>	<u>8,613</u>	<u>26,471</u>
Net cash provided by investing activities	<u>5,533</u>	<u>2,468</u>	<u>612</u>	<u>8,613</u>	<u>26,471</u>
Net increase (decrease) in cash and cash equivalents	533,637	642,332	(217,876)	958,093	1,172,374
Cash and equivalents, beginning	<u>2,359,990</u>	<u>894,568</u>	<u>428,210</u>	<u>3,682,768</u>	<u>2,510,394</u>
Cash and equivalents, ending	<u>\$ 2,893,627</u>	<u>\$ 1,536,900</u>	<u>\$ 210,334</u>	<u>\$ 4,640,861</u>	<u>\$ 3,682,768</u>
Presented in the financial statements as:					
Cash & cash equivalents	\$ 2,357,083	\$ 1,154,362	\$ 210,334	\$ 3,721,779	\$ 3,255,084
Restricted cash	<u>536,544</u>	<u>382,538</u>	<u>-</u>	<u>919,082</u>	<u>427,684</u>
Total cash and cash equivalents	<u>\$ 2,893,627</u>	<u>\$ 1,536,900</u>	<u>\$ 210,334</u>	<u>\$ 4,640,861</u>	<u>\$ 3,682,768</u>

See accompanying notes to the financial statements and auditor's report.

NORTH LOGAN CITY
Statement of Cash Flows
Proprietary Funds

Continued

	Water	Sewer	Storm water	Total 2021	Memorandum 2020
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income	\$ 1,313,365	\$ 601,986	\$ 50,921	\$ 1,966,272	\$ 1,213,732
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation	311,809	148,925	59,228	519,962	495,783
Changes in assets & liabilities:					
Decrease (increase) in receivables	(196,342)	(18,254)	(1,112)	(215,708)	(106,650)
Decrease (increase) in deferred outflows	1,817	(110)	(44)	1,663	28,176
Increase (decrease) in accruals	253,976	(33,921)	(4,475)	215,580	(123,084)
Increase (decrease) in deposits	-	-	-	-	-
Increase (decrease) in deferred inflows	84	1,947	778	2,809	11,227
Miscellaneous expense/transfers	-	7,000	-	7,000	40,000
Total adjustments	371,344	105,587	54,375	531,306	345,452
Net cash provided (used) by operating activities	<u>\$ 1,684,709</u>	<u>\$ 707,573</u>	<u>\$ 105,296</u>	<u>\$ 2,497,578</u>	<u>\$ 1,559,184</u>
Non-cash transactions:					
Capital contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,048</u>
Assets purchased through debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,250</u>

NORTH LOGAN CITY
Notes to the Financial Statements

For the Year Ended June 30, 2021

1. STRUCTURE

North Logan City (the City) was incorporated in 1934 as a political subdivision of the State of Utah. The City is a fifth-class city operating under the traditional form of government (i.e., a governing body consisting of a mayor and five council members, with the mayor voting only to break a tie). The mayor appoints the planning commission, library board, and other committees with the consent of the City Council.

The City's justice court is located in Hyde Park City. The same judge presides over both Hyde Park and North Logan courts and bailiffs are provided by the North Park Police Agency. Bailiffs are paid by Hyde Park City and the City is billed monthly for its portion. Police services for the City are provided by North Park Police Agency, with North Logan and Hyde Park each paying a monthly share based on an agreed upon formula. North Park Police Agency was created in August 2015 and separated from North Logan City.

Solid waste collection is provided by the Cache County Service Area. North Logan is billed on a monthly basis for this service along with the county dispatch fee, which North Logan then bills to its utility customers. The City contracts with Logan City for its sewage treatment and is billed monthly based on total flow. The City charges its utility customers for these services and pretreatment costs are also charged to businesses based on Logan City billings.

Library service is funded primarily by a dedicated property tax. State law requires that a library board set operational policies and recommend the budget when a dedicated property tax is used. Friends of the Library was set up as a separate organization to raise additional funds and seek outside grants to supplement the dedicated property tax. Friends of the Library provides funds to the City for library use. The Thorne Endowment provided \$170,000 in library funding for the year ended June 30, 2021.

Water, sewer, and storm water services are provided by enterprise funds.

A volunteer fire department provides fire and first responder services.

Facilities maintenance for all public buildings is performed by the facilities department and is allocated to the various departments on a monthly basis determined by the square footage occupied. Parks maintenance, storm drain cleaning, and water treatment maintenance are also performed by facilities department employees, but are tracked separately.

The streets department handles street maintenance, sweeping, and snow removal.

