



The City of South Salt Lake State of Utah

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2023



220 East Morris Ave Suite 200
South Salt Lake City, UT 84115

**CITY OF
South Salt Lake**

STATE OF UTAH

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2023

**Prepared By:
South Salt Lake Finance Department**

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Introductory Section



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220 East Morris Avenue #200
South Salt Lake City, UT 84115-3200
Phone (801) 483-6000 Fax (801) 483-6001

February 8, 2024

To the Honorable Mayor, Members of the City Council, and Citizens of the City of South Salt Lake, Utah:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with United States Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of South Salt Lake (the City) for the fiscal year ended June 30, 2023.

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

The City of South Salt Lake's financial statements have been audited by Squire & Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of South Salt Lake for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified "clean" opinion that the City of South Salt Lake's financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of South Salt Lake was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report, not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of South Salt

Lake's Single Audit Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of South Salt Lake's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of South Salt Lake

The City of South Salt Lake is a fourth-class city incorporated in 1938 under the provisions of the State of Utah. South Salt Lake City is located in Salt Lake County in the heart of the greater Wasatch Front area. The City of South Salt Lake currently occupies a land area of 7.03 square miles and serves a population of approximately 26,777. South Salt Lake is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council and allowable by state law.

The City of South Salt Lake has operated under the council-mayor alternative form of government in conformity with Utah Law (Section 10-3-12) since 1990. The seven-member city council performs all legislative functions and is responsible for, among other things, passing ordinances and adopting the budget. The mayor performs all administrative functions, oversees day-to-day operations, and appoints department heads and boards with the consent of the city council. The mayor is elected to serve a four-year term. City council members serve four-year staggered terms. Five of the city council members are elected by district and two are elected at large.

The City of South Salt Lake provides a full range of services including police and fire protection, municipal court, the construction and maintenance of streets, roads, and other infrastructure, planning and zoning services, recreational activities and cultural events, solid waste collection and disposal, water, sewer, and stormwater utility services. The City of South Salt Lake has two component units, the Redevelopment Agency of South Salt Lake, established in 1982, and the South Salt Lake Municipal Building Authority, established in 1996. The Municipal Building Authority currently has no assets, transactions, or budget. The Redevelopment Agency is governed by a board that is comprised of the city council, with the mayor serving as chief administrative officer. The Municipal Building Authority is governed by a board consisting of the city council. Additional information on the Redevelopment Agency can be found in Note 11 in the notes to the financial statements.

The annual budget serves as the foundation for the City of South Salt Lake's financial planning and control. The Uniform Fiscal Procedures Act adopted by the State of Utah governs budgetary procedures for the City of South Salt Lake. In compliance with this Act, the mayor presents a tentative budget to the city council for adoption no later than the first regularly scheduled city council meeting in May. The Redevelopment Agency budget is presented to the board as required by state law. The city council is required to hold public hearings on the proposed budget and to adopt a budget by June 30th. The council is required to adopt a final budget by no later than June 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund (e.g. general), function (e.g. public safety), and department (e.g. police). The mayor may make transfers of appropriations within a department. However, transfers of appropriations between departments require the approval of the city council. Budget-to-actual comparisons are provided in this report for the General Fund, Public Safety Special Revenue Fund, Capital Projects Fund, and the Redevelopment Agency. The budget-to-actual comparisons for these funds, with appropriated annual budgets, are presented in the governmental fund subsection of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the City of South Salt Lake exists.

Local Economy

Local governments, including South Salt Lake, rely on sales tax revenues to finance essential public services. There is no way to determine with any certainty what to expect economically as we emerge from the impacts of the pandemic. Lingering items such as employee shortages, supply chain interruptions, inflation, and buyer confidence continue to have an economic impact. However, the continuation of positive economic development and unemployment improvement have enabled the city to experience modest increases in sales tax revenue in FY 2023, while other cities have struggled.

In 2022, the City Council voted to keep the same general levy property tax rate of 0.1536% instead of accepting a lower rate that Salt Lake County had calculated. In addition, the City Council voted to institute a new special revenue property tax levy to provide a sustainable source of funding for public safety operations. Due to a favorable housing market, property tax revenues were greater than expected. With construction activity remaining robust, an increase in assessed valuation due to new growth is expected. In addition, the resale market for existing housing remains strong. It is expected to see continued increases in assessed valuation from existing homes, as well.

Several new developments have been proposed, are in planning stages, or are in construction, and when completed, will contribute to an increase in property tax revenue. There have been several large multi-family housing developments constructed along transit corridors within the city. This results in an increase in property valuations as well as an increase in population. Certain revenues which are distributed to the city by the State of Utah contains a population component in the calculations. The city should begin to receive a modest increase in sales taxes, Class C road funds, and other revenue sources due to a population increase as certified by the 2020 Census.

Long-Term Financial Planning

Approximately 35% of property within the city is exempt from property taxes. This is because many county and regional public facilities are located within city boundaries. The Salt Lake County Adult Detention Center (jail), Pamela Atkinson Resource Center (PARC), Utah Transit Authority facilities, Central Valley Water Reclamation Facility, Salt Lake County Solid Waste Transfer Station, Granite School District office/facilities and other public infrastructure are located in the city and occupy many acres of property.

Many of these facilities, and in particular the PARC, require services from the city, particularly police and emergency medical services. Legislation was approved at the state level in 2018 to make funding available to jurisdictions who provide public safety services to homeless resource centers. The city received approximately \$2,943,000 in FY 2023 to partially offset costs incurred to provide public safety services to the homeless center. Included in this amount are funds that were allotted to The Road Home for assistance mitigating the additional financial cost of winter overflow housing needs. These funds flowed through the City as a sub-grantor and then to The Road Home as a sub-grantee. The amount of this transfer was \$212,464. The city has been authorized to receive approximately \$3,188,000 in FY 2024 for mitigation assistance and winter overflow response support. Though the city receives financial assistance from the state there are still significant unfunded costs associated with providing services to, and around, the facility.

In addition to the needs of the PARC, the city must be able to provide services for the other governmental facilities mentioned above as well as the City's residents and businesses. Since the above public entities do not pay property taxes, sales tax is used to finance adequate police, public works, and fire services.

In FY 2023, the City established a Public Safety Special Services Fund (PSS Fund). The PSS Fund currently includes the police, fire, homeless strategies, code enforcement, and emergency management departments. This fund is partially funded through the establishment of a public safety special revenue

tax levy. This tax levy carried an initial tax rate of 0.001029 and generated approximately \$4,578,000 in property tax revenue. This funding source is restricted to use only within the PSS Fund for the purpose of providing public safety services to the residents, businesses, and visitors of South Salt Lake.

The establishment of the PSS Fund and the related property tax levy helps to meet the goal of providing a sustainable, long-term source of funding for public safety services within the city. In FY 2024, the tax rate is 0.000955 and is expected to generate approximately \$4,544,000 in property tax revenues.

As a result of the factors above, the city relies heavily on sales tax revenue to provide city services. Sales taxes allow the residents of South Salt Lake to receive the same level of services that residents of other Utah cities enjoy. City officials work diligently to maintain an environment that is conducive to business.

The city has adequate cash reserves to fund cash flow requirements during the year. In the first few months of the fiscal year the city uses these cash reserves to cover cash requirements eliminating the need to issue tax & revenue anticipation notes. The city begins to receive sales tax revenue in September and property tax revenue in November.

Annually the city allocates sales tax revenue first to general city operations, then to public safety operations, and finally to capital improvements. The city utilizes a conservative approach to issuing debt and almost always uses a “pay as you go” approach to acquiring capital assets. Class C Road funds, derived from gasoline taxes are reserved and used to fund large road construction and maintenance projects. Class C funds are received six times per year and can be carried forward from year to year until projects are undertaken. In addition, the city receives revenue from a county option transportation sales tax. South Salt Lake receives a portion of that levy to use towards road and transportation projects.

Approximately 50% of the residents and businesses in South Salt Lake are connected to the city’s wastewater collection system. The South Salt Lake system is part of the Central Valley Water Reclamation Facility (CVWRF). In FY 2018 the CVWRF began a significant project to update the plant and add new treatment processes. The city’s entire portion of the costs will be approximately \$16,500,000. The city participated in an initial financing arrangement for the first \$3,200,000 of the obligation. In December 2018 the city was awarded, by the Utah State Division of Water Quality, a \$2,000,000 grant and a \$9,248,000 no interest loan to finance construction through 2024. In 2022, the City was able to obtain additional financing from the Department of Water Quality to supplement its debt obligation for this project. The City received an additional \$1.76 million of new award funding that will be principal forgiven at the completion of the project. It also received an additional \$1.5 million authorized for issuance of bonds. This additional amount carries a 0% interest rate and is repayable over 20 years, beginning in 2025. The funding was authorized in May 2022 and the closing for the bond issuance occurred in September 2022.

Current Period Financial Events

As required by the Governmental Accounting Standards Board, GASB Statement 68 reports the city’s net pension assets and liabilities in FY 2023. Although the city is a member of the Utah Retirement Systems and relies on URS for all retirement activities on behalf of its employees, the city must still report its pro-rata share of pension assets and liabilities. The city had a net pension asset of \$1,883,694 and a net pension liability of \$4,173,884 as of June 30, 2023. These results are based on information provided by Utah Retirement Systems. These results indicate that Utah Retirement Systems is currently funded adequately to satisfy future obligations.

The city has been awarded over \$10 million in grants and assistance from federal, state, county, and private sources. Much of this funding is used to provide after-school services to South Salt Lake and neighboring youth and adults. Programs which provide academic and prevention services are

administered from 14 school based and community locations. Approximately 2,100 youth and adults are served through these programs. Other uses of the grant funding include COVID-19/ARP assistance (\$1,513,823), public safety (\$3,332,000) and public improvements (\$1,882,000). In addition to grant funding, the Promise Afterschool Program received over \$1,400,000 in in-kind donations from its generous partners and volunteers, who logged over 4,000 hours of service, valued at more than \$80,000.

Sales tax revenue, including the City Option Sales Tax, increased by approximately \$170,000 when compared to FY 2022. This amount represents an approximate increase of 1%. This is likely due to the current inflationary nature of the economy and hesitation to purchase luxury goods. The city anticipates that sales tax revenue will remain flat for the first half of FY 2024 and then begin to increase during the last half as buyer confidence and the economy improve.

In FY 2023, the City Council approved the establishment of a Stormwater Utility Fund. The purpose of the fund is to generate revenue to offset the cost of compliance with federal stormwater compliance requirements and to provide a sustainable source of funding to be able to maintain and upgrade the City's stormwater system as needed. The utility fee is calculated, based on the number of ERU's (Equivalent Residential Units) that each parcel of land contains. An ERU is defined as 3,500 square feet of impervious area present on the parcel. Each parcel is billed monthly for its ERU's, with a minimum of one ERU per parcel.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Salt Lake for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This was the nineteenth consecutive year that the city has received this prestigious award. To be awarded a Certificate of Achievement, the city must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted account principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. I would like to express appreciation to all members of the finance department who assisted in the preparation of this report. I also appreciate the professional service and assistance rendered by the auditing firm of Squire & Company. Credit also must be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism and integrity in the management of the finances of the City of South Salt Lake.

