



North Davis Fire District
381 North 3150 West
West Point City, UT 84015
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PUBLIC NOTICE / HEARING

North Davis Fire District Board of Trustees

(Meetings and Public Hearings are subject to change)

Notice is hereby given that the North Davis Fire District Board of Trustees will meet at Station 41 (381 N 3150 W, West Point) at **6:30 PM on February 16, 2023**, to discuss, hear public comment and consider amending the Fiscal Year 2022/2023 Budget. Interested parties are encouraged to attend the meeting and express their opinion on this matter. Additional information can be obtained at <https://www.northdavisfiredistrict.com> or by calling the District Clerk. In accordance with the Americans with Disabilities Act, persons in need of special accommodations should contact the District Clerk at 801-525-2850, ext. 101 at least twenty-four prior to the meeting.

Dated this 8th day of February 2023
Misty Rogers, District Clerk

Notice is hereby given that the North Davis Fire District Audit Report for Fiscal Year 2021/2022 will be presented to the Board of Trustees at **6:30 PM on February 16, 2023**, at Station 41 (381 N 3150 W, West Point). Interested parties are encouraged to attend the meeting and express their opinion on this matter. Additional information can be obtained at <https://www.northdavisfiredistrict.com> or by calling the District Clerk. In accordance with the Americans with Disabilities Act, persons in need of special accommodations should contact the District Clerk at 801-525-2850, ext. 101 at least twenty-four prior to the meeting.

Dated this 8th day of February 2023
Misty Rogers, District Clerk

**NORTH DAVIS FIRE DISTRICT
BUDGET AMENDMENTS
FOR THE YEAR ENDED
JUNE 30, 2023**

Amendments to be made in February 2023

GENERAL FUND

		Increase	Decrease	Net Increase (Decrease)
Revenues:				
		\$ -		
		\$ -	\$ -	\$ -
Expenses				
Vehicle Maintenance	1-43300	\$ 55,000		
Transfer to Capital Project		\$ 268,700		
Grand Total of General Fund Expenses		\$ 323,700	\$ -	\$ 323,700

CAPITAL PROJECTS FUND

		Revenues:			
Transfer from General Fund		\$	318,700		
		\$	318,700	\$	-
				\$	-
		Expenses			
Equipment	3-44200	\$	318,700		
Grand Total of Capital Projects Fund Expenses		\$	318,700	\$	-
				\$	318,700

NORTH DAVIS FIRE DISTRICT

FINANCIAL REPORT

JUNE 30, 2022

North Davis Fire District

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
North Davis Fire District
West Point, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Davis Fire District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise North Davis Fire District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Davis Fire District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Davis Fire District'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 Davis Fire District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on as listed on the table 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2023, on our consideration of North Davis Fire District'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 North Davis Fire District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Davis Fire District's internal control over financial reporting and compliance.

Wright & Associates, P.C.

Ogden, Utah
January 19, 2023

Management's Discussion and Analysis

North Davis Fire District
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2022

INTRODUCTION

The following is a discussion and analysis of North Davis Fire District's financial performance and activities for the year ended June 30, 2022. Please read it in conjunction with the financial statements that follow.

HIGHLIGHTS

Government-wide

- Total net position increased by \$1,775,748 or 36.5 percent from the prior year.
- The District added various machinery & equipment this year. They also increased their work in progress due to upgrades to the 2022 Pierce Enforcer truck and an ambulance as well as some upgrades to the Clearfield station.

Fund Level

- Fund balances in the District's combined governmental funds increased by \$10,244,944 or 302 percent from the prior year. The increase was substantially due to the issuance of a revenue bond as well as an increase of revenue from charges for services and the additional taxes that were generated.
- The Debt Service Fund paid \$1,260,956 in principal and interest payments towards the Series 2008 Revenue Bonds. Of the amount paid, \$1,240,000 was applied toward outstanding principal, leaving no outstanding balance. Debt Service Fund balance is \$58,302 at year end.
- The fund balance in the General Fund increased by \$1,340,747, an increase of 50.6 percent. A budgeted transfer was made to the Capital Projects Fund of \$237,000. There was also a transfer from the General Fund to the Debt Service Fund in the amount of \$341,713. General fund balance is \$3,988,118 at year end.
- The Capital Projects fund balance decreased \$268,596 or 36.8 percent over the year. Capital Projects fund balance is \$461,532 at year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the District's Basic Financial Statements. The Basic Financial Statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the Basic Financial Statements, this report also contains other supplementary information concerning budgetary comparisons.

Government-wide Statements - Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities comprise the government-wide financial statements. These statements provide a broad overview with a long-term focus of the District's finances as a whole and are prepared using the full-accrual basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the District's net position - the difference between total assets and total liabilities, and how they have changed from the prior year. Over time, increases and decreases in net position measure whether the District's overall financial condition is getting better or worse. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the District's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

North Davis Fire District
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2022

The government-wide statements distinguish the programs of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). North Davis Fire District's governmental activities include fire administration, fire operations, and interest on long-term debt.

Fund Financial Statements - Reporting the Fire District's Most Significant Funds

The fund financial statements provide detailed information about individual major funds, and not the District as a whole. A fund is a group of related accounts that the District uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity.

The District's basic services are accounted for in governmental funds and are essentially the same functions reported as governmental activities in the government-wide statements. Governmental funds use the modified accrual basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at year-end that are available for future spending. This short-term view of the District's financial position helps determine whether the District has sufficient resources to cover expenditures for its basic services in the near future.

Reconciliation Between Government-wide and Fund Statements

The financial statements include schedules that reconcile the amounts reported for governmental activities on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the governmental fund statements (modified accrual accounting, short-term focus). Following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlays result in capital assets on the government-wide statements, but are expenditures on the governmental fund statements.
- Long-term debt proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.

Notes to the Financial Statements

The notes provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information

North Davis Fire District adopts an annual budget for all of its governmental funds. A budgetary comparison schedule for the District's General Fund is included.

North Davis Fire District
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Investments in capital assets (land, buildings, construction-in-progress, and equipment) less all outstanding debt that was issued to buy or build those and future assets, represent 21.1 percent of the District's net position. As capital assets, these resources are not available for future spending, nor can they all be readily liquidated to pay off the related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

The majority of the District's net position, 63.4 percent, is unrestricted and may be used at the District's discretion to meet its ongoing obligations to citizens and creditors. The remaining 15.5 percent is restricted net position which includes funds for debt service and impact fees.

A summary of the net position and related revenues and expenses of the District is shown below:

North Davis Fire District		Governmental	
Net Position		Activities	
June 30, 2022		2022	2021
Current and other assets	\$	8,382,038	\$ 7,957,879
Noncurrent assets		15,975,649	4,618,014
Deferred outflows of resources relating to pensions		423,071	350,165
Total assets and deferred outflows of resources		<u>24,780,758</u>	<u>12,926,058</u>
Current and other liabilities		317,799	374,860
Long-term liabilities		12,102,387	2,636,884
Total liabilities		<u>12,420,186</u>	<u>3,011,744</u>
Deferred inflow of resources relating to property taxes		4,583,808	4,448,529
Deferred inflow of resources relating to pensions		1,139,413	604,182
Total liabilities and deferred inflows of resources		<u>18,143,407</u>	<u>8,064,455</u>
Net position:			
Net investment in capital assets		1,403,119	1,151,618
Restricted net position		1,026,186	830,136
Unrestricted		4,208,046	2,879,849
Total net position	\$	<u><u>6,637,351</u></u>	<u><u>\$ 4,861,603</u></u>
Percentage change from prior year		36.5%	32.1%

North Davis Fire District
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2022

Governmental Activities

Total revenues increased an overall \$1,410,448 or 23.3 percent during 2022, consisting of a 50.1 percent increase, or \$1,941,132 in property tax revenues and an increase of \$8,585 or 5.1 percent in non-employer contributions relating to pensions. Investment earnings were \$40,757 for the year.