A staff planner provides input to the planning commission and handles economic development.

NORTH LOGAN CITY

Notes to the Financial Statements

Continued

1. STRUCTURE – *continued*

Protective Inspection performs plan reviews, building inspections, and engineering for the City.

A recreation director coordinates recreational programs and events sponsored by the City.

The city administrative staff handles all accounting, utility billing, and clerical functions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Model

North Logan City complies with accounting principles generally accepted in the United States of America applicable to governmental units (US GAAP) as well as all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

The financial statements of the City consist only of the funds of the City. The City established a redevelopment agency (RDA) pursuant to Utah Code and designated the mayor and the city council as the RDA board. The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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 as program revenues are reported instead as general revenues.

Separate fund 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Fund Accounting/Basis of Accounting

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, fund equity, revenues, and expenditures (or expenses), as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City applies expenses for restricted resources first when both restricted and unrestricted funds are available.

The General Fund is the major operating fund of the City. It accounts for all financial resources not required to be accounted for in another fund. All governmental funds use the modified accrual basis of accounting, which recognizes revenues when they become both measurable and available.

“Measurable” means that the amount of the transaction can be determined and “available” means that the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers amounts collected within 60 days after year end to be available. Under this method of accounting, expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

Special revenue funds follow the same principles as the General Fund, but account for legally restricted revenues such as dedicated property tax. When the special revenues cease, the fund is closed to the fund responsible for continuing operations. The Library and RDA Funds are classified as major special revenue funds.

Capital projects funds account for the construction of assets funded by bonds, or for the accumulation of funds to replace major equipment.

Enterprise funds are used to account for operations that are financed and operated like a private sector business, where the governing body intends to finance the costs of providing services to the general public through user charges. The accrual basis of accounting is used (i.e., revenues are recognized when earned; expenses are recognized when incurred).

Only the current portion of long-term liabilities is included in governmental funds. The purchase of fixed assets is recorded in governmental funds, so no depreciation appears on the fund financial statements. GASB 34 requires the capitalization of roads, bridges, and sidewalks (infrastructure), for the government-wide financial statements. This was estimated based on an inventory made by the Technology Transfer Center at Utah State University when GASB 34 was implemented.

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Fund Accounting/Basis of Accounting – *continued*

All fixed assets greater than \$3,000 are valued at historical cost, except donated assets, which are valued at estimated fair market value on the date donated (primarily street and sidewalk improvements and water and sewer lines donated by developers).

All enterprise funds are accounted for on a cost of services, or “capital maintenance” measurement focus. This means that long-term assets and debts are included on the enterprise fund balance sheets.

Depreciation is calculated on a straight-line basis. When assets are transferred, all depreciation is charged to the department receiving the asset. Estimated useful lives are as follows:

Sewer & water systems	50 years
Roads	20 years
Buildings & improvements	10-50 years
Equipment	3-20 years

Annual budgets are adopted by the City council on or before June 22 for the following fiscal year. Budgets may be increased by resolution of the City council at any time during the fiscal year following a public hearing.

Property taxes are collected by Cache County and remitted monthly. Real property taxes are due and payable on November 30 of each year. Personal property taxes are collected and remitted to the City monthly.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are externally imposed due to state or federal laws or conditions issued by grantors or creditors. Committed fund balance represents the amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City council. Assigned fund balance is constrained by the City council’s intent to be used for specific purposes. Unassigned fund balance constitutes the residual balances in the General Fund not classified as restricted, committed, or assigned. Of the unrestricted resources, committed resources will be used first, followed by assigned resources, and then unassigned resources.

For the purposes of the Statement of Cash Flows, the business-type activities consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Fund Accounting/Basis of Accounting – *continued*

Interfund transfers represent flows of cash or other assets without a requirement for repayment. Interfund transfers are classified as other financing sources and other financing uses. The City typically will transfer funds from the General Fund to the Capital Projects Fund for the future purchase of capital items. Other transfers between funds will also reflect activity for capital projects. Interfund payable and receivable balances reflect the amounts of temporary resources used between funds. These amounts are due to covering amounts of negative pooled cash and are all current and shown in the liability section as interfund payable/receivable.

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

Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

The Governmental Funds Balance Sheet includes reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide Statement of Net Position. These differences primarily result from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental funds type balance sheets.

Capital related items:

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position included those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 39,413,229
Accumulated depreciation	(19,341,120)
Total difference	<u>\$ 20,072,109</u>

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Reconciliation of government-wide and fund financial statements – *continued*

Long-term liabilities:

Long-term liabilities were not due and payable in the current period and therefore were not reported in the fund financial statements.