Respectfully submitted,



Crystal Makin, CPA
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of South Salt Lake
Utah**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrell

Executive Director/CEO

City of South Salt Lake

Principal Officials

June 30, 2023



Cherie Wood, Mayor



Charee Peck
Chief of Staff



Josh Collins
City Attorney



Ariel Andrus
City Recorder



Jack Carruth
Chief of Police



Terry Addison
Fire Chief



Christine Simonette
Homeless Strategies



Lisa Forrester
Court Administrator



Kelli Meranda
Promise SSL



Crystal Makin, CPA
Finance Director



Dennis Pay, PE
City Engineer



Jonathan Weidenhamer
Community Development



Sharen Hauri
Neighborhoods



Aaron Wiet
Recreation

**City of South Salt Lake
Principal Officials, continued
June 30, 2023**

City Council



Leanne Huff
District 1



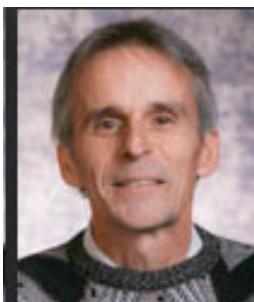
Corey Thomas
District 2



Sharla Bynum
District 3



Portia Mila
District 4, Retired



Shane Siwik
District 5, Retired



Paul Sanchez
District 5, Elect



Clarissa Williams
At Large



Natalie Pinckney
At Large



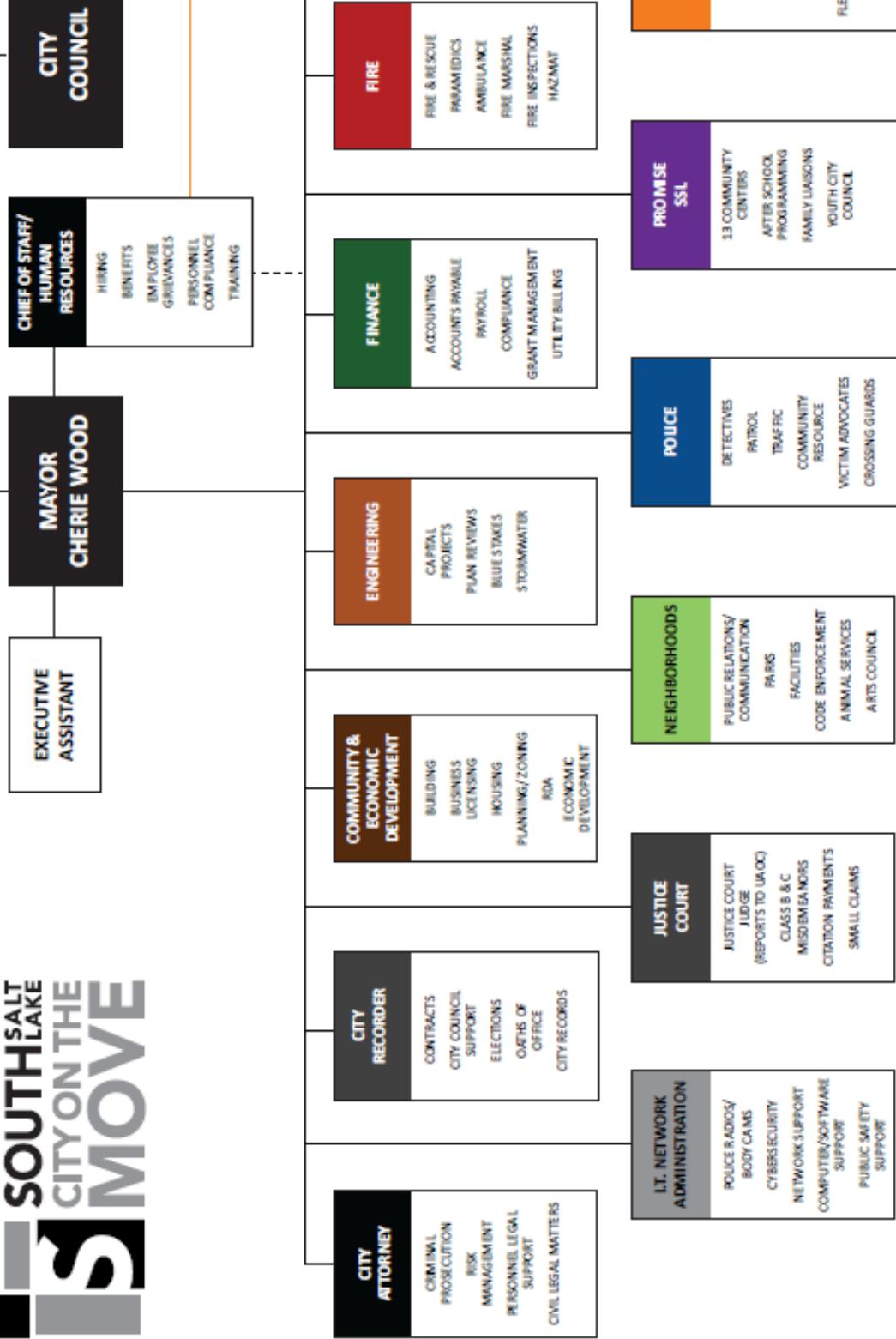
Nick Mitchell
District 4, Elect

*Councilman Shane Siwik resigned on September 25, 2023

*Councilman Paul Sanchez was appointed on October 25, 2023
and was elected to a four-year term beginning January 1, 2024

*Councilman Nick Mitchell was elected to a four-year term beginning
January 1, 2024, replacing Portia Mila to represent District 4

SOUTH SALT LAKE RESIDENTS AND BUSINESSES



Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of South Salt Lake, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Salt Lake, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of South Salt Lake's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Salt Lake, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Salt Lake's basic financial statements. The introductory section, combining nonmajor fund financial statements, budgetary comparison information for nonmajor governmental funds, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the combining nonmajor fund financial statements, and the budgetary comparison information for the capital projects fund and nonmajor governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the combining nonmajor fund financial statements, and the budgetary comparison information for the capital projects fund and nonmajor governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2024, on our consideration of the City of South Salt Lake's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of South Salt Lake's internal control over financial reporting and compliance.

Squire & Company, PC

Salt Lake City, Utah
February 8, 2024

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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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Management's Discussion and Analysis

As management of the City of South Salt Lake, we offer readers of the City of South Salt Lake's financial statements this narrative overview and analysis of the financial activities of the City of South Salt Lake for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the City of South Salt Lake exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$126,094,233 (*net position*). Of this amount, \$42,187,198 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City of South Salt Lake's total net position increased \$15,527,341 mainly due to increases in charges for services and grant revenues for 2023. Also, governmental activities expenses were less than expected during the fiscal year which led to an increase in net position. Net position in business-type activities decreased \$1,322,304 due to costs related to Central Valley Water Reclamation Facility (CVWRF) bond obligations recorded by the City during the current year.
- As of the close of the current fiscal year, the City of South Salt Lake's governmental funds reported combined fund balances of \$54,159,270, an increase of \$8,079,865 in comparison with the prior year. Approximately 33% of this amount (\$17,992,932) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (classified as *unassigned fund balance*) for the general fund was \$17,992,932, or approximately 35% of total general fund expenditures.
- Total sales tax revenue increased by approximately \$170,295 in fiscal year 2023 when compared to fiscal year 2022, which represents an approximate 1% increase.
- The City expended approximately \$6,277,000 in federal grants and awards during the fiscal year. This represents an increase of approximately \$2,479,000 (65%) when compared to fiscal year 2022. The increase is mainly due to funding received from the U.S. Department of Environmental Quality Clean Water State Revolving Fund, as well as new or increased grant funds received from the U.S. Departments of Education and Health and Human Services.
- Long-term debt (including obligation under CVWRF bonds) decreased by approximately \$33,900 during the fiscal year. This net decrease is mainly due to new obligations for the purchase of a firetruck, offset by scheduled debt service on existing revenue bonds.
- During fiscal year 2023, the City received funds from the Utah State Department of Workforce Services to partially fund public safety costs directly related to the placement of the homeless resource center in the City. Approximately \$2,943,000 was received and used to retain the required police officers and emergency medical personnel.
- The City spent approximately \$1,513,000 in American Rescue Plan (ARP) funds during fiscal year 2023.
- Work continued on the upgrade of the Central Valley Water Reclamation Facility. The City is responsible for approximately 5% of the costs associated with the wastewater treatment facility project. During fiscal year 2023, the City expended approximately \$1,265,723 on the project. This project is expected to be completed in 2025.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the City of South Salt Lake's basic financial statements. The City of South Salt Lake's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements

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

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

The *statement of activities* presents information showing how the City of South Salt Lake's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of South Salt Lake that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of South Salt Lake include general government, public safety, highways and public improvements, parks, recreation and culture, and redevelopment. The business-type activities of the City of South Salt Lake include water and sewer utilities, solid waste collection, stormwater service, and housing.

The government-wide financial statements include two component units, the Redevelopment Agency of South Salt Lake and the Municipal Building Authority of South Salt Lake. Financial information for the component units is blended with the primary government.

The government-wide financial statements can be found on pages 15-17.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of South Salt Lake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of South Salt Lake can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable*

resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of South Salt Lake maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, public safety service special revenue fund (PSS), and the capital projects fund, all of which are considered major funds. Data from the other governmental fund is presented as a nonmajor fund.

The City of South Salt Lake adopts annual appropriated budgets for its general fund, capital projects fund, the PSS fund, and redevelopment agency. Budgetary comparison schedules have been provided for the general fund, capital projects fund, the PSS fund, and redevelopment agency to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary Funds

The City of South Salt Lake maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of South Salt Lake uses enterprise funds to account for its Water, Sewer, Stormwater, and Solid Waste Collection utilities.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its Insurance Reserve Fund. The City also uses an internal service fund to account for its Leased Equipment Debt Service. Because these services predominantly benefit governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility and Sewer Utility funds, both of which are considered to be major funds. Data from the other proprietary funds is presented as a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 22-26 of this report.

Notes to the Financial Statements

The notes provide additional financial information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 27 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the budgetary comparison schedules for the general fund, capital projects fund, PSS fund, and the redevelopment agency, as well as net pension liability schedules. Required supplementary information can be found on pages 53-58 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of South Salt Lake, assets exceeded liabilities by \$126,094,233 at the close of the most recent fiscal year.

City of South Salt Lake's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 75,868,862	\$ 74,445,552	\$ 6,435,529	\$ 9,784,837	\$ 82,304,391	\$ 84,230,389
Capital assets	59,475,741	51,286,605	11,920,011	10,362,223	71,395,752	61,648,828
Total assets	135,344,603	125,732,157	18,355,540	20,147,060	153,700,143	145,879,217
Total deferred outflows of resources	5,396,439	3,792,027	265,700	195,777	5,662,139	3,987,804
Other liabilities	9,302,793	9,464,868	640,979	483,642	9,943,772	9,948,510
Long-term liabilities outstanding	14,563,390	9,019,773	8,635,727	8,747,491	23,199,117	17,767,264
Total liabilities	23,866,183	18,484,641	9,276,706	9,231,133	33,142,889	27,715,774
Total deferred inflows of resources	121,981	11,138,325	3,179	446,030	125,160	11,584,355
Net position:						
Net investment in capital assets	58,160,252	51,286,605	11,920,011	10,362,223	70,080,263	61,648,828
Restricted	11,897,832	9,229,942	1,928,940	1,709,092	13,826,772	10,939,034
Unrestricted	46,694,794	39,384,671	(4,507,596)	(1,405,641)	42,187,198	37,979,030
Total net position	\$ 116,752,878	\$ 99,901,218	\$ 9,341,355	\$ 10,665,674	\$ 126,094,233	\$ 110,566,892

By far the largest portion of the City of South Salt Lake's net position (56%) reflects its investment in capital assets (e.g., land, buildings, improvements, machinery and equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of South Salt Lake uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of South Salt Lake's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of South Salt Lake's net position (11%) represents resources that are subject to external restrictions on how they may be used. The remaining 33% (\$42,187,198) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of South Salt Lake is able to report positive balances in all reported categories of net position for governmental activities. However, for business-type activities, unrestricted net position was \$(4,507,596) as compared to the prior year of \$(1,405,641). The decrease in net position is mainly due to a net change in the equity investment related to the City's joint venture with CVWRF.