Total expenses increased by 16.7 percent or \$815,262 for the year due to increased interest and operations costs. Interest on long-term debt increased by \$119,112 or 190.8 percent. Interest expenditures increased substantially this year due to the issuance of a new bond for the construction of a new fire station.

North Davis Fire District
Changes in Net Position
Fiscal Year Ended June 30, 2022

	Governmental Activities		Total Percentage Change
	2022	2021	2021-2022
Revenues			
General revenues:			
Taxes	\$ 5,816,911	\$ 3,875,779	50.1%
Other general revenues/(expenses)	40,757	154,887	-73.7%
Non-employer contributions relating to pensions	176,955	168,370	5.1%
Program revenues:			
Charges for services	1,417,889	1,866,528	-24.0%
Capital grants and contributions	23,500	-	0.0%
Total revenues	<u>7,476,012</u>	<u>6,065,564</u>	<u>23.3%</u>
Expenses			
Administration	463,882	479,790	-3.3%
Operations	5,054,844	4,342,786	16.4%
Interest on long-term debt	181,538	62,426	190.8%
Total expenses	<u>5,700,264</u>	<u>4,885,002</u>	<u>16.7%</u>
Change in net position	1,775,748	1,180,562	50.4%
Net position - beginning	4,861,603	3,681,041	32.1%
Net position - ending	<u>\$ 6,637,351</u>	<u>\$ 4,861,603</u>	<u>36.5%</u>

The table below shows to what extent the District's governmental activities relied on taxes and other general revenue to cover all their costs. For fiscal year 2022, these programs generated \$1,441,389 in revenue or 25.3 percent, of total expenses through charges for services and grants. Taxes and other general revenues covered the remaining 74.7 percent of expenses.

North Davis Fire District
Management's Discussion and Analysis (Unaudited)
 Fiscal Year Ended June 30, 2022

North Davis Fire District
Net Cost of Government Activities
Fiscal Year Ended June 30, 2022

	Total program expenses	Total program revenues	Net program costs		Program revenues as a percentage of total expenses	
			2022	2021	2022	2021
Activities:						
Administration	\$ 463,882	\$ -	\$ 463,882	\$ 479,790	-	-
Operations	5,056,940	1,441,389	3,615,551	2,333,580	28.5%	46.3%
Interest on long-term debt	179,442	-	179,442	62,426	-	-
Total governmental activities	\$ <u>5,700,264</u>	\$ <u>1,441,389</u>	\$ <u>4,258,875</u>	\$ <u>2,875,796</u>	<u>25.3%</u>	<u>41.1%</u>

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

North Davis Fire District added \$244,015 in new capital assets. This included various machinery and equipment and a truck. Also during the year the District added \$621,720 of construction in progress. The majority of this increase was the improvements to the Clearfield station. More information about capital assets is included in Note 5 of the financial statements.

Long-term Debt

In 2008, the District issued \$3,100,000 in revenue bonds, refinanced in fiscal year 2013. Principal and interest paid on the bonds totaled \$1,260,956 in fiscal year 2022. The outstanding bond payable balance of \$1,240,000 was paid off in fiscal year 2022. In September 2021, the District issued \$10,645,000 in revenue bonds. Principal and interest paid on the bonds totaled \$320,757 in fiscal year 2022. The outstanding bond payable balance is \$10,465,000, which will be paid over the remaining 29 years of the bond repayment schedule. Of the bond premium balance of \$442,783, \$14,759 was amortized, and the remainder will be amortized over the remaining 29 years of the bond repayment schedule. The District entered into a lease agreement with Oshkosh Capital in October 2014 for the purchase of a new rescue engine. The remaining balance of \$188,081 will be paid in 3 annual payments of \$66,979, ending in 2024. The District entered into a lease agreement with PNC Equipment Finance in March 2021 for the purchase of a new Pierce Pumper. The balance of \$708,880 will be paid in 12 installments, of which \$22,117 in interest only for the first installment, followed by 11 installments of \$75,581, ending in 2032. The District entered into a purchase agreement for five defibrillators in 2020. During the year, \$30,678 was paid. The remaining \$61,356 will be paid in 2 annual installments of \$30,678.

North Davis Fire District
Long-term Liabilities
June 30, 2022

	Governmental activities
Revenue bonds	\$ 10,465,000
Unamortized bond premium	428,024
Financing leases	958,318
Compensated absences	<u>251,045</u>
Total	\$ <u>12,102,387</u>

North Davis Fire District
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Balances

At June 30, 2022 North Davis Fire District's governmental funds reported combined fund balances of \$13,637,088. Restricted fund balances include \$967,884 for unspent impact fees and \$58,302 for debt service payments. Non-spendable fund balance includes \$149,790 for prepaid expenses. Assigned fund balance is \$461,532 and is for future capital projects. The remaining balance of \$2,870,444 remains unassigned and is available for future spending. The following chart presents the District's 2022 ending fund balances.

North Davis Fire District
Governmental Fund Balances
Fiscal Year Ended June 30, 2022

Fund Balance	General	Local Building Authority	Debt Service	Capital Projects	Total
Non-spendable	\$ 149,790	\$ -	\$ -	\$ -	\$ 149,790
Restricted for:					
Impact fees	967,884	-	-	-	967,884
Debt service	-	-	58,302	-	58,302
LBA	-	9,129,136	-	-	9,129,136
Committed	-	-	-	-	-
Assigned for capital projects	-	-	-	461,532	461,532
Unassigned reported in:					
General Fund	2,870,444	-	-	-	2,870,444
Total fund balance	\$ 3,988,118	\$ 9,129,136	\$ 58,302	\$ 461,532	\$ 13,637,088

General Fund

During 2022, the fund balance in the General Fund increased \$1,340,747 or 50.6 percent due primarily an increase in revenue from property taxes. Total revenues increased \$1,515,993 or 26.4 percent from the prior year. There was a decrease in ambulance receipts of \$4,479. Impact Fee revenues decreased by \$356,540, or 64.85 percent. Total General Fund expenditures decreased by \$107,817 or 2.17 percent, due primarily to a decrease in capital outlay. The General Fund transferred \$578,713 to other funds, up from \$250,221 transferred in 2021. \$482,418 was recorded as the contribution to the Clearfield RDA compared to \$394,501 in 2021 and \$402,472 in 2020.

General Fund Budgetary Highlights

North Davis Fire District prepares its budget according to state statutes. The most significant budgeted fund is the General Fund. The District amended the General Fund budget during the year.

Actual General Fund revenues were \$7,258,300, which is 20.11 percent above and 6.62 percent above the original budget and the final budget respectively. Actual expenditures were \$4,856,422 or 1.54 percent below and 8.03 percent below the original and final budgets respectively. With an end-of-the-year transfer of \$237,000 from the General Fund to the Capital Projects Fund to cover capital asset expenditures, and a transfer of \$341,713 to the Debt Service Fund to cover debt service obligations, the General Fund increased \$1,340,747 to a balance of \$3,988,118 as of June 30, 2022.

North Davis Fire District
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2022

Debt Service Fund

The Debt Service Fund is primarily used to account for the collection of funds and repayment of debt related to the revenue bonds. In fiscal year 2022, \$341,713 was transferred from the General Fund to the Debt Service Fund to cover current principal and interest obligations relating to the revenue bonds. After principal and interest payments of \$341,713, the Debt Service Fund showed a slight increase due to interest income. Fund balance was \$58,302 at June 30, 2022.

Capital Projects Fund

During the current year, the Capital Projects Fund accounts for certain purchases of capital assets. During 2022, the Capital Projects fund balance decreased \$268,596, or 36.79 percent to a balance of \$461,532. A transfer in from the General Fund of \$237,000 was made for the budgeted increase in the committed fleet reserve. There were capital expenditures totaling \$508,853 for various machinery and equipment.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the North Davis Fire District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information in this report or any other matters related to the District's finances should be addressed to the North Davis Fire District, 381 North 3150 West, West Point City, Utah 84015.