Principal portion of notes and leases	\$ (1,063,793)
Accrued interest	(8,505)
Compensated absences	(95,206)
	<u>\$ (1,167,504)</u>

Pension related assets, liabilities, deferred inflows and deferred outflows were not due and payable in the current period and therefore were not reported in the fund financial statements.

Net pension asset	\$ 75,024
Net pension liability	(30,826)
Deferred outflow of resources - pension	171,345
Deferred inflow of resources - pension	(290,624)
	<u>\$ (75,081)</u>

B. Explanation of differences between governmental fund operating statements and the Statement of Net Activities.

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide Statement of Activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference were as follows:

Capital outlay	\$ 2,142,022
Contributed capital	286,820
Proceeds on disposal of assets	(114,000)
Gain on disposal of assets	64,670
Depreciation expense	(1,200,857)
Net difference as reported	<u>\$ 1,178,655</u>

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Reconciliation of government-wide and fund financial statements – *continued*

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of notes payable	\$ 264,231
Repayment of capital lease principal	58,287
New note payable issuance	(1,000,000)
Change in accrued interest	1,162
Change in accrued compensated absences	(10,629)
	<u>\$ (686,949)</u>

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has the following sources that qualify for reporting in this category:

- *Deferred charge on refunding* – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- *Deferred outflows of resources related to pensions* – includes a) net difference between projected and actual earnings on pension plan investments and b) City contributions subsequent to the measurement date of December 31, 2020.

In addition to liabilities, the Statement of Net Position reports 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 or periods and will not be recognized as an inflow of resources (revenue) until that time. The City reported two of these items. Property taxes are reported as deferred inflows of resources since they are recognized as receivables before the period for which the taxes are levied. Deferred inflows of resources related to pensions – includes a) differences between expected and actual experience and b) changes of assumptions in the measurement of the net pension liability/asset.

NORTH LOGAN CITY

Notes to the Financial Statements

Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

Pensions

For purposes of measuring the net pension liability (asset), 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.

3. CASH & INVESTMENTS

The City considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Utah Public Treasurers' Investment Fund (PTIF).

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

Deposits

Deposits - Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code, the "Act") in handling its depository and investing transactions. The City considers its actions to be sufficient for adequate protection of its uninsured bank deposits. City funds are deposited in qualified depositories as defined by the Act. The City does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$500,602 of the local government's bank balances of \$750,602 was uninsured and uncollateralized. No deposits are collateralized, nor are they required to be by state statute.

Investments

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

3. CASH & INVESTMENTS – *continued*

Investments – *continued*

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

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

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

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

3. CASH & INVESTMENTS – *continued*

Investments – *continued*

Fair Value of Investments

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

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

At June 30, 2021, the City had the following recurring fair value measurements.

Investments by fair value level	6/30/2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
Utah Public Treasurers' Investment Fund	\$10,095,129	\$ -	\$ 10,095,129	\$ -
Total investments measured at fair value	\$10,095,129	\$ -	\$ 10,095,129	\$ -

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

- Utah Public Treasurers' Investment Fund: application of the June 30, 2021 fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund;

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

3. CASH & INVESTMENTS – *continued*

Interest Rate Risk

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

As of June 30, 2021, the City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	6-10
Debt Securities				
Utah Public Treasurers' Investment Fund	\$10,095,129	\$ 10,095,129	\$ -	\$ -
Total investments measured at fair value	<u>\$10,095,129</u>	<u>\$ 10,095,129</u>	<u>\$ -</u>	<u>\$ -</u>

4. ACCOUNTS RECEIVABLE

The City had accounts receivable as of June 30, 2021, as follows:

Property tax	\$ 2,233,284	
Sales tax	274,194	
Sewer	206,425	(net of \$11,443 allowance)
Garbage and dispatch fee	99,841	(net of \$11,530 allowance)
Class C Road funds	109,946	
Project reimbursements	894,349	
Water	204,184	(net of \$5,150 allowance)
Court	11,768	(net of \$108,987 allowance)
Other receivables	26,726	
Energy use tax	51,976	
Storm water	20,912	(net of \$2,292 allowance)
Total	<u>\$ 4,133,605</u>	

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

5. CONTINGENCIES

The City is exposed to various risks of loss related to torts; errors and omissions; violation of civil rights; theft of, damage to, and destruction of assets; and natural disasters. These risks are covered by the City's participation in the State risk management system for municipalities. This is a pooled arrangement where municipalities pay experienced rated annual premiums which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool also insures against excess losses to preserve the capital base.