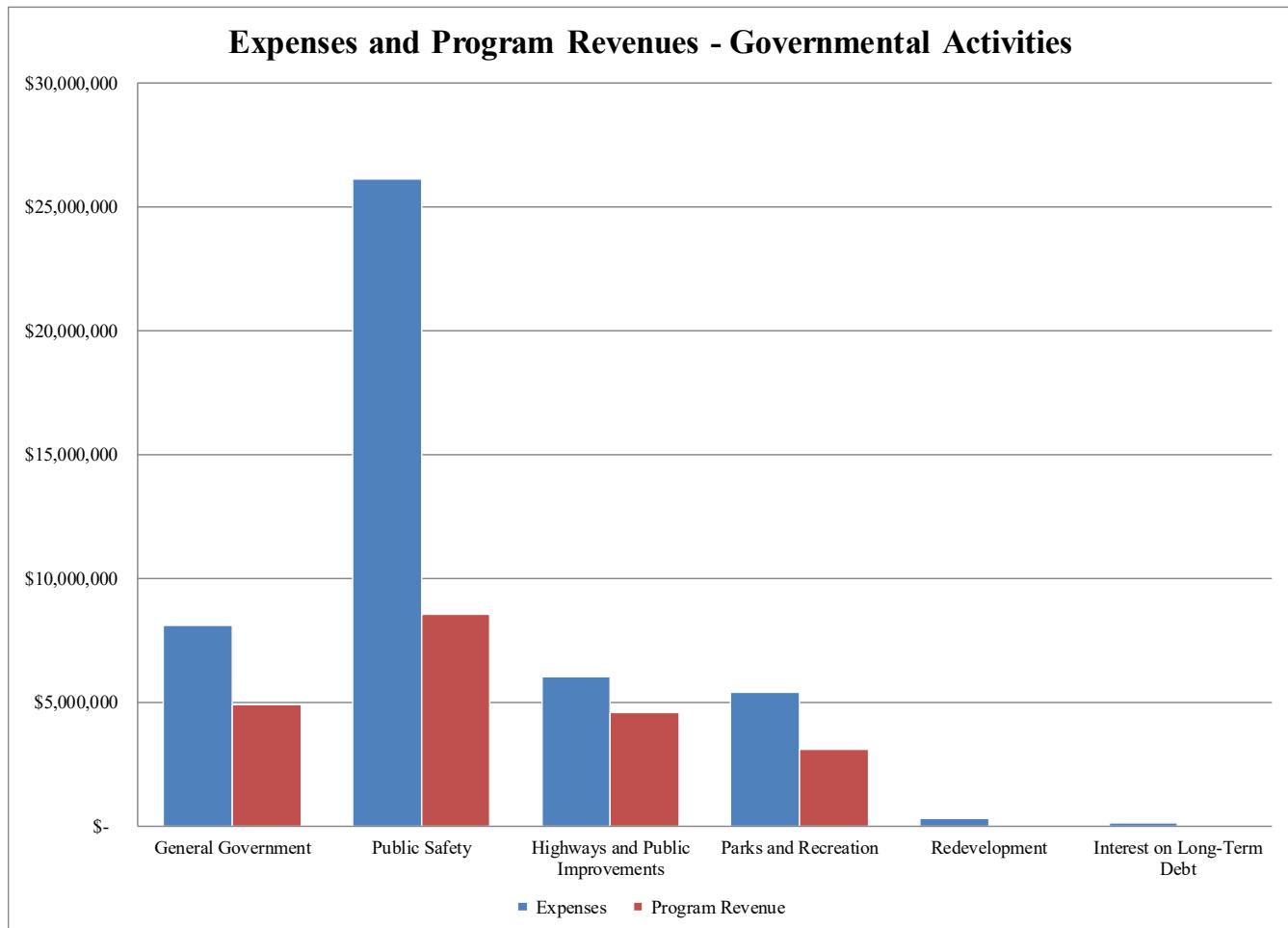
The City of South Salt Lake's overall net position increased \$15,527,341 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities

During the current fiscal year, net position for governmental activities increased \$16,851,660 from the prior fiscal year for an ending balance of \$116,752,878. The increase in the overall net position of governmental activities is primarily due to an increase in property taxes and operating and capital grants, while maintaining a conservative approach to spending.

City of South Salt Lake's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 7,635,517	\$ 5,647,012	\$ 8,052,794	\$ 6,261,626	\$ 15,688,311	\$ 11,908,638
Operating grants and contributions	9,361,460	7,626,529	-	-	9,361,460	7,626,529
Capital grants and contributions	4,166,926	1,754,221	162,884	-	4,329,810	1,754,221
General revenues:						
Property taxes	13,500,338	12,788,995	-	-	13,500,338	12,788,995
Sales taxes	22,684,954	22,514,659	-	-	22,684,954	22,514,659
Other taxes	3,692,990	3,183,105	-	-	3,692,990	3,183,105
Other	1,823,988	320,396	35,098	30,151	1,859,086	350,547
Total revenues	62,866,173	53,834,917	8,250,776	6,291,777	71,116,949	60,126,694
Expenses:						
General government	8,096,248	5,988,389	-	-	8,096,248	5,988,389
Public safety	26,105,415	20,509,478	-	-	26,105,415	20,509,478
Highways and public improvements	6,008,505	6,689,438	-	-	6,008,505	6,689,438
Parks, recreation and culture	5,386,984	4,013,946	-	-	5,386,984	4,013,946
Redevelopment	283,247	465,957	-	-	283,247	465,957
Interest on long-term debt	134,114	94,287	-	-	134,114	94,287
Water utility	-	-	3,072,403	2,804,002	3,072,403	2,804,002
Sewer utility	-	-	5,351,741	8,398,992	5,351,741	8,398,992
Storm water utility	-	-	552,119	-	552,119	-
Solid waste collection	-	-	598,832	516,254	598,832	516,254
Total expenses	46,014,513	37,761,495	9,575,095	11,719,248	55,589,608	49,480,743
Increase (decrease) in net position before transfers	16,851,660	16,073,422	(1,324,319)	(5,427,471)	15,527,341	10,645,951
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	16,851,660	16,073,422	(1,324,319)	(5,427,471)	15,527,341	10,645,951
Net position - beginning	99,901,218	83,827,796	10,665,674	16,093,145	110,566,892	99,920,941
Net position - ending	\$ 116,752,878	\$ 99,901,218	\$ 9,341,355	\$ 10,665,674	\$ 126,094,233	\$ 110,566,892



Business-type Activities

For the City of South Salt Lake's business-type activities, overall net position decreased to an ending balance of \$9,341,355. The total decrease in net position for business-type activities was (\$1,324,319) from the prior fiscal year. A net decrease in the City's equity investment in Central Valley in the amount of \$1,224,496 was mainly responsible for the overall decrease in net position.

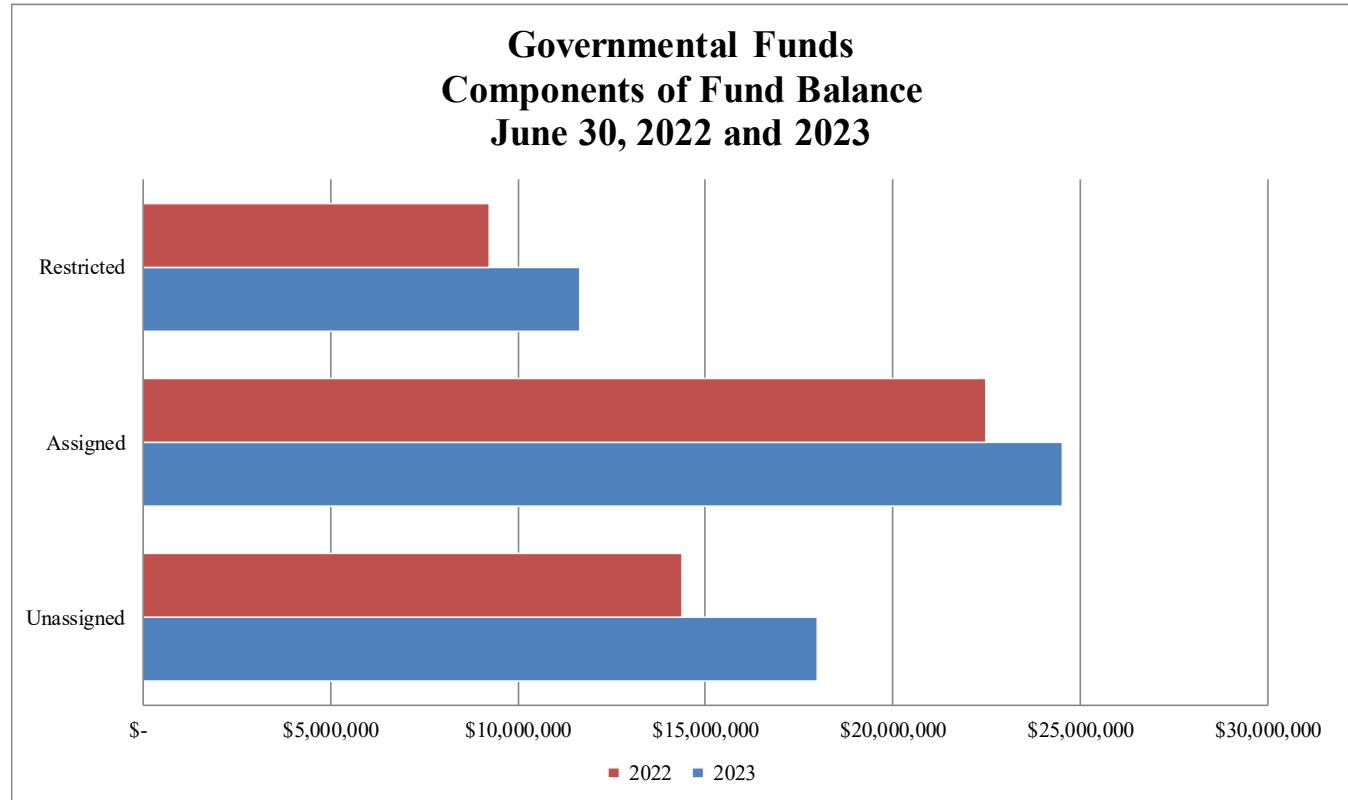
Financial Analysis of the Government's Funds

As noted earlier, the City of South Salt Lake uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of South Salt Lake's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of South Salt Lake's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of South Salt Lake itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of South Salt Lake's City Council.

At June 30, 2023, the City of South Salt Lake's governmental funds reported combined fund balances of \$54,159,270, an increase of \$8,079,865 in comparison with the prior year. Approximately 33% of this amount (\$17,992,932) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *restricted* or *assigned* to indicate that it is 1) legally required to be maintained intact (\$11,647,832) or 2) assigned by the city council for particular purposes (\$24,518,506).



The general fund is the chief operating fund of the City of South Salt Lake. At the end of the current fiscal year, unassigned fund balance and total fund balance of the general fund was \$17,992,932 and \$22,520,064, respectively. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 103% of total general fund expenditures. This is because the public safety functions of police, fire, homeless strategies, emergency management, and code enforcement were transferred to the public safety services special revenue fund. This transfer resulted in a significant decrease in general fund expenditures, without a similar reduction in unassigned fund balance.

The fund balance of the City of South Salt Lake's general fund increased by \$4,277,257 during the current fiscal year. This increase is primarily due to an increase in property taxes as a result of an increased property tax rate. This includes property taxes received during the fiscal year and property taxes earned but the receipt of which is deferred until FY 2024 (property taxes receivable).

The capital projects fund, a major governmental fund, had a \$541,814 increase in fund balance during the current fiscal year. Assigned fund balance decreased by \$1,206,396 and restricted fund balance increased by \$1,748,210. The decrease in assigned fund balance is mainly due to an increase in capital outlay for general government, public safety, and highways/public improvements. The increase in restricted fund balance is the result of an increase in restricted intergovernmental funds received during the year.

During the year, the City established the public safety service special revenue fund (PSS) to better account for public safety related activities that would be partially funded through a special revenue property tax levy. As this was a new governmental fund, the beginning fund balance was \$-0-. The ending fund balance of the inaugural year is \$3,110,787, all of which is assigned fund balance.

The redevelopment agency had an increase in fund balance during the current year of \$150,007 to bring the year end fund balance to \$4,093,814. The decrease is mainly due to a decrease in consulting fees and redevelopment costs.

Proprietary Funds

The City of South Salt Lake's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Utility Fund as of June 30, 2023 was \$(1,324,551), a decrease of \$(1,449,608). The decrease was mainly due to increases in staffing costs and an increase in investment in capital assets. The decrease in net position was funded through an interfund obligation of \$1,026,772 that will be paid for through future operations.