Basic Financial Statements

**North Davis Fire District
Statement of Net Position
June 30, 2022**

	Primary Government Governmental Activities
Assets and deferred outflows of resources	
<i>Current assets</i>	
Cash and cash equivalents	\$ 3,227,849
Accounts receivable	293,235
Prepaid expenses	149,790
Due from other government unit	4,711,164
Total current assets	8,382,038
<i>Noncurrent assets</i>	
Restricted cash	10,146,890
Land	200,110
Construction in progress	641,552
Buildings	3,114,216
Vehicles	1,558,364
Equipment	992,074
Right of use asset	2,125,771
Accumulated depreciation	(4,506,762)
Net pension asset	1,703,434
Total noncurrent assets	15,975,649
<i>Deferred outflows of resources relating to pensions</i>	423,071
Total assets and deferred outflows of resources	24,780,758
Liabilities and deferred inflows of resources	
<i>Current liabilities</i>	
Accounts payable	129,434
Payroll liabilities	178,598
Accrued interest payable	9,767
Total current liabilities	317,799
<i>Noncurrent liabilities</i>	
Noncurrent liabilities due in less than one year	339,386
Noncurrent liabilities due in more than one year	11,511,956
Compensated absences	251,045
Total noncurrent liabilities	12,102,387
<i>Deferred inflows of resources relating to property taxes</i>	4,583,808
<i>Deferred inflows of resources relating to pensions</i>	1,139,413
Total liabilities and deferred inflows of resources	18,143,407
Net position	
Net investment in capital assets	1,403,119
<i>Restricted for:</i>	
Restricted for debt service	58,302
Restricted for impact fees	967,884
<i>Unrestricted</i>	4,208,046
Total net position	\$ 6,637,351

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

North Davis Fire District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Primary government Business-type activities	Total
Primary government							
Governmental activities:							
Administration	\$ 463,882	\$ -	\$ -	\$ -	\$ (463,882)	\$ -	\$ (463,882)
Operations	5,054,844	1,417,889	-	23,500	(3,613,455)	-	(3,613,455)
Interest on long-term debt	181,538	-	-	-	(181,538)	-	(181,538)
Total governmental activities	\$ 5,700,264	\$ 1,417,889	\$ -	\$ 23,500	(4,258,875)	-	(4,258,875)
		General purpose revenues and transfers:					
		Revenues					
					5,816,911	-	5,816,911
					40,757	-	40,757
					176,955	-	176,955
					<u>6,034,623</u>	<u>-</u>	<u>6,034,623</u>
					1,775,748	-	1,775,748
					<u>4,861,603</u>	<u>-</u>	<u>4,861,603</u>
					\$ 6,637,351	\$ -	\$ 6,637,351

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

**North Davis Fire District
Balance Sheet
Governmental Funds
June 30, 2022**

	<u>General</u>	<u>Local Building Authority</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 2,766,317	\$ -	\$ -	\$ 461,532	\$ 3,227,849
Accounts receivable (net of allowance)	284,803	8,432	-	-	293,235
Prepaid expenses	149,790	-	-	-	149,790
Intergovernmental receivables	4,711,164	-	-	-	4,711,164
Restricted cash	967,884	9,120,704	58,302	-	10,146,890
Total assets	\$ 8,879,958	\$ 9,129,136	\$ 58,302	\$ 461,532	\$ 18,528,928
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 129,434	\$ -	\$ -	\$ -	\$ 129,434
Accrued liabilities	178,598	-	-	-	178,598
Total liabilities	308,032	-	-	-	308,032
Deferred inflows of resources	4,583,808	-	-	-	4,583,808
Total liabilities and deferred inflows of resources	4,891,840	-	-	-	4,891,840
Fund Balances					
Non-spendable	149,790	-	-	-	149,790
Restricted for:					
Impact fees	967,884	-	-	-	967,884
Debt service	-	-	58,302	-	58,302
LBA	-	9,129,136	-	-	9,129,136
Committed	-	-	-	-	-
Assigned for capital projects	-	-	-	461,532	461,532
Unassigned	2,870,444	-	-	-	2,870,444
Total fund balance	3,988,118	9,129,136	58,302	461,532	13,637,088
Total liabilities, deferred inflows of resources and fund balances	\$ 8,879,958	\$ 9,129,136	\$ 58,302	\$ 461,532	\$ 18,528,928

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

North Davis Fire District
Reconciliation of the Governmental Funds Balance Sheet to
The Government-wide Statement of Net Position
For the Year Ended June 30, 2022

Total governmental fund balances \$ 13,637,088

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

Capital assets and other non-current assets and outflows in governmental activities are not financial resources and therefore are not reported in governmental funds, but they are reported in the Statement of Net Position. These assets and deferred outflows of resources consist of the following:

Land.....	200,110	
Buildings.....	3,114,216	
Vehicles.....	1,558,364	
Equipment.....	992,074	
Construction in progress.....	641,552	
Right of use asset.....	2,125,771	
Accumulated depreciation.....	<u>(4,506,762)</u>	4,125,325
Net pension asset.....	1,703,434	
Deferred outflows of resources relating to pensions...	<u>423,071</u>	2,126,505

Some liabilities and other inflows are not due and payable in the current year and therefore are not reported in governmental funds, but they are reported in the Statement of Net Position. These liabilities and deferred inflows of resources consist of the following:

Accrued interest payable.....	(9,767)	
Unamortized bond premium.....	(428,024)	
Capital leases and bonds payable.....	(11,423,318)	
Compensated absences.....	<u>(251,045)</u>	(12,112,154)
Net pension liability.....	-	
Deferred inflows of resources relating to pensions...	<u>(1,139,413)</u>	(1,139,413)

Net position of governmental activities..... \$ 6,637,351

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

North Davis Fire District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	<u>General</u>	<u>Local Building Authority</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ 5,816,911	\$ -	\$ -	\$ -	\$ 5,816,911
Ambulance	1,194,157	-	-	-	1,194,157
Impact fees	193,262	-	-	-	193,262
Other income	53,970	-	-	-	53,970
Total revenues	<u>7,258,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,258,300</u>
Expenditures					
Current:					
Salaries and benefits	3,734,622	18,189	-	-	3,752,811
Emergency services	939,213	136,576	-	70,423	1,146,212
Debt service:					
Principal	126,599	1,240,000	180,000	-	1,546,599
Interest	32,488	2,096	161,713	-	196,297
Issuance costs	-	195,275	-	-	195,275
Capital outlay					
Administration	-	403,805	-	438,430	842,235
Operations	23,500	-	-	-	23,500
Total expenditures	<u>4,856,422</u>	<u>1,995,941</u>	<u>341,713</u>	<u>508,853</u>	<u>7,702,929</u>
Excess of revenues over (under) expenditures	<u>2,401,878</u>	<u>(1,995,941)</u>	<u>(341,713)</u>	<u>(508,853)</u>	<u>(444,629)</u>
Other financing sources (uses)					
Transfers in	-	-	341,713	237,000	578,713
Interest income	-	37,294	206	3,257	40,757
CARES Act funding	-	-	-	-	-
Contributions to other governments	(482,418)	-	-	-	(482,418)
Other financing sources (uses)	-	11,087,783	-	-	11,087,783
Transfers out	(578,713)	-	-	-	(578,713)
Net other financing sources (uses)	<u>(1,061,131)</u>	<u>11,125,077</u>	<u>341,919</u>	<u>240,257</u>	<u>10,646,122</u>
Net change in fund balance	<u>1,340,747</u>	<u>9,129,136</u>	<u>206</u>	<u>(268,596)</u>	<u>10,201,493</u>
Fund balance at beginning of period	2,647,371	-	58,096	730,128	3,435,595
Fund balance at end of period	<u>\$ 3,988,118</u>	<u>\$ 9,129,136</u>	<u>\$ 58,302</u>	<u>\$ 461,532</u>	<u>\$ 13,637,088</u>

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

North Davis Fire District
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Government-wide Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds..... \$ 10,201,493

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current year, these amounts were as follows:

Capital outlay.....	865,735	
Depreciation expense.....	(247,623)	618,112

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items as follows:

Issuance of debt	(10,645,000)	
Premium on bonds	(442,783)	
Repayment of bond and lease principal	1,577,277	(9,510,506)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. In the current year, such an amounts were:

Pension benefit/(expense).....	260,667	
Accrued interest.....	9,491	
Amortization on bond premium	14,759	
Decrease in compensated absences.....	4,777	289,694

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues/expenses in the funds:

Nonemployer contributions relating to pensions.....		176,955
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Change in net position of governmental activities.....		\$ 1,775,748
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The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the North Davis Fire District conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The District has adopted the provisions of the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements.