Insurance coverage by major category of risk has remained relatively constant or increased as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

6. LONG-TERM DEBT

Long-term debt at June 30, 2021 consisted of the following:

	<u>7/1/2020</u>	<u>Issued</u>	<u>Paid</u>	<u>6/30/2021</u>	<u>Due in 1 yr.</u>
Sewer fund:					
GMAC: \$1,000,000 due in monthly installments of \$4,830 including interest at 5%.	\$ 36,141	\$ -	\$ 36,141	\$ -	\$ -
Total sewer fund				<u>\$ -</u>	<u>\$ -</u>
Storm water fund:					
Capital lease: \$223,040 due in annual installments of \$41,861 including interest of 4.9%, asset value \$265,750 with accumulated depreciation of \$110,730 and depreciation expense of \$44,292.	\$ 148,398	\$ -	\$ 34,424	<u>\$ 113,974</u>	<u>\$ 36,149</u>
Water fund:					
Capital lease: \$24,250 due in annual installments of \$6,617 including interest at 4.39%, asset value \$24,250 with accumulated depreciation of \$9,094 and depreciation expense of \$6,062.	\$ 17,633	-	-	<u>\$ 17,633</u>	<u>\$ 5,529</u>

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

6. LONG-TERM DEBT- *continued*

RDA fund:	<u>7/1/2020</u>	<u>Issued</u>	<u>Paid</u>	<u>6/30/2021</u>	<u>Due in 1 yr.</u>
Developer notes payable for \$2,000,000 due as available from tax increment subsidies through fiscal year 2028.	\$ 113,120	\$ 1,000,000	\$ 264,231	<u>\$ 848,889</u>	<u>\$ 125,000</u>
General fund:					
Capital lease: \$19,211 due in annual installments of \$4,315 including interest of 5.7%, asset value \$19,211 with accumulated depreciation of \$5,763 and depreciation expense of \$3,842.	\$ 14,896	\$ -	\$ 3,396	\$ 11,500	\$ 3,606
Capital lease: \$135,229 due in annual installments of \$30,376 including interest of 5.7%, asset value \$135,229 with accumulated depreciation of \$40,569 and depreciation expense of \$27,046.	104,853	-	23,909	80,944	25,383
Capital lease: \$24,250 due in annual installments of \$6,617 including interest at 4.39%, asset value \$24,250 with accumulated depreciation of \$9,094 and depreciation expense of \$6,062.	17,633	-	-	17,633	5,529
Capital lease: \$175,124 due in annual installments of \$39,315 including interest of 5.7%, asset value \$175,124 with accumulated depreciation of \$52,537 and depreciation expense of \$35,025.	135,809	-	30,982	104,827	32,883
Total general fund				<u>\$ 214,904</u>	<u>\$ 67,401</u>
Total long-term debt				<u>\$ 1,195,400</u>	<u>\$ 234,079</u>

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

6. LONG-TERM DEBT – *continued*

Assets have been restricted and retained earnings reserved to meet bond sinking fund requirements. The City is in compliance with all significant bond requirements.

The annual requirements to amortize long-term debt outstanding as of June 30, 2021, were as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 234,079	\$ 20,022
2023	240,378	13,723
2024	247,054	7,049
2025	125,000	-
2026	125,000	-
Thereafter	223,889	-
Totals	<u>\$ 1,195,400</u>	<u>\$ 40,794</u>

7. PENSION PLANS

General Information about the Pension Plan

Plan description – eligible plan participants are provided with pensions through Utah Retirement Systems. Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System); Firefighters Retirement System (Firefighters System) are multiple employer, cost sharing, retirement systems.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighter System) are multiple employer, cost sharing public employees, retirement systems.

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.

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

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

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

7. PENSION PLANS – *continued*

Summary of Benefits by System:

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

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%
Firefighters 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 4%
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 Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 2020; 2.0% per year July 2020 to present	Up to 2.5%

*actuarial reductions are applied

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

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

7. PENSION PLANS – *continued*

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2021 were as follows:

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Contributory System			
11- Local Governmental Division Tier 1	6.00%	14.46%	N/A
111- Local Governmental Division Tier 2	N/A	15.80%	0.89%
Noncontributory System			
15- Local Governmental Division Tier 1	N/A	18.47%	N/A
Public Safety System Contributory:			
77 - Other Division A with 4% COLA	12.29%	24.37%	N/A
122 - Tier 2 DB Hybrid Public Safety	2.27%	26.99%	N/A
Noncontributory			
75 - Other Division A with 4% COLA	N/A	35.71%	N/A
Firefighters Retirement System			
31- Other Division A	15.05%	4.61%	N/A
132- Tier 2 DB Hybrid Firefighters	2.27%	14.08%	N/A
Tier 2 DC Only			
211- Local Government	N/A	6.69%	10.00%
222- Public Safety	N/A	12.99%	14.00%
232- Firefighters	N/A	0.08%	14.00%