Unrestricted net position of the Sewer Utility Fund at the end of the year was \$(3,403,200), a decrease of \$(1,600,638). The decrease was mainly due to increases in costs associated with the City's equity investment related to its joint venture with Central Valley. The decrease in net position was funded through an increase in the interfund obligation of \$898,078.

During the fiscal year, the City established a Stormwater Utility Fund to ensure that the City can maintain clean water flowing through the stormwater system and remain in compliance with federal and state environmental protection regulations. In its initial year, the fund was classified as a nonmajor fund for purposes of financial statement presentation.

General Fund and Public Safety Special Revenue Fund Budgetary Highlights

Original budget compared to final budget

During the fiscal year, there was a decrease in original estimated general fund revenues of approximately \$14,967,000 and budgeted appropriations in the general fund of approximately \$15,251,000 from the prior year. This decrease was mainly due to the creation of the Public Safety Service Special Revenue Fund. To create this fund, the police, fire, code enforcement, emergency management, and homeless strategies departments were relocated from the general fund to the PSS. Also, certain relevant revenues were relocated from the general fund to the PSS to provide a revenue stream for the public safety activities. As such, the original estimated revenues in the PSS were \$26,514,600 and the budgeted appropriations in the PSS fund were \$26,514,600. A significant portion of these estimated revenues and appropriations had previously been included in the general fund.

With the establishment of the PSS fund, an allocated portion of funding from property taxes and sales taxes, as well as ambulance transport fees and state homeless mitigation assistance was removed from the general fund and included in the PSS fund. The creation of the PSS fund also enabled the establishment of a special revenue property tax levy. This tax levy is intended to provide a sustainable source of revenue to benefit public safety services. It was originally budgeted to provide additional revenues of \$3,531,363. Actual revenues received from the tax levy were \$4,544,510. The increase is mainly due to a more robust housing market than originally anticipated.

Final budget compared to actual results

The General fund's actual recognized revenue was approximately \$385,000 less than budgeted. Revenue overages in taxes, licenses and permits, and interest, were offset by shortages in intergovernmental and other miscellaneous revenues. Specifically, Class "C" road fund revenues were budgeted at \$3.5 million, but revenues recognized were approximately \$1.1 million. The reason for the shortage in revenues is because a road project required less Class "C" funding than was originally anticipated. By not accessing this funding in the current year, it provides more funding for projects in future years. Below is a summary of the differences by category of the general funds final budgeted revenues compared to actual revenues.

	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>
Taxes	\$ 10,280,213	\$ 11,974,567	\$ 1,694,354
Licenses and permits	2,649,000	3,658,838	1,009,838
Intergovernmental	6,171,122	3,454,911	(2,716,211)
Charges for services	530,000	523,636	(6,364)
Fines and forfeitures	705,000	661,540	(43,460)
Investment earnings	238,700	1,558,068	1,319,368
Rental income	248,000	262,274	14,274
Miscellaneous revenues	<u>1,052,246</u>	<u>684,964</u>	<u>(367,282)</u>
Total	<u>\$ 21,874,281</u>	<u>\$ 22,778,798</u>	<u>\$ 904,517</u>

During the year, the general fund expenditures were approximately \$4,661,000 less than budgeted. Most departmental expenditures were significantly under budget. Every department expenditure budget in the general fund ended the fiscal year under budget. Department directors strived to be conservative and careful when expending public funds.

The Public Safety Service fund's actual recognized revenue was approximately \$731,000 more than budgeted. Revenue overages in property taxes and intergovernmental revenues were offset by shortages in sales taxes. Of note, general property tax revenues allocated to the general fund were approximately \$1 million greater than the amount budgeted for. Additionally, the amount allocated to the public safety service special revenue fund, which included an allocated portion of general property taxes, as well as the public safety property tax revenue levy, was approximately \$2.4 million greater than budgeted. Conversely, sales tax revenues were approximately \$1.9 million less than budgeted. The positive property tax revenues were primarily the result of a robust housing market, while the decreased sales tax revenues were the result of market inflationary factors.

During the year, the PSS fund expenditures were approximately \$2.4 million less than budgeted. Apart from the dispatching department, all departmental expenditures were significantly under budget. The police department expenditures were approximately \$1.6 million under budget and the fire department expenditures were approximately \$600,000 under budget. Most of the positive actual expenditures can be attributed to lower than budgeted salary and benefits, fuel expenditures, and overhead costs. This can only be achieved by department directors responsibly and conservatively expending public funds only as needed.

Capital Assets and Debt Administration

Capital Assets

The City of South Salt Lake's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounted to \$71,395,752 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress. The net increase in capital assets for the current fiscal year was approximately 16%.

City of South Salt Lake's Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 12,254,857	\$ 8,340,259	\$ 396,214	\$ 304,414	\$ 12,651,071	\$ 8,644,673
Buildings	10,801,302	11,516,494	969,788	1,042,922	11,771,090	12,559,416
Improvements	6,011,264	5,284,579	7,675,758	7,569,001	13,687,022	12,853,580
Machinery and equipment	10,446,773	7,963,431	2,101,007	1,195,164	12,547,780	9,158,595
Infrastructure	15,602,999	16,370,082	-	-	15,602,999	16,370,082
Construction in progress	4,358,546	1,811,760	777,244	250,722	5,135,790	2,062,482
Total	<u>\$ 59,475,741</u>	<u>\$ 51,286,605</u>	<u>\$ 11,920,011</u>	<u>\$ 10,362,223</u>	<u>\$ 71,395,752</u>	<u>\$ 61,648,828</u>

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

- Purchase and installation of a new generator (\$402,966), HVAC System (\$496,243), and EV Chargers (\$87,619) at City Hall.
- Police vehicles and equipment in the amount of \$1,803,075.
- Road and intersection improvements in the amount of \$1,122,798.
- Fire vehicles and equipment in the amount of \$1,178,304.
- Acquisition of property in the amount of \$3,914,598.

Additional information on the City of South Salt Lake's capital assets can be found in Note 4.

Long-term Debt

At the end of the current fiscal year, the City of South Salt Lake had total debt outstanding of \$18,152,447. The debt represents 1) bonds secured solely by specified revenue sources, and 2) a new fire truck lease. The City of South Salt Lake's outstanding debt decreased by \$33,918 during the current fiscal year. The net decrease is mainly the result of decreases in City's obligation related to excise tax revenue bonds and CVWRF bonds, offset by the financed purchase of a new fire truck under a lease-purchase agreement.

City of South Salt Lake's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Excise tax revenue bonds, net	\$ 8,440,362	\$ 9,453,057	\$ -	\$ -	\$ 8,440,362	\$ 9,453,057
Water/sewer revenue bonds	-	-	3,883,122	3,833,122	3,883,122	3,833,122
Obligation under CVWRF bonds	-	-	4,513,474	4,900,186	4,513,474	4,900,186
Fire truck lease	1,315,489	-	-	-	1,315,489	-
Total	\$ 9,755,851	\$ 9,453,057	\$ 8,396,596	\$ 8,733,308	\$ 18,152,447	\$ 18,186,365

Additional information on the City of South Salt Lake's long-term debt can be found in Note 6.

Economic Factors and Next Year's Budgets and Rates

The City of South Salt Lake relies on revenues from various tax types as its largest single revenue source. In fiscal year 2023, sales tax revenues were \$22,684,954, approximately \$170,000 more than in fiscal year 2022. The modest increase is due to a robust commercial presence in the city, tempered against inflationary market conditions, both nationally and locally. National and local trends indicate economic activity, which includes taxable sales, will continue to modestly increase in fiscal year 2024. Additional economic development projects that are envisioned to materialize in the next few years will also contribute to the City's tax base.

In fiscal year 2023, property tax revenues increased significantly over prior years. Combined property tax revenues were \$13,351,704, which represents an increase of \$6,473,113 over fiscal year 2022. In August 2022, the City Council passed a property tax rate increase that was designed to rebalance property tax revenues that had been eroded in prior years through the certified tax calculation process. General property tax revenue is expected to continue to increase modestly due to the added valuation of recent construction projects that have been, or will be, completed within the next year.

In fiscal year 2023, the City established the public safety special revenue tax levy. This tax is restricted in its allowed use to only be available for supporting public safety functions. The purpose of the tax levy is to provide a sustainable source of revenue to ensure that the City can continue to provide adequate and appropriate public safety services to those who live, work, and recreate in the City. In its initial year of implementation, the tax levy generated revenues of \$4,577,994, which is \$1.05 million greater than initial budgeted estimates. Due to a continued robust housing market, it is expected that future revenues will continue to modestly increase.

Due to more stringent wastewater discharge rules, the Central Valley Water Reclamation Facility (CVWRF) has embarked on a \$330,000,000 plant expansion which is expected to be completed by 2024. South Salt Lake's share of the project will be approximately \$16,500,000. The City has been awarded, by the Utah State Division of Water Quality, approximately \$14,500,000 to help fund the City's share of costs. The award is in the form of a \$3,760,000 grant and a \$10,750,000 no interest loan. It is expected that sewer rates will be required to be increased in the future to fund the debt associated with the new project.

The City of South Salt Lake uses a conservative approach to budgeting. Generally, the City attempts to be conservative when estimating revenue. This approach results in some flexibility when actual revenues do not meet expectations. The City's FY 2024 general fund budget reflects an increase of approximately \$4.1 million from the FY 2023 budget. Much of this increase is the result of increased funding being made available in the form of grants or increased property and sales tax. These increased funding sources allow the City to fund employee retention, community growth, and infrastructure projects that have been delayed as a result of prior year funding availability.

Normally the City's policy is to acquire equipment on a "pay-as-we-go" basis, except for some pieces of large equipment that have extended useful lives. In FY 2024, some budgeted equipment acquisitions and infrastructure projects include:

- \$2,000,000 for a streetscape project using grant funds.
- \$1,420,000 for design, expansion, and construction of city parks.
- \$2,000,000 for design and architecture work to build a new public works campus.
- \$2,185,000 for improvements to City facilities.
- \$6,465,000 for road construction projects.
- \$706,969 for replacement of fire vehicles and equipment.
- \$1,591,551 for critical police vehicle and equipment replacement

The biggest economic factor the City will face in FY 2024 is the current volatility of the economy. While inflation remains high, the city enjoys the benefit of higher sales tax revenues. However, economists predict that the current inflationary rates will likely lead to a recession, which could have a significant impact on future sales tax revenues. City revenues rely on a robust economic situation. Through conservative planning in the current and prior years, however, the City enjoys a robust fund balance which will help to fund continued operations in the event of an economic downturn. Because of this, the City is in a good situation from a financial perspective.

Requests for Information

This financial report is designed to provide a general overview of the City of South Salt Lake's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Finance Director, 220 E Morris Avenue, Suite 200, South Salt Lake, UT 84115.