The following is a summary of the more significant policies and is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

North Davis Fire District is an independent special service district created in 2004 by Clearfield City to provide fire protection services to Clearfield City and West Point City. Sunset City was annexed into the District as of January 1, 2020.

The criteria set forth by generally accepted accounting principles (GAAP) was used to determine which entities to include in this report. GASB Concepts Statement-1 (Objectives of Financial Reporting) concludes that the basic foundation for governmental financial reporting is accountability. The Concepts Statement asserts that accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. In turn, the concept of accountability becomes the basis for defining the financial reporting entity. Under GASB-61 (The Financial Reporting Entity) the financial reporting entity consists of the following:

- A. The primary government
- B. Organizations that are fiscally dependent on the primary government
- C. Other organizations that, because of the nature and significance of their relationship with the primary government, exclusion from the reporting entity would render the financial statements misleading.

B. Government-wide and Fund Financial Statements

The District's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the District as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements

The government-wide statements present information on all non-fiduciary activities of the primary government. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The *Statement of Net Position* presents the District's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation. 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 that are clearly identifiable within a specific function. The District does not allocate general government (indirect) expenses to other functions. 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; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The financial transactions of the District are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A statement is provided for *governmental funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column. The District does not have proprietary funds.

The District reports the following major governmental funds:

- **General Fund** - This fund is the principal operating fund of the District. It is used to account for all financial resources not required to be accounted for in another fund.
- **Capital Projects Fund** - This fund accounts for financial resources to be used for the construction of major capital projects.
- **Debt Service Fund** - This fund accounts for the accumulation of resources for payment of principal, interest, and related costs of Revenue Bonds in the amount of \$3,100,000 issued on January 9, 2008 for the construction of a new fire station in West Point City.
- **Local Building Authority Fund** – This fund accounts for the construction and finance of the new Clearfield station.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Taxes and fees are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

D. Assets, Liabilities, and Fund Balances/Net Position

The following are the District's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Pooled Cash and Temporary Investments

Unrestricted and restricted cash balances of all three funds are combined to form a pool of cash which is managed by the Fire District Chief and District Treasurer. Utah State Statutes allow for investments in the Utah Public Treasurer's Investment Fund and Utah Money Management Act (UMMA) approved financial institutions. The UMMA provides for a committee to evaluate financial institutions and provide a list of those qualified as depositories for public funds, including the amount they are authorized to maintain over and above insured amounts. The District Chief and District Treasurer invest unrestricted and restricted cash with the Utah Public Treasurer's Investment Fund and with local financial institutions. Investments in the pooled cash fund consist primarily of certificates of deposit, repurchase agreements, and time deposits and are carried at cost which approximates market value. Interest income earned as a result of pooling is distributed to the appropriate funds based on month end balances of cash. The District considers all highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

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

Inventories

No significant inventories are maintained by the District. Therefore, none are reflected in these statements.

Restricted Assets

Certain resources set aside as reserves in accordance with state statutes and bond covenants are classified as restricted assets on the balance sheet because their use is limited. Impact fees that remain unused at year end and District cash held due to bond requirements are presented as a restricted asset.

Capital Assets

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds. Capital assets are reported in the governmental column in the government-wide financial statements. All purchased capital assets are valued at cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Individual assets with a cost greater than \$5,000 are capitalized.

Infrastructure capital assets which are newly constructed are capitalized. The District currently has no infrastructure assets recorded.

Capital assets are depreciated. Depreciation of buildings, improvements, infrastructure, and equipment is computed using the straight-line method.

Depreciation of all exhaustible capital assets is charged as an expense in the related program. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives. The estimated useful lives are as follows:

Equipment.....	5-15 years
Buildings.....	40 years
Vehicles.....	5 years

Net Position/Fund Balances

The difference between assets and liabilities is *Net Position* on the government-wide statements, and *Fund Balance* on the governmental fund statements.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

In February, 2009, the Governmental Accounting Standards Board issued Statement No. 54 on Fund Balance Reporting and Governmental Fund Type Definitions. The statement applies only to governmental fund financial statements and not to government-wide statements or proprietary fund statements. Proprietary fund equity is classified the same as in the government-wide statements. The governmental fund balances may be classified as follows:

Non-spendable – Fund balances that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balance – Fund balances are reported as restricted when they are constrained by externally imposed legal restrictions, by law through constitutional provisions or enabling legislation, or restrictions set by creditors, grantors, or contributors. Debt service funds and impact fees are examples of restricted funds and represent the excess of funds received over the amount spent.

Committed fund balance – Fund balances are reported as committed when the Board formally designates the use of resources by ordinance or resolution for a specific purpose and cannot be used for any other purpose unless the Board likewise formally changes the use. Currently, there are committed funds for vehicle replacement.

Assigned fund balance – Fund balances are reported as assigned when the Board or Management intends to use funds for a specific purpose. Normally funds are assigned by the appropriation process of setting the budget. Additionally, funds in the Capital Project Fund are, by their nature, assigned to the purpose of that respective fund.

Unassigned fund balance – Fund balances in the General Fund are reported as unassigned when they are neither restricted, committed, nor assigned. They may be used for any governmental purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

In the Statement of Net Position, net position is displayed in three components:

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

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations or other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or net investment in capital assets.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as non-operating transfers.

E. Revenues and Expenditures

The following are the District's significant policies related to recognition and reporting of certain revenues, expenditures, and interfund activity.

Revenue Availability

Under the modified accrual basis of accounting, revenues are considered to be "available" when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. North Davis Fire District considers property tax revenues to be available if they are collected within 60 days after the end of the current year. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues are considered to be available if they are collected within 90 days after year-end.

Expenditure Recognition

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures, and proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District generally uses restricted resources first, then unrestricted resources.

F. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at the fiscal year end. Project-length financial plans are adopted for capital projects funds.

Summary of the District Budget Procedures and Calendar

1. The District Board can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance.
2. Budgets are required by the State of Utah for the General, Debt Service, and Capital Projects Funds.
3. Each year the District publishes a separate budget document prepared according to this legal level of control.
4. The District's budget is a financial plan of all estimated revenues and all appropriations for expenditures. Revenues and expenditures must balance for the funds required by the State Code as indicated in item 2 above.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. A tentative budget is presented by the Board by the first regularly scheduled board meeting in May. The tentative budget is reviewed and tentatively adopted by the Board at that time.
6. The tentative budget is a public record and is available for inspection at the District offices for at least ten days prior to adoption of the final budget.
7. Notice of public hearing on adoption of the final budget is published seven days prior to the public hearing.
8. The public hearing on the tentatively adopted budget is held prior to the adoption of the final budget. Final adjustments are made to the tentative budget by the Board after the public hearing.
9. Occasionally the Board will exercise their option to open the budget to indicate additional financing sources that become available.
10. The final budget is adopted by ordinance before June 22 and a copy of the budget certified by the Budget Officer is filed with the State Auditor within thirty days of adoption.
11. In connection with budget adoption:
 - a. An annual tax ordinance establishing the property tax rate is adopted before June 22.
 - b. The Board is to certify the property tax rate to the County Auditor before June 22.
12. Budgets for the General, Debt Service, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Summary of Action Required for Budget Changes:

The Board may, by resolution, transfer unexpended appropriations from one department to another department within the same fund. The budget appropriation for any department may be reduced by resolution.