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

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

7. PENSION PLANS – *continued*

For the fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory system	\$ 57,460	N/A
Firefighters system	286	934
Tier 2 public employees system	116,146	-
Tier 2 public safety and firefighter	205	-
Tier 2 DC public safety and firefighter system	1	N/A
Total contributions	<u>\$ 174,098</u>	<u>\$ 934</u>

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

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

At June 30, 2021, we reported a net pension asset of \$75,024 and a net pension liability of \$36,265.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2019	Change (Decrease)
Noncontributory system	\$ -	\$ 28,894	0.0563291%	0.0599647%	-0.0036356%
Contributory system	-	-	0.0000000%	0.0000000%	0.0000000%
Firefighters system	75,024	-	0.2683084%	0.5643873%	-0.2960789%
Tier 2 public employees system	-	6,381	0.0443642%	0.0463781%	-0.0020139%
Tier 2 public safety and firefighter system	-	990	0.0110529%	0.0386502%	-0.0275973%
Total net pension asset/liability	<u>\$ 75,024</u>	<u>\$ 36,265</u>			

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

7. PENSION PLANS – *continued*

The net pension asset and liability were measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2021, we recognized pension expense of \$2,027.

At June 30, 2021, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,698	\$ 5,946
Changes in assumptions	19,939	5,456
Net difference between projected and actual earnings on pension plan investments	-	275,460
Changes in proportion and differences between contributions and proportionate share of contributions	35,152	55,049
Contributions subsequent to the measurement date	89,794	-
Total	<u>\$ 201,583</u>	<u>\$ 341,911</u>

\$89,794 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2021	\$ (92,633)
2022	(31,379)
2023	(86,644)
2024	(36,933)
2025	6,798
Thereafter	10,666

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

7. PENSION PLANS – continued

Actuarial assumptions – The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	37%	6.30%	2.33%
Debt securities	20%	0.00%	0.00%
Real assets	15%	6.19%	0.93%
Private equity	12%	9.50%	1.14%
Absolute return	16%	2.75%	0.44%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
Inflation			2.50%
Expected arithmetic nominal return			7.34%

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

7. PENSION PLANS – *continued*

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

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

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory system	\$ 500,929	\$ 28,894	\$ (364,619)
Firefighters system	34,084	(75,024)	(163,271)
Tier 2 public employees system	107,370	6,381	(70,873)
Tier 2 public safety & firefighter	4,674	990	(1,946)
Total	<u>\$ 647,057</u>	<u>\$ (38,759)</u>	<u>\$ (600,709)</u>

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

7. PENSION PLANS – *continued*

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

Defined Contribution Savings Plans

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

The City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

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

	2021	2020	2019
401(k) Plan			
Employer contributions	\$ 21,913	\$ 26,264	\$ 20,510
Employee contributions	26,407	36,603	41,006
457 Plan			
Employee contributions	-	7,274	11,011
Roth IRA Plan			
Employee contributions	4,680	3,860	1,564

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

8. CHANGES IN FIXED ASSETS

Fixed asset changes occurring for the year ended June 30, 2021 were as follows:

	July 1, 2020	Additions	Deletions	June 30, 2021
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,099,364	\$ 67,813	\$ -	\$ 7,167,177
Construction in progress	-	-	-	-
Total capital assets not being depreciated	7,099,364	67,813	-	7,167,177
Capital assets being depreciated:				
Distribution and collection systems	19,272,537	1,140,789	45,251	20,368,075
Buildings and equipment	10,779,730	1,220,240	121,993	11,877,977
Total capital assets being depreciated	30,052,267	2,361,029	167,244	32,246,052
Accumulated depreciation	(18,258,177)	(1,200,857)	(117,914)	(19,341,120)
Total capital assets being depreciated, net	11,794,090	1,160,172	49,330	12,904,932
Total governmental activities capital assets, net	<u>\$ 18,893,454</u>	<u>\$ 1,227,985</u>	<u>\$ 49,330</u>	<u>\$ 20,072,109</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and water rights	\$ 474,409	\$ -	\$ -	\$ 474,409
Construction in progress	-	-	-	-
Total capital assets not being depreciated	474,409	-	-	474,409
Capital assets being depreciated:				
Distribution and collection systems	19,039,188	1,438,219	78,862	20,398,545
Buildings and equipment	1,370,984	32,013	5,503	1,397,494
Total capital assets being depreciated	20,410,172	1,470,232	84,365	21,796,039
Accumulated depreciation for:				
Structures and systems	(9,121,006)	(519,962)	(43,134)	(9,597,834)
Total capital assets being depreciated, net	11,289,166	950,270	41,231	12,198,205
Total business-type activities capital assets	<u>\$ 11,763,575</u>	<u>\$ 950,270</u>	<u>\$ 41,231</u>	<u>\$ 12,672,614</u>