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BASIC FINANCIAL STATEMENTS

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CITY OF SOUTH SALT LAKE
STATEMENT OF NET POSITION

June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 42,165,485	\$ 356,183	\$ 42,521,668
Taxes receivable	15,142,739	-	15,142,739
Accounts receivable - net	-	1,387,908	1,387,908
Miscellaneous receivables	192,302	-	192,302
Internal balances	4,276,516	(4,276,516)	-
Intergovernmental receivable	4,368,474	-	4,368,474
Prepaid expenses	152,800	-	152,800
Property acquired for redevelopment	1,179,480	-	1,179,480
Investment in joint venture	-	8,101,731	8,101,731
Restricted cash and cash equivalents	6,507,372	866,223	7,373,595
Net pension asset	1,883,694	-	1,883,694
Capital assets not being depreciated:			
Land	12,254,857	396,214	12,651,071
Construction in progress	4,358,546	777,244	5,135,790
Capital assets net of accumulated depreciation:			
Buildings	10,801,302	969,788	11,771,090
Improvements	6,011,264	7,675,758	13,687,022
Machinery and equipment	10,446,773	2,101,007	12,547,780
Infrastructure	15,602,999	-	15,602,999
Total assets	135,344,603	18,355,540	153,700,143
Deferred Outflows of Resources:			
Deferred outflows of resources relating to pensions	<u>5,396,439</u>	<u>265,700</u>	<u>5,662,139</u>
Total deferred outflows of resources	<u>5,396,439</u>	<u>265,700</u>	<u>5,662,139</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 5,048,843	\$ 590,085	\$ 5,638,928
Deposits payable	2,596,028	38,319	2,634,347
Accrued interest	99,701	-	99,701
Unearned revenues	355,572	-	355,572
Noncurrent liabilities:			
Due within one year	1,202,649	12,575	1,215,224
Due in more than one year	<u>14,563,390</u>	<u>8,635,727</u>	<u>23,199,117</u>
Total liabilities	<u>23,866,183</u>	<u>9,276,706</u>	<u>33,142,889</u>
Deferred Inflows of Resources:			
Deferred inflows of resources relating to pensions	<u>121,981</u>	<u>3,179</u>	<u>125,160</u>
Total deferred inflows of resources	<u>121,981</u>	<u>3,179</u>	<u>125,160</u>
Net Position:			
Net investment in capital assets	58,160,252	11,920,011	70,080,263
Restricted for:			
Capital projects	11,897,832	1,062,717	12,960,549
Debt service	-	866,223	866,223
Unrestricted	<u>46,694,794</u>	<u>(4,507,596)</u>	<u>42,187,198</u>
Total net position	<u>\$ 116,752,878</u>	<u>\$ 9,341,355</u>	<u>\$ 126,094,233</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 8,096,248	\$ 4,404,257	\$ 510,602	\$ -	\$ (3,181,389)	\$ -	\$ (3,181,389)
Public safety	26,105,415	3,124,627	5,333,750	98,382	(17,548,656)	-	(17,548,656)
Highways and public improvements	6,008,505	-	1,118,431	3,458,284	(1,431,790)	-	(1,431,790)
Parks, recreation and culture	5,386,984	106,633	2,398,677	610,260	(2,271,414)	-	(2,271,414)
Redevelopment	283,247	-	-	-	(283,247)	-	(283,247)
Interest on long-term debt	134,114	-	-	-	(134,114)	-	(134,114)
Total governmental activities	<u>46,014,513</u>	<u>7,635,517</u>	<u>9,361,460</u>	<u>4,166,926</u>	<u>(24,850,610)</u>	<u>-</u>	<u>(24,850,610)</u>
Business-type activities:							
Water utility	3,072,403	2,848,028	-	-	-	(224,375)	(224,375)
Sewer utility	5,351,741	3,797,007	-	-	-	(1,554,734)	(1,554,734)
Storm water utility	552,119	919,302	-	162,884	-	530,067	530,067
Solid waste collection	598,832	488,457	-	-	-	(110,375)	(110,375)
Total business-type activities	<u>9,575,095</u>	<u>8,052,794</u>	<u>-</u>	<u>162,884</u>	<u>-</u>	<u>(1,359,417)</u>	<u>(1,359,417)</u>
Total Primary Government	<u>\$ 55,589,608</u>	<u>\$ 15,688,311</u>	<u>\$ 9,361,460</u>	<u>\$ 4,329,810</u>	<u>(24,850,610)</u>	<u>(1,359,417)</u>	<u>(26,210,027)</u>
General revenues:							
Property taxes				13,500,338	-	13,500,338	
Sales taxes				22,684,954	-	22,684,954	
Energy sales and use taxes				3,631,242	-	3,631,242	
Transient room taxes				61,748	-	61,748	
Unrestricted investment earnings				1,763,984	45,553	1,809,537	
Gain on sale of capital assets				60,004	(10,455)	49,549	
Total General Revenues and Transfers				<u>41,702,270</u>	<u>35,098</u>	<u>41,737,368</u>	
Change in Net Position				<u>16,851,660</u>	<u>(1,324,319)</u>	<u>15,527,341</u>	
Net Position - Beginning				<u>99,901,218</u>	<u>10,665,674</u>	<u>110,566,892</u>	
Net Position - Ending				<u>\$ 116,752,878</u>	<u>\$ 9,341,355</u>	<u>\$ 126,094,233</u>	

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Capital Projects Fund	Public Safety Service Special Revenue Fund	Nonmajor Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 14,627,843	\$ 22,416,978	\$ 1,846,046	\$ 2,790,338	\$ 41,681,205
Receivables (net):					
Taxes	7,192,343	3,177,563	5,470,043	-	15,839,949
Miscellaneous	47,296	35,211	228,435	-	310,942
Due from other funds	4,265,588	-	-	-	4,265,588
Intergovernmental receivable	1,313,479	1,264,549	864,857	-	3,442,885
Prepaid expenses	109,739	-	-	152,800	262,539
Property acquired for redevelopment	-	-	-	1,179,480	1,179,480
Cash and cash equivalents - restricted	6,507,364	-	-	8	6,507,372
Total assets	<u>\$ 34,063,652</u>	<u>\$ 26,894,301</u>	<u>\$ 8,409,381</u>	<u>\$ 4,122,626</u>	<u>\$ 73,489,960</u>
Liabilities, Deferred in Flows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 837,003	\$ 2,459,696	\$ 398,920	\$ 28,812	\$ 3,724,431
Salaries/payroll payables	969,151	-	355,164	-	1,324,315
Deposits	2,596,028	-	-	-	2,596,028
Unearned revenue	355,572	-	-	-	355,572
Total liabilities	<u>4,757,754</u>	<u>2,459,696</u>	<u>754,084</u>	<u>28,812</u>	<u>8,000,346</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	<u>6,785,834</u>	<u>-</u>	<u>4,544,510</u>	<u>-</u>	<u>11,330,344</u>
Total deferred inflows of resources	<u>6,785,834</u>	<u>-</u>	<u>4,544,510</u>	<u>-</u>	<u>11,330,344</u>
Fund Balances:					
Restricted for:					
Road projects	4,527,132	6,821,470	-	-	11,348,602
Other capital projects	-	299,230	-	-	299,230
Assigned to:					
Debt service	-	-	-	326,572	326,572
Redevelopment	-	-	-	3,767,242	3,767,242
Other capital projects	-	17,313,905	3,110,787	-	20,424,692
Unassigned	<u>17,992,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,992,932</u>
Total fund balances	<u>22,520,064</u>	<u>24,434,605</u>	<u>3,110,787</u>	<u>4,093,814</u>	<u>54,159,270</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,063,652</u>	<u>\$ 26,894,301</u>	<u>\$ 8,409,381</u>	<u>\$ 4,122,626</u>	<u>\$ 73,489,960</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

June 30, 2023

Total fund balances – governmental funds	\$ 54,159,270
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	59,475,741
Net pension asset, net pension liability, and related deferred outflows and inflows are not available resources or payable in the current period and, therefore, are not reported in the funds.	3,124,883
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	11,330,344
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(11,832,471)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	<hr/> 495,111
Net position of governmental activities	<hr/> <u>\$ 116,752,878</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Public Safety Service Special Revenue Fund	Nonmajor Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 3,234,432	\$ -	\$ 9,472,213	\$ 645,059	\$ 13,351,704
Sales taxes	5,047,145	6,652,196	10,985,613	-	22,684,954
Other taxes	3,692,990	-	-	-	3,692,990
Licenses and permits	3,658,838	-	-	-	3,658,838
Intergovernmental	3,454,911	3,556,666	4,846,741	-	11,858,318
Charges for services	523,636	-	2,397,585	-	2,921,221
Fines	661,540	-	-	-	661,540
Investment earnings	1,558,068	179,641	10,000	1,000	1,748,709
Rental income	262,274	-	-	-	262,274
Impact fees	-	610,260	-	-	610,260
Miscellaneous	684,964	(9,058)	13,691	-	689,597
Total revenues	22,778,798	10,989,705	27,725,843	646,059	62,140,405
Expenditures:					
Current:					
General government	6,848,218	-	-	240,855	7,089,073
Public safety	-	-	24,615,056	-	24,615,056
Highways and public improvements	5,243,129	-	-	-	5,243,129
Parks, recreation and culture	5,286,994	-	-	-	5,286,994
Redevelopment	-	-	-	255,197	255,197
Debt service:					
Principal	-	-	-	978,150	978,150
Interest and fiscal charges	-	-	-	367,242	367,242
Capital outlay:					
General government	-	2,449,128	-	-	2,449,128
Public safety	-	3,576,853	-	-	3,576,853
Highways and public improvements	13,650	5,136,016	-	-	5,149,666
Parks, recreation and culture	-	663,406	-	-	663,406
Total expenditures	17,391,991	11,825,403	24,615,056	1,841,444	55,673,894
Excess of revenues over expenditures	5,386,807	(835,698)	3,110,787	(1,195,385)	6,466,511
Other Financing Sources (Uses):					
Transfers	(1,109,550)	(235,842)	-	1,345,392	-
Proceeds from capital leases	-	1,503,639	-	-	1,503,639
Proceeds from sale of capital assets	-	109,715	-	-	109,715
Total other financing sources (uses)	(1,109,550)	1,377,512	-	1,345,392	1,613,354
Net Change in Fund Balances	4,277,257	541,814	3,110,787	150,007	8,079,865
Fund Balances – Beginning	18,242,807	23,892,791	-	3,943,807	46,079,405
Fund Balances – Ending	<u>\$22,520,064</u>	<u>\$24,434,605</u>	<u>\$ 3,110,787</u>	<u>\$ 4,093,814</u>	<u>\$54,159,270</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2023

Net change in fund balances – total governmental funds	\$ 8,079,865
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	8,238,847
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(49,711)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	635,643
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.	(525,489)
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.	477,471
Internal service funds are used by management to charge the costs of insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(4,966)</u>
Change in net position of governmental activities	<u>\$ 16,851,660</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Nonmajor Funds	Total	
Assets:					
Current assets:					
Cash and cash equivalents	\$ -	\$ 157,178	\$ 199,005	\$ 356,183	\$ 484,280
Accounts receivable, net	591,513	477,073	319,322	1,387,908	-
Due from other funds	-	-	-	-	-
Total current assets	591,513	634,251	518,327	1,744,091	484,280
Noncurrent assets:					
Restricted cash and cash equivalents	-	866,223	-	866,223	-
Capital assets:					
Land	302,098	94,116	-	396,214	-
Buildings	1,556,617	1,116,435	-	2,673,052	-
Improvements	13,200,395	5,341,805	352,094	18,894,294	-
Machinery and equipment	4,865,701	890,270	69,844	5,825,815	-
Construction in progress	777,244	-	-	777,244	-
Less: accumulated depreciation	(12,660,466)	(3,985,587)	(555)	(16,646,608)	-
Equity investment in joint venture	-	8,101,731	-	8,101,731	-
Total noncurrent assets	8,041,589	12,424,993	421,383	20,887,965	-
Total assets	8,633,102	13,059,244	939,710	22,632,056	484,280
Deferred Outflows of Resources:					
Deferred outflows of resources relating to pensions	182,800	82,900	-	265,700	-
Total deferred outflows of resources	182,800	82,900	-	265,700	-

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund	
	Water Utility Fund	Sewer Utility Fund	Nonmajor Funds	Total		
Liabilities:						
Current liabilities:						
Accounts payable	\$ 372,364	\$ 15,396	\$ 107,468	\$ 495,228	\$	97
Salaries payable	60,546	23,315	10,996	94,857	-	
Compensated absences	5,379	747	6,449	12,575	-	
Due to other funds	1,026,772	3,152,165	86,651	4,265,588	-	
Total current liabilities	1,465,061	3,191,623	211,564	4,868,248		97
Noncurrent liabilities:						
Customer deposits payable	38,319	-	-	38,319	-	
Compensated absences	53,736	19,100	25,680	98,516	-	
Net pension liability	94,049	46,566	-	140,615	-	
Revenue bonds payable	-	3,883,122	-	3,883,122	-	
Obligation under Central Valley bonds	-	4,513,474	-	4,513,474	-	
Total noncurrent liabilities	186,104	8,462,262	25,680	8,674,046		-
Total liabilities	1,651,165	11,653,885	237,244	13,542,294		97
Deferred Inflows of Resources:						
Deferred inflows of resources relating to pensions	2,040	1,139	-	3,179		-
Total deferred inflows of resources	2,040	1,139	-	3,179		-
Net Position:						
Net investment in capital assets	8,041,589	3,457,039	421,383	11,920,011	-	
Restricted for capital projects	445,659	567,058	50,000	1,062,717	-	
Restricted for debt service	-	866,223	-	866,223	-	
Unrestricted	(1,324,551)	(3,403,200)	231,083	(4,496,668)	484,183	
Total net position	<u>\$ 7,162,697</u>	<u>\$ 1,487,120</u>	<u>\$ 702,466</u>	<u>9,352,283</u>	<u>\$ 484,183</u>	
Adjustment to Reflect The Consolidation of Internal Service Fund Activities Related to Enterprise Funds				(10,928)		
Net Position of Business-Type Activities				<u>\$ 9,341,355</u>		