Fund budgets may be increased by resolution after a public hearing.

G. Pensions

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

H. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category. It is the deferred contributions and differences between projected and actual earnings on its pension plan assets.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Inflows of Resources

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 the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item reported under this category. The District participates in the Utah Retirement Systems and has deferred inflows of resources associated with differences between expected and actual experience and changes in assumptions.

J. Upcoming Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement 87, which amends existing accounting standards for lease accounting, including requiring lessees to recognize most leases on the statement of net position and making certain changes to lessor accounting. The new standard is effective for fiscal years beginning after June 15, 2021. The Government is currently evaluating the impact the new standard may have on its financial statements.

NOTE 2. DEPOSITS AND INVESTMENTS

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

A. Custodial Credit Risk

Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District’s deposits may not be recovered. The District’s policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of District funds to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The District’s deposits in the bank in excess of the insured amount are uninsured and are not collateralized. State statutes do not require them to be collateralized. The District’s deposits at June 30, 2022 were \$9,202,729, of which only \$79,418 was insured under the FDIC.

Investments. Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a formal policy for custodial credit risk of investments.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment transaction will not fulfill its obligations. The District’s policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations; and shares in a money market fund as defined in the Act.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

The District is also authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF) managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on a fair value basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants average daily balances. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Following are the District’s investments at June 30, 2022:

Investment Type	Fair Value	Maturity	Quality Ratings
PTIF Investments	\$ 4,195,004	less than 1 year	not rated
Zion's trust	136	less than 1 year	not rated
Zion's (PTIF)	<u>9,123,175</u>	less than 1 year	not rated
Total	<u>\$ 13,318,315</u>		

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Maturities of the District’s investments are noted in the previous table.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s policy to limit this risk is to adhere to the rules of the Money Management Council.

E. Fair Value of Investments

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

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

At June 30, 2022, the District had \$4,195,004, in the Utah State Public Treasurers’ Investment Fund. These investments were valued by applying the June 30, 2022 fair value factor, as calculated by the Utah State Treasurer, to the District’s average daily balance in the Fund. Such valuation is considered a *Level 2* valuation for GASB 72 purposes.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Total cash and investments owned by the District are illustrated below with a reconciliation to the statement of net position:

Cash on hand and on deposit:	
Cash on deposit	\$ 56,424
Zion's trust	136
Zion's PTIF	9,123,175
PTIF investment	4,195,004
Total cash and investments	\$ 13,374,739

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

Cash	\$ 3,227,849
Restricted cash	10,146,890
Total cash and investments	\$ 13,374,739

NOTE 3. INTERFUND TRANSFERS/LOANS

The District transferred \$341,713 from the General Fund to the Debt Service Fund during the year to cover principal and interest payments on the 2021 issued revenue bonds and interest payments on the 2008 issued revenue bonds. A General Fund transfer of \$237,000 was made to the Capital Projects Fund to cover capital outlay in the current year as planned.

NOTE 4. DISAGGREGATED RECEIVABLES/DUE FROM OTHER GOVERNMENTS

Accounts receivable for the District, including the applicable allowance for uncollectible accounts at June 30, 2022, are as follows:

	General	Debt Service	Capital	Total
User fee receivables	\$ 283,233	\$ -	\$ -	\$ 283,233
Other receivables	1,570	8,432	-	10,002
Interfund receivable	-	-	-	-
Intergovernmental:				
Property taxes	112,514	-	-	112,514
Deferred property taxes	4,583,808	-	-	4,583,808
Impact fees	14,842	-	-	14,842
Total intergovernmental	4,711,164	-	-	4,711,164
Total receivables	\$ 4,995,967	\$ 8,432	\$ -	\$ 5,004,399
Accounts receivable	\$ 284,803	\$ 8,432	\$ -	\$ 293,235
Due from Other Governments	4,711,164	-	-	4,711,164
	\$ 4,995,967	\$ 8,432	\$ -	\$ 5,004,399

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022 was as follows:

North Davis Fire District
Fixed Assets
at June 30, 2022

	Balance 6/30/2021	Additions	Deletions	Reclassification	Balance 6/30/2022
Capital assets, not being depreciated:					
Construction in progress	\$ 728,712	\$ 621,720	\$ -	(708,880)	\$ 641,552
Land	200,110	-	-	-	200,110
Total capital assets, not being depreciated	<u>928,822</u>	<u>621,720</u>	<u>-</u>	<u>(708,880)</u>	<u>841,662</u>
Capital assets, being depreciated:					
Buildings	3,048,495	65,721	-	-	3,114,216
Vehicles	2,800,364	23,500	2,000	(1,263,500)	1,558,364
Machinery and equipment	990,670	154,794	-	(153,390)	992,074
Intangible right to use lease	-	-	-	2,125,771	2,125,771
Capital assets being depreciated	<u>6,839,529</u>	<u>244,015</u>	<u>2,000</u>	<u>708,881</u>	<u>7,790,425</u>
Less accumulated depreciation for:					
Buildings and improvements	968,244	81,590	-	-	1,049,834
Equipment and vehicles	3,292,894	148,444	2,000	(1,465,838)	1,973,500
Intangible right to use lease	-	17,589	-	1,465,839	1,483,428
Total accumulated depreciation	<u>4,261,138</u>	<u>247,623</u>	<u>2,000</u>	<u>1</u>	<u>4,506,762</u>
Total capital assets being depreciated, net	<u>2,578,391</u>	<u>(3,608)</u>	<u>-</u>	<u>708,880</u>	<u>3,283,663</u>
Governmental activities capital assets, net	<u>\$ 3,507,213</u>	<u>\$ 618,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,125,325</u>

Depreciation and amortization expense of governmental activities was charged to functions as follows:

General Administration.....	\$ 3,161
Operations.....	\$ <u>244,462</u>
Total.....	\$ <u><u>247,623</u></u>

The District expended \$244,015 on capital assets during the current year on various machinery & equipment and a truck. They purchased a 2022 Pierce Enforcer truck that was being built in 2022 as well as a Ford F550 truck which was being worked on in 2022 and also some upgrades on the Clearfield station which makes up the \$621,720 increase to construction in progress.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 6. LEASE COMMITMENTS

The District purchased an aerial fire truck on November 21, 2011, financed with a financing lease in the principal amount of \$600,000, with an interest rate of 2.99%, and 10 annual principal and interest payments of \$69,990 starting on September 21, 2012. On October 29, 2014, the District financed Rescue Engine #41 with a financing lease from OshKosh Capital in the amount of \$669,789 with an interest rate of 3.38% and 10 annual principal and interest payments of \$66,979. The District purchased five defibrillator units for a total cost of \$175,891. The District traded in five older defibrillators for a total credit of \$22,500. The purchase agreement required 20% of the remaining balance of \$153,791 to be paid each year for five years at a 0% interest rate. On March 26, 2021, the District financed a 2022 Pierce Enforcer truck with a financing lease from PNC Equipment Finance in the amount of \$708,880 with an interest rate of 3.12% and one interest payment of \$22,117 followed by 11 annual principal and interest payments of \$75,581. Leases that in substance are purchases are reported as financing lease obligations. In the government-wide statement, assets and liabilities resulting from financing leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed. In government fund statements, both the principal and interest portion of financing lease payments are recorded as expenditures. The District made principal and interest payments during the current year in the amount of \$157,277 and \$32,488 respectively.