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

8. CHANGES IN FIXED ASSETS – *continued*

Depreciation expense was charged to governmental functions as follows:

General government	\$	10,371
Public safety		86,938
Streets		751,517
Parks & recreation		352,031
Total depreciation expense	\$	<u>1,200,857</u>

9. RELATED PARTY TRANSACTIONS

The City receives police services from North Park Police Agency (NPPA) under the terms of an interlocal agreement with Hyde Park City. Two council members, the mayor, and a citizen of North Logan City serve on the governing body of NPPA. Under the interlocal agreement, each city provides funding to NPPA based on an agreed-upon formula. Total funding provided (including additional COVID-19 related costs) by North Logan City for the year ended June 30, 2021 amounted to \$1,408,969.

10. INTERFUND TRANSFERS

The composition of interfund transfers as of June 30, 2021 is as follows:

Purpose	Amount	Transfer In	Transfer Out
Equipment	\$ 56,000	Capital Projects	General
Equipment	335	Library	General
Equipment	7,000	Sewer	General
Equipment	20,000	Capital Projects	Library

11. COMPENSATED ABSENCES

Most employees earn paid vacation and sick leave days each month based on length of service. If sick leave is not used during the calendar year, up to 32 hours can be converted to vacation time at December 31. As of June 30, 2021, some employees were still owed for compensatory time in lieu of overtime pay from previous years. Vacation hours in excess of two years' earnings not used before November 1 are forfeited. The termination method was used to accrue compensated absences of \$91,328 in the General, Water, Sewer, and Storm Water funds. All vacation hours and all compensatory time hours are paid out upon termination. Only 10 percent of sick leave hours are paid out upon termination (unless the employee retires through the Utah Retirement System and has worked for the City for a required amount of time). Sick leave excluded under this provision during the year ended June 30, 2021 amounted to \$127,174. Based on experience, about 20 percent of sick leave hours are typically used in a year.

NORTH LOGAN CITY
Notes to the Financial Statements

Continued

12. MEMORANDUM TOTALS

Total columns on the financial statements are captioned “memorandum” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Such data is also not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Certain reclassifications have been made to the prior year balances to be consistent with the current year presentation.

13. SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through November 5, 2021, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

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NORTH LOGAN CITY
Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

For the Year Ended June 30, 2021

	As of fiscal year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of its covered- employee payroll
Noncontributory system	2015	0.1120130%	\$ 486,387	\$ 946,667	51.38%	90.20%
	2016	0.1186791%	671,544	1,005,100	66.81%	87.80%
	2017	0.1021861%	656,160	879,705	74.59%	87.30%
	2018	0.0900675%	394,613	728,102	54.20%	91.90%
	2019	0.0691193%	508,975	495,743	102.67%	87.00%
	2020	0.0599647%	225,998	354,339	63.78%	93.70%
	2021	0.0563291%	28,894	306,069	9.44%	99.20%
Contributory system	2015	0.1471111%	\$ 42,433	\$ 78,637	53.96%	94.00%
	2016	0.1931606%	135,764	82,303	164.96%	85.70%
	2017	0.3581704%	117,520	85,939	136.75%	92.90%
	2018	0.2989745%	24,329	60,667	40.10%	98.20%
Public safety system	2015	0.1679745%	\$ 211,242	\$ 376,769	56.07%	90.50%
	2016	0.1760763%	315,397	398,523	79.14%	87.10%
	2017	0.0599182%	121,591	135,542	89.71%	86.50%
Firefighters system	2015	0.3947098%	\$ (22,524)	\$ 103,621	-21.74%	103.50%
	2016	0.4175805%	(7,563)	112,219	-6.74%	101.00%
	2017	0.3950045%	(3,114)	111,064	-2.80%	100.40%
	2018	0.5072530%	(31,681)	148,382	-21.35%	103.00%
	2019	0.4991053%	64,807	154,826	41.86%	94.30%
	2020	0.5643873%	(69,995)	180,703	-38.73%	105.00%
	2021	0.2683084%	(75,024)	87,536	-85.71%	110.50%

NORTH LOGAN CITY
Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Fiscal Years