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Nonmajor Funds	Total	
Operating Revenues:					
Water sales	\$ 2,677,605	\$ -	\$ -	\$ 2,677,605	\$ -
Sewer service charges	-	3,525,170	-	3,525,170	-
Solid waste collection fees	-	-	486,637	486,637	-
Storm water fees	-	-	919,302	919,302	-
Connection fees	25,008	4,680	-	29,688	-
Other services	72,248	161,042	22,025	255,315	1,087,541
Total operating revenues	<u>2,774,861</u>	<u>3,690,892</u>	<u>1,427,964</u>	<u>7,893,717</u>	<u>1,087,541</u>
Operating Expenses:					
Employee salaries	835,011	353,689	369,975	1,558,675	-
Employee benefits	346,799	145,320	140,105	632,224	-
Professional services	125,840	142,986	13,506	282,332	-
Supplies	44,879	23,077	38,067	106,023	-
Utilities	103,717	28,124	2,371	134,212	-
Equipment supplies and maintenance	308,876	28,213	43,686	380,775	-
Repairs and maintenance	197,226	20,973	21,172	239,371	-
Depreciation	532,068	174,212	555	706,835	-
Net change in equity investment in joint venture	-	2,917,557	-	2,917,557	-
Central Valley sewer treatment costs	-	1,265,723	-	1,265,723	-
Water purchases	459,139	-	-	459,139	-
Waste collection contract	-	-	474,657	474,657	-
Sundry expense	69,629	29,673	35,518	134,820	-
Insurance	47,236	32,000	10,000	89,236	1,112,749
Furniture and equipment	1,638	9,740	20,547	31,925	-
Total operating expenses	<u>3,072,058</u>	<u>5,171,287</u>	<u>1,170,159</u>	<u>9,413,504</u>	<u>1,112,749</u>
Operating Income (Loss)	<u>(297,197)</u>	<u>(1,480,395)</u>	<u>257,805</u>	<u>(1,519,787)</u>	<u>(25,208)</u>
Nonoperating Revenues (Expenses):					
Interest revenue	6,375	38,178	1,000	45,553	18,227
Interest expense and fiscal charges	-	(179,781)	-	(179,781)	-
Capital contribution from general fund	-	-	162,884	162,884	-
Impact fees	73,167	106,115	-	179,282	-
Loss on disposal of assets	(10,455)	-	-	(10,455)	-
Total nonoperating revenues (expenses)	<u>69,087</u>	<u>(35,488)</u>	<u>163,884</u>	<u>197,483</u>	<u>18,227</u>
Income (Loss) Before Transfers	<u>(228,110)</u>	<u>(1,515,883)</u>	<u>421,689</u>	<u>(1,322,304)</u>	<u>(6,981)</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(228,110)</u>	<u>(1,515,883)</u>	<u>421,689</u>	<u>(1,322,304)</u>	<u>(6,981)</u>
Net Position – Beginning	<u>7,390,807</u>	<u>3,003,003</u>	<u>280,777</u>	<u>10,674,587</u>	<u>491,164</u>
Net Position – Ending	<u>\$ 7,162,697</u>	<u>\$ 1,487,120</u>	<u>\$ 702,466</u>		<u>\$ 484,183</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					
				<u>(2,015)</u>	
Changes in Net Position of Business-Type Activities				<u>\$ (1,324,319)</u>	

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

<u>Business-type Activities - Enterprise Funds</u>					
	Water Utility Fund	Sewer Utility Fund	Nonmajor Funds	Total	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:					
Receipts from customers	\$ 2,636,241	\$ 3,537,121	\$ 1,148,713	\$ 7,322,075	\$ 1,087,541
Payments to suppliers	(255,005)	(725,239)	(467,881)	(1,448,125)	(1,121,479)
Payments to employees	(1,170,092)	(496,157)	(471,109)	(2,137,358)	-
Purchase of additional investment in joint venture	-	(2,079,773)	-	(2,079,773)	-
Net cash provided (used) by operating activities	1,211,144	235,952	209,723	1,656,819	(33,938)
Cash Flows from Capital and Related Financing Activities:					
Impact fees received	73,167	106,115	-	179,282	-
Proceeds from capital debt	-	50,000	-	50,000	
Acquisition and construction of capital assets	(1,690,854)	(162,286)	(259,054)	(2,112,194)	-
Interest paid on capital debt	(2,232)	(145,501)	-	(147,733)	-
Payments of bond issuance costs	-	(34,280)	-	(34,280)	
Net cash used by capital and related financing activities	(1,619,919)	(185,952)	(259,054)	(2,064,925)	-
Cash Flows from Investing Activities:					
Interest received	6,375	38,178	1,000	45,553	18,227
Net cash provided by investing activities	6,375	38,178	1,000	45,553	18,227
Net Change in Cash and Cash Equivalents	(402,400)	88,178	(48,331)	(362,553)	(15,711)
Cash and Cash Equivalents – Beginning	402,400	935,223	247,336	1,584,959	499,991
Cash and Cash Equivalents – Ending	\$ -	\$ 1,023,401	\$ 199,005	\$ 1,222,406	\$ 484,280

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS

For the Year Ended June 30, 2023

Business-type Activities - Enterprise Funds					
	Water Utility Fund	Sewer Utility Fund	Nonmajor Funds	Total	Governmental Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (297,197)	\$ (1,480,395)	\$ 257,805	\$ (1,519,787)	\$ (25,208)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	532,068	174,212	555	706,835	-
Net pension adjustment	(36,003)	(16,266)	-	(52,269)	-
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(138,125)	(153,771)	(279,251)	(571,147)	-
Due from other funds	-	-	-	-	-
Investment in joint venture, net	-	837,784	-	837,784	-
Increase (decrease) in:					
Accounts payable and accrued liabilities	124,124	(23,690)	143,963	244,397	(8,730)
Due to other funds	1,026,772	898,078	86,651	2,011,501	-
Customer deposits	(495)	-	-	(495)	-
Total adjustments	<u>1,508,341</u>	<u>1,716,347</u>	<u>(48,082)</u>	<u>3,176,606</u>	<u>(8,730)</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,211,144</u></u>	<u><u>\$ 235,952</u></u>	<u><u>\$ 209,723</u></u>	<u><u>\$ 1,656,819</u></u>	<u><u>\$ (33,938)</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

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CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-Wide Financial Statements

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

Reporting Entity

The City of South Salt Lake is a municipal corporation governed by an elected mayor and a seven-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The City of South Salt Lake is not a component unit of any other entity. Each blended component unit has a June 30 year end.

Blended Component Units

The Redevelopment Agency of South Salt Lake (Agency) was created by the City during fiscal year 1982. The Agency uses tax increment financing to support redevelopment projects within the City. The Agency is governed by a board comprised of the City's Mayor and City Council. Management of the City is responsible for day-to-day operations. The financial statements of the Redevelopment Agency are included in the reporting entity using the blended method and are reported as a major governmental fund (special revenue fund).

The Municipal Building Authority of South Salt Lake (Authority) was created by the City during fiscal year 1996. The Authority used the proceeds of tax-exempt bonds to acquire capital assets for the City. The bonds were secured by a lease agreement with the City and were retired through lease payments from the City. The Authority is governed by the City Council. Because the Authority's governing body is substantially the same as the City's, the financial data is included in the reporting entity using the blended method.

Complete financial statements for each of the individual component units may be obtained at the City's administrative offices.

City of South Salt Lake
220 East Morris Avenue
Salt Lake City, UT 84115

Joint Ventures

During 1978, the City entered into a joint venture with six other entities with an inter-local agreement to create the Central Valley Water Reclamation Facility (Central Valley), which provides wastewater treatment for all seven member entities.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Effective January 1, 2017, the member entities moved to a single ownership percentage. Each member's beneficial ownership interest is recomputed on an annual basis at the end of the calendar year, as outlined in the interlocal agreement. The seven members and their related ownership interest, as of December 31, 2022, are as follows:

	<u>Beginning</u>	<u>Ending</u>
Cottonwood Improvement District	16.96 %	16.46 %
Mt. Olympus Improvement District	23.78	23.98
Granger-Hunter Improvement District	23.91	24.58
Kearns Improvement District	10.73	10.78
Murray City	8.31	8.10
City of South Salt Lake	5.43	5.22
Taylorsville-Bennion Improvement District	10.88	10.88
	<u><u>100.00 %</u></u>	<u><u>100.00 %</u></u>

The joint venture is administered by a joint administration board. Each member appoints one member of the board, and voting power is not related to ownership. Therefore, each member is equal to another for voting privileges. The joint venture is responsible for adopting a budget and financing its operations, subject to the approval by each of the seven members.

The City accounts for its investment in Central Valley using the equity method of accounting. Summarized financial information of Central Valley as of December 31, 2022 and for the year then ended is as follows (in thousands):

Total assets	\$ 511,718
Total net position	153,830
Revenue	23,432
Change in net position	14,083
The City's interest in:	
Equity	8,102
Net loss	(2,918)

During the current year, the City contributed \$1,872,040 for capital enhancements. The net amount of equity interest in Central Valley Water Reclamation Facility at June 30, 2023 is \$8,101,732 and is recorded in the Sewer Utility Fund. Costs associated with the joint venture for the year ended June 30, 2023 were \$4,183,280, which includes both operations and maintenance and the City's net change in equity investment in joint venture.

The Central Valley operating and maintenance costs are paid by the seven member entities based on their usage of the treatment plant. All costs are passed through to the member entities. The City's portion of Central Valley's operating costs and the related percentage of plant usage for the last three years are as follows:

<u>Year</u>	<u>Operating Costs</u>	<u>Percentage of Plant</u>
2023	\$1,265,723	4.77%
2022	\$1,180,980	4.85%
2021	\$1,197,566	5.74%

CITY OF SOUTH SALT LAKE **NOTES TO FINANCIAL STATEMENTS**

A copy of the Central Valley Water Reclamation Facility audited financial statements may be obtained by writing to the Central Valley Water Reclamation Facility at 800 West Central Valley Road, Salt Lake City, UT 84119-3379.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

The *public safety service special revenue fund* accounts for the collection and expenditure of the City's special revenue property tax levy to provide a sustainable source of funding for public safety operations.

The *capital projects fund* accounts for the resources required for major capital improvements of the City.

The government reports the following major enterprise funds:

The *water utility fund* accounts for the activities of the water distribution system of the City.

The *sewer utility fund* accounts for the activities of the joint venture (described above), the sewage pumping stations, and the collection system.

Additionally, the government reports the following fund types:

Internal service funds account for insurance provided to other departments or agencies of the government on a cost reimbursement basis.

Leased equipment debt service fund accounts for the debt service payments in connection with the City's leased equipment.