Future minimum lease payments for financing leases as of June 30, 2022 are as follows:

Fiscal	Financing Leases		Total
Year	Principal	Interest	Principal and Interest
2023	159,386	13,852	173,238
2024	148,937	24,301	173,238
2025	122,112	20,448	142,560
2026	59,111	16,470	75,581
2027	60,956	14,626	75,581
2028	62,858	12,724	75,581
2029	64,819	10,763	75,581
2030	66,841	8,740	75,581
2031	68,926	6,655	75,581
2032	71,077	4,504	75,581
2033	73,295	2,287	75,581
Total	\$ 958,317	\$ 135,370	\$ 1,093,687

NOTE 7. RISK MANAGEMENT

North Davis Fire District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District maintains comprehensive insurance coverage in aggregate amounts sufficient to protect against all reasonably foreseeable liability risks. Specific liability policies purchased include vehicle, general liability, property bond (employee dishonesty), treasurer, and officers, excess liability, and workman’s compensation.

As of June 30, 2022, there is no anticipation of unpaid claims. Therefore, a liability is not accrued.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 8. LONG-TERM DEBT

The changes in long-term debt for year ending June 30, 2022 are as follows:

	Interest Rate	Balance 6/30/2021	Additions	Reductions	Balance Outstanding 6/30/2022	Current Portion
Revenue Bonds	1.46% - 3.38%	\$ 1,240,000	\$10,645,000	\$ 1,420,000	\$ 10,465,000	\$ 180,000
Financing Lease	0% - 3.38%	1,115,594	-	157,276	958,318	159,386
Compensated Absences		255,822	-	4,777	251,045	-
Total Long-Term Debt		<u>\$ 2,611,416</u>	<u>\$10,645,000</u>	<u>\$ 1,582,053</u>	<u>\$ 11,674,363</u>	<u>\$ 339,386</u>
Premium on bonds		\$ -	\$ 442,783	\$ 14,759	\$ 428,024	\$ 14,759
Total premium on bonds		<u>\$ -</u>	<u>\$ 442,783</u>	<u>\$ 14,759</u>	<u>\$ 428,024</u>	<u>\$ 14,759</u>

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave is recorded as an expenditure when used in governmental funds and as an expense in the government-wide statements as compensated absences. A liability for unused vacation, as well as a calculated amount of sick leave unpaid on termination or separation from the District, is recorded in the government-wide Statement of Net Position.

Long-term Obligations

In the government-wide statements, long-term debt obligations are reported as liabilities. The District issued \$3,100,000 in revenue bonds on January 9, 2008 with an interest rate of 4.63%. Bond proceeds were used to fund the construction of the new fire station and administrative offices in West Point City which were completed in March, 2008. In February of 2015, the District amended the terms of the bonds at a lower 3.38% interest rate adding \$18,000 in bond issuance costs to the bond payable. The transaction resulted in future savings on debt service payments of \$252,192 over the remaining 14 years of the bonds. The District paid off the 2008 revenue bonds in the current year in the amount of 1,260,956, which includes both principal and interest payments. The District created a Local Building Authority and on September 28, 2021 issued Lease Revenue Bonds with par value \$10,645,000. The total proceeds were \$11,087,783 for 30-year term and an interest cost of 2.43%. The bond premium balance of \$442,783 will be paid over the 30-year term. The bonds have coupon rates from 2.625% to 4.00%. Bond proceeds will be used to fund the construction of the new fire station in Clearfield City. Principal and interest for the current year was \$320,757. The bond repayment schedule is shown in the next page.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 8. LONG-TERM DEBT (Continued)

North Davis Fire District
\$10,645,000 Revenue Bonds
Series 2021

Fiscal Year	Revenue Bonds		Total	
	Principal	Interest	Principal and Interest	
2023	180,000	305,594	\$	485,594
2024	230,000	298,394	\$	528,394
2025	235,000	289,194	\$	524,194
2026	245,000	279,794	\$	524,794
2027	255,000	269,994	\$	524,994
2028	265,000	259,794	\$	524,794
2029	280,000	249,194	\$	529,194
2030	290,000	237,994	\$	527,994
2031	300,000	226,394	\$	526,394
2032	310,000	214,394	\$	524,394
2033	325,000	201,994	\$	526,994
2034	335,000	192,244	\$	527,244
2035	345,000	182,194	\$	527,194
2036	355,000	171,844	\$	526,844
2037	365,000	161,194	\$	526,194
2038	375,000	150,244	\$	525,244
2039	385,000	142,275	\$	527,275
2040	395,000	133,613	\$	528,613
2041	400,000	124,725	\$	524,725
2042	410,000	115,725	\$	525,725
2043	420,000	106,500	\$	526,500
2044	430,000	96,000	\$	526,000
2045	440,000	85,250	\$	525,250
2046	455,000	74,250	\$	529,250
2047	465,000	62,875	\$	527,875
2048	475,000	51,250	\$	526,250
2049	485,000	39,375	\$	524,375
2050	500,000	26,644	\$	526,644
2051	515,000	13,519	\$	528,519
Total	\$ 10,465,000	\$ 4,762,455	\$	15,227,455

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 9. RETIREMENT

Pension Plans

General Information about the Pension Plan

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

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

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

Benefits provided: URS provides retirement, disability, and death benefit. 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%
Firefighter 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 Safety and Firefighter system	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year to June 30, 2020 2.00% per year July 1, 2020 to present	Up to 2.5%

**Actuarial reductions are applied.*

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

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 9. RETIREMENT (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, 2022 are as follows:

	Employee	Employer	Employer Rate for 401(k) Plan
Contributory System			
111 - Local Government Division Tier 2	N/A	16.07%	0.62%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Firefighters 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%
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.*

For fiscal year ended June 30, 2022, the employee contributions to the Systems were as follows:

	Employer Contributions	Employee Contributions
Noncontributory System	\$ 12,876	N/A
Firefighters System	46,573	-
Tier 2 Public Safety and Firefighter System	98,892	-
Tier 2 DC Public Safety and Firefighter System	80	N/A
Total Contributions	\$ 158,421	\$ -

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.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 9. RETIREMENT (Continued)

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

At June 30, 2022, we reported a net pension asset of \$1,703,433 and a net pension liability of \$0.

	(Measurement Date): December 31, 2021				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2020	Change (Decrease)
Noncontributory System	\$ 38,557	\$ -	0.0067324%	0.0065948%	0.0001376%
Firefighters System	1,653,512	-	2.8351605%	2.9645782%	-0.1294177%
Tier 2 Public Employees System	-	-	-	-	-
Tier 2 Public Safety and Firefighter System	11,364	-	0.2248471%	0.2462298%	-0.0213827%
Total Net Pension Asset/Liability	\$ 1,703,433	\$ -			

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

For the year ended June 30, 2022, we recognized a pension expense of \$(279,112).

At June 30, 2022, 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	\$ 129,937	\$ 16,658
Changes in assumptions	178,922	2,269
Net difference between projected and actual earnings on pension plan investments	-	1,107,441
Changes in proportion and differences between contributions and proportionate share of contributions	27,383	13,044
Contributions subsequent to the measurement date	86,829	-
Total	\$ 423,071	\$ 1,139,412

\$86,829 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, 2021. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 9. RETIREMENT (Continued)

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (166,524)
2023	\$ (293,689)
2024	\$ (220,975)
2025	\$ (142,962)
2026	\$ 7,408
Thereafter	\$ 13,570

Noncontributory System Pension Expense, Deferred outflows and Inflows of Resources

For the year ended June 30, 2022, we recognized a pension expense of \$(5,358).

At June 30, 2022, 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	\$ 4,038	\$ -
Changes in assumptions	3,619	249
Net difference between projected and actual earnings on pension plan investments	-	51,912
Changes in proportion and differences between contributions and proportionate share of contributions	336	27
Contributions subsequent to the measurement date	6,429	-
Total	\$ 14,422	\$ 52,188

\$6,429 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, 2021. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (8,385)
2023	\$ (14,634)
2024	\$ (12,549)
2025	\$ (8,626)
2026	\$ -
Thereafter	\$ -

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 9. RETIREMENT (Continued)

Firefighters System Pension Expense, Deferred outflows and Inflows of Resources

For the year ended June 30, 2022, we recognized a pension expense of \$(333,700).