Continued

	As of fiscal year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of its covered- employee payroll
Tier 2 public employees system*	2015	0.0232330%	\$ (701)	\$ 113,431	-0.62%	103.50%
	2016	0.0240126%	(52)	155,141	-0.03%	100.20%
	2017	0.0236957%	2,643	194,325	1.36%	95.10%
	2018	0.0322191%	2,841	314,874	0.90%	97.40%
	2019	0.0394013%	16,875	459,943	3.67%	90.80%
	2020	0.0463781%	10,431	644,353	1.62%	96.50%
	2021	0.0443642%	6,381	709,522	0.90%	98.30%
Tier 2 public safety and firefighter system*	2015	0.0753590%	\$ (1,115)	\$ 31,144	-3.58%	120.50%
	2016	0.0600659%	(878)	35,740	-2.46%	110.70%
	2017	0.0168290%	(146)	13,904	-1.05%	103.60%
	2018	0.0000000%	-	-	0.00%	103.00%
	2019	0.0338694%	849	44,680	1.90%	95.60%
	2020	0.0386502%	3,636	63,745	5.70%	89.60%
	2021	0.0110529%	990	24,249	4.09%	93.10%

*in accordance with paragraph 81.a of GASB 68, employers need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI. This schedule is being built prospectively.

NORTH LOGAN CITY
Schedule of Contributions

For the Year Ended June 30, 2021

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory system	2014	\$ 167,845	\$ 167,845	\$ -	\$ 972,212	17.26%
	2015	179,087	179,087	-	981,583	18.24%
	2016	172,997	172,997	-	941,635	18.37%
	2017	158,154	158,154	-	861,075	18.37%
	2018	107,796	107,796	-	590,586	18.25%
	2019	76,525	76,525	-	415,079	18.44%
	2020	58,257	58,257	-	315,413	18.47%
	2021	57,460	57,460	-	311,099	18.47%
Contributory system	2014	\$ 10,240	\$ 10,240	\$ -	\$ 77,109	13.28%
	2015	11,717	11,717	-	81,894	14.31%
	2016	12,000	12,000	-	82,989	14.46%
	2017	15,179	15,179	-	104,974	14.46%
Public safety system	2014	\$ 79,590	\$ 79,590	\$ -	\$ 382,088	20.83%
	2015	82,420	82,420	-	386,019	21.35%
	2016	73,810	73,810	-	341,034	21.64%
Firefighters system	2014	\$ 3,025	\$ 3,025	\$ -	\$ 102,195	2.96%
	2015	4,060	4,060	-	107,543	3.78%
	2016	4,346	4,346	-	108,921	3.99%
	2017	5,161	5,161	-	132,230	3.90%
	2018	6,034	6,034	-	153,653	3.93%
	2019	7,171	7,171	-	156,430	4.58%
	2020	8,460	8,460	-	183,524	4.61%
	2021	286	286	-	6,203	4.61%

NORTH LOGAN CITY
Schedule of Contributions

Continued

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Tier 2 public employees system*	2014	\$ 14,160	\$ 14,160	\$ -	\$ 101,214	13.99%
	2015	19,500	19,500	-	132,854	14.68%
	2016	24,420	24,420	-	163,781	14.91%
	2017	36,337	36,337	-	243,710	14.91%
	2018	60,915	60,915	-	403,339	15.10%
	2019	83,538	83,538	-	537,566	15.54%
	2020	111,224	111,224	-	710,246	15.66%
	2021	116,146	116,146	-	735,101	15.80%
Tier 2 public safety and firefighter system*	2014	\$ 3,264	\$ 3,264	\$ -	\$ 14,566	22.41%
	2015	7,952	7,952	-	33,943	23.43%
	2016	7,733	7,733	-	32,685	23.66%
	2017	-	-	-	-	0.00%
	2018	814	814	-	7,519	10.83%
	2019	8,932	8,932	-	78,769	11.34%
	2020	5,248	5,248	-	46,116	11.38%
	2021	205	205	-	1,804	11.36%
Tier 2 public employees DC only system*	2014	\$ 477	\$ 477	\$ -	\$ 8,632	5.53%
Tier 2 public safety and firefighter DC only system*	2020	\$ 34	\$ 34	\$ -	\$ 42,233	0.08%
	2021	1	1	-	1,581	0.06%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created July 1, 2011.