CITY OF SOUTH SALT LAKE **NOTES TO FINANCIAL STATEMENTS**

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, energy sales and use taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Budgetary Procedures and Budgetary Basis of Accounting

Budgetary procedures for the City have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires the legal adoption of a budget for all funds. Furthermore, in accordance with state law, all appropriations, except capital projects fund appropriations, lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting applied to each fund budget is the same basis as the related fund's financial statements. The following are the legal procedures followed by the City:

- 1) On or before the first regularly scheduled meeting of the City Council in May, the City's Mayor, authorized under state statute to be appointed budget officer, submits a proposed operating budget for governmental fund types for which budgetary control is required by Utah State statute (i.e., General Fund, Capital Projects Funds, Debt Service Funds, and Special Revenue Funds), and an operating and capital budget for all proprietary fund types for the subsequent fiscal year. The budget documents include the proposed budget amounts requested by the department heads, along with the proposed budget amounts requested by the Mayor.
- 2) A public hearing is held to receive input on all aspects of the proposed budget. The hearing is preceded by a notice in the local newspaper. The notice is given at least seven days before the hearing and includes the time, date, and place of the hearing. All budget documents are required to be available for public inspection ten days prior to the public hearing.
- 3) On or before June 30, a final balanced budget must be adopted for the subsequent fiscal year beginning July 1.
- 4) The legal budgetary control is maintained at the departmental level. The Mayor, however, acting as budget officer, has the budget authority to transfer budget appropriations between individual line items within any department of any budgetary fund.
- 5) The City Council, by resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- 6) A public hearing, as required in (2) above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by resolution without an additional hearing.
- 7) Monthly interim financial reports are prepared by the Finance Director and presented to the City Council. These reports contain a budgetary statement showing a comparison of budget to actual for all budgetary funds of the City. Special budgetary reports, using an operating and capital expenditure concept, are prepared for proprietary funds.

The budgets presented for the General Fund, Public Safety Special Revenue Fund, Capital Projects Fund, Redevelopment Agency, and Leased Equipment Debt Service Fund are designated as revised budgets. Throughout the year, the City Council approves all expenditures and makes amendments to the City's budget. Near year end, the City Council makes final amendments to the budget.

The budget passed for the Capital Projects Funds is an annual budget, based on estimates of annual expenditures. This budget is not based on project length for long-term capital projects.

No budget is presented in these financial statements for the Proprietary Funds. Utah state law allows the City Council to amend the Proprietary Funds budgets without public hearing or public notice.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

For purposes of the statement of cash flows, the Water Utility, Sewer Utility, Storm Water Utility and Solid Waste Collection Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash and Cash Equivalents

Certain resources set aside for bond repayment are classified as restricted cash and cash equivalents on the balance sheet because their use is limited by applicable bond covenants. Other cash and cash equivalents accounts are restricted by state law or collateral requirements.

Capital Assets

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Capital assets in the government-wide financial statements and in the fund financial statements for proprietary funds are reported in the statement of net position. Capital assets include property, plant, equipment and infrastructure assets, e.g., roads, sidewalks, and similar items. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets (back to June 30, 1994) have been valued at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current fiscal year.

CITY OF SOUTH SALT LAKE **NOTES TO FINANCIAL STATEMENTS**

Property, plant and equipment of the primary government, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Outfall lines	60
Sewage collection	60
Water storage towers	50
Water distribution mains	50
Pump houses	25 to 40
Pumping stations	33
Wells and reservoirs	10 to 25
Meters and hydrants	10
Buildings	15
Office equipment	5 to 10
Machinery and equipment	5 to 20
Vehicles	7
Infrastructure	10 to 50

Property Acquired for Redevelopment

Property acquired for redevelopment reported in the redevelopment agency are valued at the lower of cost or net realizable value.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted-net position to have been depleted before unrestricted-net position.

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City

CITY OF SOUTH SALT LAKE **NOTES TO FINANCIAL STATEMENTS**

Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance director to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Compensated Absences

The government's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in governmental funds only if the liability has matured as a result of employee resignation and retirements. Sick pay amounts are charged as wages when used.

Employees can carry-over up to twenty-one days of unused vacation each year. The vacation year ends on the last day of the pay period that includes the employee's anniversary date. Employees may carry-over up to twelve days of unused sick leave each year. The sick leave year ends on the last day of the pay period that includes the employee's anniversary date. Any excess unused sick leave hours are paid out to the employee at 40% of their normal rate. When employees terminate, they are paid for accumulated vacation and one-half their normal rate for accumulated sick leave, if certain criteria are met.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Taxes and Other Significant Revenue

Property and Other Taxes

Property tax is assessed, levied, and collected by the county governments in the state of Utah. The City Council is authorized by state statute (10-6-133) to levy up to a tax rate of .007 of the taxable value against all real and personal property located within its boundaries. Property taxes become a lien on January 1 and are levied on the first Monday of August. Taxes are due and payable on November 1 and delinquent after

CITY OF SOUTH SALT LAKE **NOTES TO FINANCIAL STATEMENTS**

November 30 of each year. Taxes on an individual piece of property may be delinquent up to five years before the property is sold for delinquent taxes.

Under state statute, the County Treasurer, acting as a tax collector, must settle and disburse all current tax collections to all taxing units by the end of March following the taxing year. Delinquent taxes are collected throughout the year and disbursed to the taxing units on a routine basis.

Property tax revenues in the governmental funds are recognized when they become available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year. Amounts that are measurable but not available are recorded as deferred revenue. An accrual was made for property taxes receivable and an offsetting deferred inflow of resources in the amount of \$11,330,344 at June 30, 2023. Property taxes become an enforceable lien on January 1 but are not due until November 30.

Transient room tax and the municipal telecommunications tax are collected by the State Tax Commission and remitted to the City monthly. Energy sales and use taxes are collected and remitted to the City by the electric and natural gas companies monthly, and the cable television company semiannually.

Sales Taxes

In accordance with the Local Sales and Use Tax Act (title 59, Chapter 12, Part 2, Utah Code Annotated 1953, as amended), the City presently levies a local sales and use tax of 1.00% on all taxable sales of goods and services. The local sales and use tax is collected by the Utah State Tax Commission and distributed monthly to the City of South Salt Lake and all other counties and municipalities in Utah.

The distributions are based on a formula which provides that; 1) 50% of each dollar of sales tax collections will be distributed on the basis of the local government's pro-rata share of the state population and, 2) 50% of each dollar of sales tax collections will be distributed on the basis on the point of sale.

The City also imposes the city or town options sales and use tax at a rate of 0.2 percent, as allowed for under Utah Code §59-12-2103.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

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 and 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.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Deferred Outflows/Inflows of Resources

In addition to assets, financial statements 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 that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “net pension asset, net pension liability, and related deferred outflows and inflows are not available resources or payable in the current period and, therefore, are not reported in the funds”. The details of this \$3,124,883 difference are as follows:

Net pension asset	\$ 1,883,694
Deferred outflows of resources relating to pensions	5,396,439
Net pension liability	(4,033,269)
Deferred inflows of resources relating to pensions	<u>(121,981)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 3,124,883</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$11,832,471 difference are as follows:

Bonds payable	\$ (8,440,362)
Capital leases	(1,315,489)
Accrued interest payable	(99,701)
Compensated absences	<u>(1,976,919)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (11,832,471)</u>

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$8,238,847 difference are as follows:

Capital outlay	\$ 11,636,165
Depreciation expense	<u>(3,397,318)</u>
 Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	
	\$ <u>8,238,847</u>

Another element of that reconciliation explains that “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.” The details of this \$525,489 difference are as follows:

Debt issued:	
Capital lease financing	\$ (1,503,639)
Principal repayments	<u>978,150</u>
 Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	
	\$ <u>(525,489)</u>

Another element of that reconciliation states that “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”. The details of this \$477,471 difference are as follows:

Compensated absences expense	\$ (1,119,581)
Pension expense	1,363,924
Interest expense	<u>233,128</u>
 Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	
	\$ <u>477,471</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

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

CITY OF SOUTH SALT LAKE **NOTES TO FINANCIAL STATEMENTS**

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

Deposits

	<u>Bank Balances</u>	<u>Book Balances</u>
Cash on hand	\$ -	\$ 3,000
Cash on deposit	<u>1,385,144</u>	<u>600,786</u>
Total	<u>\$ 1,385,144</u>	<u>\$ 603,786</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2023, \$11,017,308 of the City’s bank balances of \$11,517,308 was uninsured and uncollateralized.

Investments

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

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury, including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed-rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the State of Utah Public Treasurer’s Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurer’s Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act (Title 51, Chapter 7 of the *Utah Code*). The Act establishes the State Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, minimizes credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are neither insured nor otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants monthly on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. There are no limitations or restrictions on participant withdrawals.

As of June 30, 2023, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Money market funds	\$ 10,133,139	\$ 10,133,139	-	-	-
State of Utah Public Treasurer's Investment Fund	<u>39,158,338</u>	<u>39,158,338</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 49,291,477</u>	<u>\$ 49,291,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, the Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed. As of June 30, 2023, the City's investments in the State of Utah Public Treasurer's Investment Fund were unrated.

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

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

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 8,340,259	\$ 3,914,598	\$ -	\$ 12,254,857
Construction in progress	1,811,760	3,792,561	(1,245,775)	4,358,546
Total capital assets not being depreciated	<u>10,152,019</u>	<u>7,707,159</u>	<u>(1,245,775)</u>	<u>16,613,403</u>
Capital assets being depreciated:				
Buildings	23,902,585	-	(106,164)	23,796,421
Improvements other than buildings	8,363,464	1,122,798	-	9,486,262
Machinery and equipment	21,999,878	4,120,983	(462,859)	25,658,002
Infrastructure	<u>28,364,690</u>	<u>-</u>	<u>-</u>	<u>28,364,690</u>
Total capital assets being depreciated	<u>82,630,617</u>	<u>5,243,781</u>	<u>(569,023)</u>	<u>87,305,375</u>
Less accumulated depreciation for:				
Buildings	(12,386,091)	(645,211)	36,183	(12,995,119)
Improvements other than buildings	(3,078,885)	(396,113)	-	(3,474,998)
Machinery and equipment	(14,036,447)	(1,588,911)	414,129	(15,211,229)
Infrastructure	<u>(11,994,608)</u>	<u>(767,083)</u>	<u>-</u>	<u>(12,761,691)</u>
Total accumulated depreciation	<u>(41,496,031)</u>	<u>(3,397,318)</u>	<u>450,312</u>	<u>(44,443,037)</u>
Total capital assets being depreciated, net	<u>41,134,586</u>	<u>1,846,463</u>	<u>(118,711)</u>	<u>42,862,338</u>
Governmental Activities Capital Assets, net	<u>\$ 51,286,605</u>	<u>\$ 9,553,622</u>	<u>\$ (1,364,486)</u>	<u>\$ 59,475,741</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 304,414	\$ 91,800	\$ -	\$ 396,214
Construction in progress	250,722	703,462	(176,940)	777,244
Total capital assets not being depreciated	<u>555,136</u>	<u>795,262</u>	<u>(176,940)</u>	<u>1,173,458</u>
Capital assets being depreciated:				
Buildings	2,657,146	15,906	-	2,673,052
Improvements other than buildings	18,413,478	480,816	-	18,894,294
Machinery and equipment	4,726,701	1,160,036	(60,922)	5,825,815
Total capital assets being depreciated	<u>25,797,325</u>	<u>1,656,758</u>	<u>(60,922)</u>	<u>27,393,161</u>

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Capital asset activity, continued:

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	\$ (1,614,224)	\$ (89,040)	\$ -	\$ (1,703,264)
Improvements other than buildings	(10,844,477)	(374,059)	-	(11,218,536)
Machinery and equipment	(3,531,537)	(243,736)	50,465	(3,724,808)
Total accumulated depreciation	(15,990,238)	(706,835)	50,465	(16,646,608)
Total capital assets being depreciated, net	9,807,087	949,923	(10,457)	10,746,553
Business-Type Activities Capital Assets, net	\$ 10,362,223	\$ 1,745,185	\$ (187,397)	\$ 11,920,011

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

Governmental Activities:

General government	\$ 518,568
Public safety	1,165,538
Highways and public improvements	1,354,155
Parks and recreation	359,057
Total depreciation expense – governmental activities	<u>3,397,318</u>

Business-Type Activities:

Water	532,068
Sewer	174,212
Storm water	555
Total depreciation expense – business-type activities	<u>706,835</u>
Total Depreciation Expense	<u>\$ 4,104,153</u>

NOTE 5 – DUE FROM OTHER FUNDS, DUE TO OTHER FUNDS, AND TRANSFERS

The composition of interfund balances as of June 30, 2023, is as follows:

<u>Receivable (Due from) Fund</u>	<u>Payable (Due to) Fund</u>	<u>Amount</u>
General fund	Sewer utility fund	\$ 3,152,165
General fund	Water utility fund	\$ 1,026,772
General fund	Storm water utility fund	\$ 86,651

The general fund provided a short-term loan to the sewer utility fund during the year ended June 30, 2023, to help cover sewer utility fund contributions and payments to Central Valley Water Reclamation Facility. The amounts will be repaid when the sewer utility fund draws down additional funding from its sewer revenue bonds, Series 2020A, Series 2020B, and Series 2022.