At June 30, 2022, 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	\$ 116,161	\$ 14,791
Changes in assumptions	162,550	-
Net difference between projected and actual earnings on pension plan investments	-	1,020,793
Changes in proportion and differences between contributions and proportionate share of contributions	22,748	11,152
Contributions subsequent to the measurement date	24,371	-
Total	\$ 325,830	\$ 1,046,736

\$24,371 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, 2021. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (150,529)
2023	\$ (269,883)
2024	\$ (201,302)
2025	\$ (129,479)
2026	\$ 5,915
Thereafter	\$ -

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

For the year ended June 30, 2022, we recognized a pension expense of \$(2).

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

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 9. RETIREMENT (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	51	78
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 51</u>	<u>\$ 78</u>

\$0 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, 2021. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (2)
2023	\$ (2)
2024	\$ (2)
2025	\$ (2)
2026	\$ (2)
Thereafter	\$ (15)

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

For the year ended June 30, 2022, we recognized a pension expense of \$59,948.

At June 30, 2022, 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	\$ 9,738	\$ 1,867
Changes in assumptions	12,753	2,020
Net difference between projected and actual earnings on pension plan investments	-	34,736
Changes in proportion and differences between contributions and proportionate share of contributions	4,247	1,787
Contributions subsequent to the measurement date	56,030	-
Total	<u>\$ 82,768</u>	<u>\$ 40,410</u>

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 9. RETIREMENT (Continued)

\$56,030 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, 2021. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (7,608)
2023	\$ (9,169)
2024	\$ (7,122)
2025	\$ (4,855)
2026	\$ 1,496
Thereafter	\$ 13,586

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

Inflation	2.50%
Salary increases	3.25%-9.25%, average, including inflation
Investment rate of return	6.85%, 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, 2021 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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%	6.58%	2.43%
Debt securities	20%	-0.28%	-0.06%
Real assets	15%	5.77%	0.87%
Private equity	12%	9.85%	1.18%
Absolute return	16%	2.91%	0.47%
Cash and cash equivalents	0%	-1.01%	0.00%
Totals	100%		4.89%
	Inflation		2.50%
	Expected arithmetic nominal return		7.39%

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 9. RETIREMENT (Continued)

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

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

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

	1% Decrease 5.85%	Discount Rate 6.85%	1% Increase 7.85%
Noncontributory System	\$ 20,733	\$ (38,557)	\$ (88,024)
Firefighters System	(404,908)	(1,653,512)	(2,665,548)
Tier 2 Public Safety and Firefighter	91,170	(11,364)	(92,763)
	\$ (293,005)	\$ (1,703,433)	\$ (2,846,335)

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

Defined Contribution Savings Plans

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

North Davis Fire District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 9. RETIREMENT (Continued)

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

401(k) Plan	2022	2021	2020
Employer Contributions	\$ 40,122	\$ 38,693	\$ 21,215
Employee Contributions	8,039	2,262	3,604
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	5,704	3,008	2,810

Voluntary contributions may be made to the Plans subject to the Internal Revenue Service limitations. The District contributes to the 401(k) Plan and employees may contribute to all Plans up to the maximum percentage allowed by IRS regulations. Account balances of the Plans are fully vested to the participants at the time of deposit.

NOTE 10. TAX ABATEMENTS

The District participates in redevelopment activities that qualify as tax abatements, according to GASB 77 as authorized under the Interlocal Cooperation Act, Title 11, Chapter 13 of the Utah Code Annotated. The District assists redevelopment projects by providing a share of the tax increment from the project area.

For the fiscal year ended June 30, 2022, the District provided tax increment funding totaling \$482,418 under the following agreement that exceeded 10 percent of the total amount abated:

- The property tax abatement to North Freeport Center Expansion Area Neighborhood amounted to \$26,511.
- The property tax abatement to West Side Central Business District amounted to \$60,196.
- The property tax abatement to Northgate/Eastside Central Business District amounted to \$55,066.
- The property tax abatement to 700 South Neighborhood Development Project amounted to \$63,068
- The property tax abatement to Southwest Freeport Neighborhood Development amounted to \$47,045.
- The property tax abatement to ATK Economic Development amounted to \$72,986.
- The property tax abatement to Clearfield Station CDA amounted to \$15,385.
- The property tax abatement to Lifetime Products Community Reinvestment Area amounted to \$1,758.
- The property tax abatement to 300 North CDA amounted to \$17,752.
- The property tax abatement to MIDA – Bldg 1575 amounted to \$122,651.

NOTE 11. CHANGE IN ACCOUNTING PRINCIPLE

For 2022, North Davis Fire District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The effect of these changes has not had a significant impact on the District’s financial statements, or beginning net position. Therefore, a restatement was not caused by the implementation of this principle.

North Davis Fire District
Notes to the Financial Statements
Fiscal Year Ended June 30, 2022

NOTE 12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 19, 2023 which is the date the financial statements were available to be issued.

Required Supplementary Information

North Davis Fire District
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues				
Property taxes	\$ 4,843,030	\$ 5,455,947	\$ 5,816,911	\$ 360,964
Ambulance	1,220,000	1,190,000	1,194,157	4,157
Impact fees	50,000	145,000	193,262	48,262
Other income	11,793	35,293	53,970	18,677
Total revenues	<u>6,124,823</u>	<u>6,826,240</u>	<u>7,258,300</u>	<u>432,060</u>
Expenditures				
Current operating:				
Salaries and wages	2,459,995	2,620,030	2,602,647	17,383
Employee taxes and benefits	1,178,986	1,276,622	1,131,975	144,647
Professional fees	240,948	245,948	214,999	30,949
Vehicle maintenance	118,350	193,350	150,531	42,819
Dispatch and radio	94,508	94,508	84,292	10,216
Paramedics	105,300	37,300	31,425	5,875
Equipment maintenance and supplies	50,734	95,534	75,119	20,415
Utilities	74,798	74,798	75,352	(554)
Fire and medical supplies	73,978	73,978	65,151	8,827
Insurance	62,465	62,465	59,430	3,035
Computer equipment and support	49,057	49,057	48,866	191
Training and travel	86,430	86,430	72,593	13,837
Miscellaneous	145,310	150,900	30,143	120,757
Subscriptions, memberships and fees	22,056	27,006	21,141	5,865
Office expense	10,188	10,188	10,171	17
Capital Equipment	-	23,500	23,500	-
Debt service - lease principal	159,086	126,598	126,599	(1)
Debt service - interest and fees	-	32,488	32,488	-
Total expenditures	<u>4,932,189</u>	<u>5,280,700</u>	<u>4,856,422</u>	<u>424,278</u>
Other financing sources (uses)				
Interest Earnings	25,000	25,000	-	(25,000)
CARES Act funding	-	-	-	-
Contributions to other govts	(394,501)	(482,418)	(482,418)	-
Lease proceeds	-	-	-	-
Unappropriated fund balance	(37,503)	(489,409)	-	489,409
Transfers out	(785,630)	(598,713)	(578,713)	20,000
Total other financing sources	<u>(1,192,634)</u>	<u>(1,545,540)</u>	<u>(1,061,131)</u>	<u>484,409</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>1,340,747</u>	<u>1,340,747</u>
<i>Fund balance at beginning of period</i>	<u>2,647,371</u>	<u>2,647,371</u>	<u>2,647,371</u>	<u>-</u>
Fund balance at end of period	<u>\$ 2,647,371</u>	<u>\$ 2,647,371</u>	<u>\$ 3,988,118</u>	<u>\$ 1,340,747</u>

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

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NORTH DAVIS FIRE DISTRICT
Utah Retirement Systems
June 30, 2022
with a measurement date of December 31, 2021
Last 10 fiscal years*