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

NORTH LOGAN CITY
Notes to the Required Supplementary Information

For the Year Ended June 30, 2021

1. CHANGES IN ASSUMPTIONS

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about .50% of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

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SINGLE AUDIT AND STATE COMPLIANCE SECTION

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NORTH LOGAN CITY
Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

<u>Federal Grantor</u>		<u>Federal CFDA Number</u>	<u>Cluster</u>	<u>Award Number</u>	<u>Program/ Award Amount</u>	<u>Expenditures</u>
Department of Treasury passed through:						
State of Utah:						
Coronavirus relief fund	COVID-19	21.019		SLT0243	\$ 958,605	\$ 957,944
Total Department of Treasury					958,605	957,944
Total Federal Financial Assistance					\$ 958,605	\$ 957,944

The accompanying notes are an integral part of this schedule.

NORTH LOGAN CITY

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

1. PURPOSES OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (the “Schedule”) is a supplementary schedule to the financial statements. The Schedule is required by the U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The information in the Schedule is presented in accordance with the Uniform Guidance. The Schedule is prepared using the same accounting policies and basis of accounting as the financial statements.

CFDA Numbers

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

Subrecipients

The City did not provided federal awards to subrecipients during the year ended June 30, 2021.

Non-cash assistance

The City did not receive any non-cash federal assistance for the year ended June 30, 2021.

Major Programs

Uniform Guidance establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. The federal awards tested as major programs were those with a CFDA number of 21.019.

Indirect Cost Rate

The City did not charge any indirect costs and has not elected to apply the de minimis indirect cost rate.



**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 Honorable Mayor and City Council of
North Logan City
North Logan, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of North Logan City, Utah (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 5, 2021.

Internal Control Over Financial Reporting

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

Very truly yours,

A handwritten signature in black ink that reads "Allred Jackson". The signature is written in a cursive, flowing style.

Allred Jackson

North Logan, UT
November 5, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Honorable Mayor and City Council of
North Logan City
North Logan, Utah

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



North Logan, UT
November 5, 2021

NORTH LOGAN CITY
Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

A. SUMMARY OF AUDIT RESULTS

Type of report issued:
Unqualified

Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal awards	
Internal control over major programs:	
Material weakness identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No

Type of auditor's report issued on compliance for major programs:	
Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	No

Major programs:	
Federal programs tested as major programs:	21.019

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

Auditee qualified as low-risk auditee	No
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B. FINDINGS- FINANCIAL STATEMENTS AUDIT

There were no current year findings.

C. FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no current year findings.

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

To the Honorable Mayor and City Council of
North Logan City
North Logan, Utah

Report On Compliance

We have audited North Logan City, Utah's (the "City") compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2021.

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

- Budgetary Compliance
- Fund Balance
- Justice Court
- Restricted Taxes and Other Related Restricted Revenue
- Fraud Risk Assessment
- Governmental Fees
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Tax Levy Revenue Recognition

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Very truly yours,

A handwritten signature in black ink that reads "Allred Jackson". The signature is written in a cursive style with a large, stylized "A" and "J".

Allred Jackson

North Logan, UT
November 5, 2021

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SCHEDULE OF FINDINGS AND RECOMMENDATIONS

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NORTH LOGAN CITY
Schedule of Findings and Recommendations
Current Year

For the Year Ended June 30, 2021

No current year findings

NORTH LOGAN CITY
Schedule of Findings and Recommendations
Prior Year

For the Year Ended June 30, 2021

2020-1: Audit Adjustments
Material Weakness in Internal Control over Financial Reporting

Criteria: The City and its management are responsible to determine that internal controls ensure that accounting transactions are recorded accurately, and the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Condition: Material misstatements related to cash, debt, fixed assets, and accounts payable were identified.

Cause: The City failed to identify certain year-end activity that should have been recorded in the general ledger.

Effect: The financial statements were materially misstated and audit adjustments were proposed before the misstatement was detected and corrected by the City's accounting staff.

Recommendation: We recommend that City management ensure that its internal control process over financial reporting results in the proper reconciliation of all accounts on a timely basis.

Views of Responsible Officials: City Officials including the City Recorder, City Administrator, and City Treasurer will meet intermittently throughout the fiscal year to ensure that any proposed adjustments/activity are identified and up to date, with special attention given to a yearend review and adjustments prior to the yearly financial audit. The City Recorder will review the check register each month to identify any equipment/projects exceeding the \$3,000 capitalization amount and review these with the City Administrator and Public Works Director periodically. The City Recorder will review the sale of fixed assets each month to identify depreciated equipment sold and remove it from the depreciation schedule and review these with the City Administrator and Public Works Director at year end. The City Recorder will compare restricted asset accounts with restricted equity accounts each month to assure they balance, with special attention to any newly added accounts.

Status: Year-end adjustments were identified and made prior to the audit.