		Noncontributory Retirement System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	2022	0.0067324%	2.8351605%	0.0000000%	0.2248471%
	2021	0.0065395%	2.9645782%	0.0000000%	0.2462298%
	2020	0.0065870%	2.7890911%	0.0000000%	0.2561436%
	2019	0.0065856%	2.7279109%	0.0003799%	0.2793127%
	2018	0.0061272%	2.6718695%	0.0000000%	0.3043000%
	2017	0.0056958%	2.7514108%	0.0000000%	0.3037219%
	2016	0.0060111%	3.1459623%	0.0000000%	0.2113441%
	2015	0.0060111%	3.1883176%	0.0000000%	0.1877426%
Proportionate share of the net pension liability (asset)	2022	\$ (38,557)	\$ (1,653,512)	\$ -	\$ (11,364)
	2021	\$ 3,383	\$ (828,955)	\$ -	\$ 22,085
	2020	\$ 24,826	\$ (345,903)	\$ -	\$ 24,094
	2019	\$ 48,495	\$ 354,212	\$ 163	\$ 6,998
	2018	\$ 26,845	\$ (166,872)	\$ -	\$ (3,521)
	2017	\$ 38,084	\$ (21,691)	\$ -	\$ (2,636)
	2016	\$ 32,230	\$ (56,980)	\$ -	\$ (3,088)
	2015	\$ 26,102	\$ (181,938)	\$ -	\$ (2,777)
Covered employee payroll	2022	\$ 71,791	\$ 1,066,954	\$ -	\$ 537,694
	2021	\$ 69,312	\$ 1,087,192	\$ -	\$ 496,883
	2020	\$ 64,255	\$ 892,988	\$ -	\$ 422,168
	2019	\$ 60,780	\$ 843,244	\$ 4,554	\$ 372,992
	2018	\$ 56,870	\$ 781,687	\$ -	\$ 321,145
	2017	\$ 54,818	\$ 772,316	\$ -	\$ 250,944
	2016	\$ 50,735	\$ 845,191	\$ -	\$ 125,797
	2015	\$ 52,837	\$ 840,587	\$ -	\$ 77,572
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2022	-53.71%	-154.98%	0.00%	-2.11%
	2021	4.88%	-76.25%	0.00%	4.44%
	2020	38.64%	-38.74%	0.00%	5.71%
	2019	79.79%	42.01%	3.58%	1.88%
	2018	47.20%	-21.35%	0.00%	-1.10%
	2017	69.47%	-2.81%	0.00%	-1.05%
	2016	63.53%	-6.74%	0.00%	-2.45%
	2015	49.40%	-21.60%	0.00%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	2022	108.70%	120.10%	0.00%	102.80%
	2021	99.20%	110.50%	0.00%	93.10%
	2020	93.70%	105.00%	0.00%	89.60%
	2019	87.00%	94.30%	90.80%	95.60%
	2018	91.90%	103.00%	0.00%	103.00%
	2017	87.30%	100.40%	0.00%	103.60%
	2016	87.80%	101.00%	0.00%	110.70%
	2015	90.20%	103.50%	0.00%	120.50%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the North Davis Fire District will present information for those years for which information is available.

See accompanying notes to required supplementary information

**NORTH DAVIS FIRE DISTRICT
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2022
with a measurement date of December 31, 2021
Last 10 fiscal years****

	<u>As of fiscal year ended December 31,</u>	<u>Actuarial Determined Contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
Noncontributory System	2011	\$ 5,468	\$ 5,468	\$ -	\$ 37,785	14.47%
	2012	6,018	6,018	-	43,700	13.77%
	2013	6,941	6,941	-	43,275	16.04%
	2014	8,728	8,728	-	50,482	17.29%
	2015	10,287	10,287	-	55,697	18.47%
	2016	8,989	8,989	-	48,670	18.47%
	2017	10,325	10,325	-	55,902	18.47%
	2018	10,703	10,703	-	57,946	18.47%
	2019	11,632	11,632	-	62,977	18.47%
	2020	12,100	12,100	-	65,513	18.47%
	2021	12,109	12,109	-	65,562	18.47%
2022	12,876	12,876	-	72,602	17.73%	
Firefighters System	2011	\$ 15,793	\$ 15,793	\$ -	\$ 848,109	0.00%
	2012	4,925	4,925	-	984,857	1.86%
	2013	24,953	24,953	-	938,120	0.50%
	2014	25,761	25,761	-	870,292	2.66%
	2015	30,992	30,992	-	811,537	2.96%
	2016	33,883	33,883	-	849,193	3.82%
	2017	29,414	29,414	-	756,157	3.99%
	2018	31,256	31,256	-	795,310	3.93%
	2019	41,658	41,658	-	903,634	4.61%
	2020	43,719	43,719	-	1,008,366	4.34%
	2021	42,810	42,810	-	1,048,665	4.08%
2022	46,573	46,573	-	1,135,654	4.10%	

See accompanying notes to required supplementary information

**NORTH DAVIS FIRE DISTRICT
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2022
with a measurement date of December 31, 2021
Last 10 fiscal years****

	<u>As of fiscal year ended December 31,</u>	<u>Actuarial Determined Contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
Tier 2 Public Employees System*	2011	\$ -	\$ -	\$ -	\$ -	0.00%
	2012	-	-	-	-	0.00%
	2013	-	-	-	-	0.00%
	2014	-	-	-	-	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	688	688	-	4,554	15.11%
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
	2021	-	-	-	-	0.00%
	2022	-	-	-	-	0.00%
Tier 2 Public Safety and Firefighters System*	2011	\$ -	\$ -	\$ -	\$ -	0.00%
	2012	-	-	-	-	0.00%
	2013	-	-	-	-	0.00%
	2014	5,457	5,457	-	49,519	11.02%
	2015	9,785	9,785	-	90,606	10.80%
	2016	18,732	18,732	-	174,251	10.75%
	2017	31,556	31,556	-	293,546	10.75%
	2018	36,849	36,849	-	340,561	10.82%
	2019	46,162	46,162	-	407,074	11.34%
	2020	57,068	57,068	-	501,478	11.38%
	2021	64,767	64,767	-	459,993	14.08%
	2022	98,892	98,892	-	702,354	14.08%

See accompanying notes to required supplementary information

**NORTH DAVIS FIRE DISTRICT
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
JUNE 30, 2022
with a measurement date of December 31, 2021
Last 10 fiscal years****

	<u>As of fiscal year ended December 31,</u>	<u>Actuarial Determined Contributions</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
Tier 2 Public Employees DC Only System*	2011	\$ -	\$ -	\$ -	\$ -	0.00%
	2012	-	-	-	-	0.00%
	2013	-	-	-	-	0.00%
	2014	-	-	-	-	0.00%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	7	7	-	8,670	0.08%
	2019	49	49	-	61,131	0.08%
	2020	42	42	-	52,628	0.08%
	2021	78	78	-	97,111	0.08%
	2022	80	80	-	100,341	0.08%

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

**Paragraph 81.b. of GASB 68 requires employees to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

See accompanying notes to required supplementary information

**NORTH DAVIS FIRE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
UTAH RETIREMENT SYSTEMS
JUNE 30, 2022**

Changes in Assumptions:

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

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*

The Board of Directors of
North Davis Fire District
West Point, 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, each major fund, and the aggregate remaining fund information of the North Davis Fire District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wick & Associates, P.C.

Ogden, Utah
January 19, 2023

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

The Board of Directors of
North Davis Fire District
West Point, Utah

Report On Compliance

We have audited North Davis Fire District (the District)’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2022.

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

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Governmental Fees
- Impact Fees
- Special and Local Service District Board Members

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 District’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 District’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 District’s compliance with those requirements.

Opinion on Compliance

In our opinion, North Davis Fire District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

Report On Internal Control Over Compliance

Management of the District 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 District's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Wick & Associates, P.C.

Ogden, Utah
January 19, 2023