The general fund provided a short-term loan to the water utility fund during the year ended June 30, 2023, to help cover essential capital asset purchases as well as increased expenditures related to staffing costs. The amounts will be repaid with future revenues.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

The general fund provided a short-term loan to the stormwater utility fund during the year ended June 30, 2023, to help cover initial expenditures associated with the establishment of the stormwater utility fund. The amounts will be repaid with future revenues.

<u>Transfer Out:</u>	<u>Transfer In:</u>	<u>Amount</u>
General fund	Redevelopment agency	\$ 1,109,550
Capital improvements fund	Leased equipment debt service fund	\$ 235,842

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, and (3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds. The transfer from the general fund to the redevelopment agency were used to fund the debt service principal and interest payments in the redevelopment agency.

NOTE 6 – LONG-TERM DEBT

Revenue Bonds

The government issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year end are as follows:

Purpose	Issue Date	Original Borrowing	Interest Rates	Final Maturity	Amount
Governmental Activities:					
Market Station Urban Renewal	2020	\$ 9,100,000	4.00%	2031	\$ 7,550,000
Business-type Activities:					
Wastewater treatment	2020	\$ 9,248,000	0.00%	2044	\$ 3,833,122
Wastewater treatment	2022	1,032,000	0.00%	2044	50,000

The City has pledged all future municipal energy sales and use tax and municipal telecommunications license tax revenues, and tax increment revenue from the Market Station project area, to repay \$9.1 million in Redevelopment Agency excise tax and tax increment bonds issued in November 2020. The bonds are payable solely from municipal energy sales and use and municipal telecommunications license tax revenues, and tax increment revenue from the Market Station project area. Pledged taxes were projected to produce 213% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$8,820,600, payable through November 2030. For the current year, principal and interest paid and total municipal energy sales and use tax and municipal telecommunications license tax revenues were \$1,007,800 and \$3,631,242, respectively.

The City issued Series 2020A and 2020B Sewer Revenue Bonds during the year ended June 30, 2020. The Series 2020A bonds were issued for up to \$2,413,000, and the Series 2020B bonds were issued for up to \$6,835,000. These loans will be accounted for in business-type activities of the government-wide financial

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

statements. The purpose of these bonds is to help fund the City's portion of costs of acquisition and construction of Central Valley Water Reclamation Facility collection system upgrades, expansion, and rehabilitation projects. Bond proceeds are advanced to the City as actual costs on the Central Valley project are incurred and submitted for reimbursement. As of June 30, 2023, the City has received \$1,889,000 and \$1,944,122 from the Series 2020A and 2020B bonds, respectively.

If the maximum principal amounts of the Series 2020A and 2020B bonds are advanced, annual principal payments totaling \$461,000 will be due beginning June 1, 2025 through June 1, 2044. The bonds bear interest at 0.0%. The City has pledged future sewer revenue, net of specified operation and maintenance expenses, to repay these bonds. The bonds are payable solely from the net revenues of the City's sewer utility fund.

The City issued Series 2022 Sewer Revenue Bonds during the year ended June 30, 2023. The Series 2022 bonds were issued for up to \$1,032,000. This loan will be accounted for in business-type activities of the government-wide financial statements. The purpose of these bonds is to help fund the City's portion of costs of construction of improvements of the Central Valley Water Reclamation Facility sewer system and related improvements. Bond proceeds are advanced to the City as actual costs on the Central Valley project are incurred and submitted for reimbursement. As of June 30, 2023, the City has received \$50,000 from the Series 2022 bonds.

If the maximum principal amount of the Series 2022 bonds are advanced, annual principal payments totaling \$52,000 will be due beginning June 1, 2025 through June 1, 2044. The bonds bear interest at 0.0%. The City has pledged future sewer revenue, net of specified operation and maintenance expenses, to repay these bonds. The bonds are payable solely from the net revenues of the City's sewer utility fund.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 820,000	\$ 285,600	\$ -	\$ -
2025	850,000	252,200	511,000	-
2026	885,000	217,500	461,000	-
2027	920,000	181,400	461,000	-
2028	960,000	143,800	461,000	-
2029-2033	3,115,000	190,100	1,182,122	-
2034-2038	-	-	605,000	-
2039-2043	-	-	202,000	-
2044	-	-	-	-
Total	<u>\$ 7,550,000</u>	<u>\$ 1,270,600</u>	<u>\$ 3,883,122</u>	<u>\$ -</u>

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
Revenue bonds	\$ 8,340,000	\$ -	\$ (790,000)	\$ 7,550,000	\$ 820,000
Premium on revenue bonds	1,113,057	-	(222,695)	890,362	-
Total bonds payable	9,453,057	-	(1,012,695)	8,440,362	820,000
Lease liability	-	1,503,639	(188,150)	1,315,489	215,061
Compensated absences	857,338	2,497,171	(1,377,590)	1,976,919	167,588
Net pension liability	-	4,033,269	-	4,033,269	-
Governmental Activities Long-Term Liabilities	<u>\$ 10,310,395</u>	<u>\$ 8,034,079</u>	<u>\$ (2,578,435)</u>	<u>\$ 15,766,039</u>	<u>\$ 1,202,649</u>
 Business-Type Activities:					
Bonds payable:					
2020A&B taxable sewer revenue bonds	\$ 3,833,122	\$ -	\$ -	\$ 3,833,122	\$ -
2022 taxable sewer revenue bonds	-	50,000	-	50,000	-
Total bonds payable	3,833,122	50,000	-	3,883,122	-
Obligation under CVWRF bonds	4,900,186	-	(386,712)	4,513,474	-
Compensated absences	39,016	149,069	(76,994)	111,091	12,575
Net pension liability	-	140,615	-	140,615	-
Business-Type Activities Long-Term Liabilities	<u>\$ 8,772,324</u>	<u>\$ 339,684</u>	<u>\$ (463,706)</u>	<u>\$ 8,648,302</u>	<u>\$ 12,575</u>

Compensated absences in the governmental activities are generally liquidated by the General Fund.

NOTE 7 – LEASE LIABILITY

During the year ended June 30, 2023, the City entered into a lease agreement as lessee for financing the acquisition of fire equipment valued at \$1,503,639. The fire equipment had not been placed in service as of June 30, 2023, so no depreciation expense was recorded. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

The assets acquired through the capital lease is as follows:

Assets:	
Machinery and equipment	\$ 1,503,639
Less: accumulated depreciation	<hr/> -
Total	<hr/> <u>\$ 1,503,639</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending June 30,	
2024	\$ 235,842
2025	235,842
2026	235,842
2027	235,842
2028	235,842
Thereafter	<hr/> 235,842
Total minimum lease payments	1,415,052
Less: amount representing interest	<hr/> (99,563)
Present value of minimum lease payments	<hr/> <u>\$ 1,315,489</u>

NOTE 8 – OBLIGATION UNDER CENTRAL VALLEY REVENUE BONDS

The City is obligated to make debt service payments to Central Valley in relation to the Series 2017A, 2020A, and 2020B sewer revenue bonds issued by Central Valley between July 2017 and June 2021. The City is billed monthly in proportion to its ownership as a percentage of the total ownership represented by the four member entities (2017A) and seven member entities (2020A and 2020B) participating in the bonds. For the year ended June 30, 2022, the City made payments of approximately \$349,000. The City has elected to account for its share of the Central Valley bonds as a nonexchange financial guarantee. The City's share of the unpaid principal balance of the revenue bonds was \$4,513,474 at June 30, 2023, which is reflected in the proprietary fund statement of net position (sewer utility fund) and business-type activities in the government-wide statement of net position. The bonds mature between 2037 and 2041. The beginning balance of the City's obligation was \$4,900,186. The City's share of principal paid during the fiscal year was \$207,734, which reduced the obligation, plus a decrease of \$178,978 due to an increase in the City's ownership during the current fiscal year.

NOTE 9 – RETIREMENT SYSTEMS AND PENSION PLANS

Description of Plans

Eligible plan participants are provided with the following plans through the Utah Retirement Systems (the URS):

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- *Public Employees Noncontributory Retirement System* (Tier 1 Noncontributory System)

CITY OF SOUTH SALT LAKE **NOTES TO FINANCIAL STATEMENTS**

- *Firefighters Retirement System* (Firefighters System)
- *Public Safety Retirement System* (Public Safety System)
- *Tier 2 Public Employees Contributory Retirement System* (Tier 2 Contributory System)
- *Tier 2 Public Safety and Firefighter Contributory Retirement System* (Tier 2 Public Safety and Firefighters System)

Defined Contribution Plans (individual account plans):

- 401(k) Plan
- 457 Plan and other individual plans

Employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by us as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by us as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

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 systems, are members of the Tier 2 systems.

The plans are established and governed by the respective sections of Title 49 of the *Utah Code*. The plans are amended statutorily by the Utah State Legislature. Title 49 provides for the administration of the plans under the direction of the Utah State Retirement Board, whose members are appointed by the Governor.

The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

Benefits Provided

URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans.

Retirement benefits in the defined benefit pension plans are determined from 1.50% to 2.00% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Contributions

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

For the year ended June 30, 2023, required contribution rates for the plans were as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Employer</u> 401(k)	<u>Totals</u>
Tier 1 Noncontributory System	N/A	17.97%	N/A	17.97 %
Public Safety System	2.59%	26.99%	N/A	29.58 %
Firefighter System	15.05%	3.61%	N/A	18.66 %
Tier 2 Public Employees System	N/A	6.19%	10.00%	16.19 %
Tier 2 Public Safety and Firefighters	N/A	12.99%	14.00%	26.99 %

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

Employees can make additional contributions to defined contribution plans subject to limitations.

For the year ended June 30, 2023, City and employee contributions to the plans were as follows:

	<u>City Contributions *</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 745,756	\$ -
Public Safety System	1,110,151	-
Firefighters System	102,650	427,947
Tier 2 Public Employees System	837,598	-
Tier 2 Public Safety and Firefighters	897,182	107,922
Tier 2 Defined Contribution Plans	68,885	-
Tier 2 DC Public Safety and Firefighters	18,791	
401(k) Plan	914,356	807,387
457 Plan and other individual plans	-	443,008

* A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2023, the City reported a net pension asset of \$1,883,694 and a net pension liability of \$4,173,884 for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 906,034
Public Safety System	-	2,961,972
Firefighters System	1,883,694	-
Tier 2 Public Employees System	-	210,550
Tier 2 Public Safety and Firefighters	-	95,328
Total	\$ 1,883,694	\$ 4,173,884

The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension liability (asset) is equal to the ratio of the City's actual contributions compared to the total of all employer contributions during the plan year. The following presents the City's proportion (percentage) of the collective net pension liability (asset) at December 31, 2022 and the change in proportion since the prior measurement date for each plan:

	Proportionate Share		2021
	2022	Change	
Tier 1 Noncontributory System	0.5289942 %	0.0473764 %	0.4816178 %
Public Safety System	2.2906424 %	0.1589445 %	2.1316979 %
Firefighters System	7.2532299 %	(0.1495325)%	7.4027624 %
Tier 2 Public Employees System	0.1933612 %	0.0217805 %	0.1715807 %
Tier 2 Public Safety and Firefighters	1.1426835 %	(0.0560506)%	1.1987341 %

For the year ended June 30, 2023, the City recognized pension expense of \$1,872,597.

At June 30, 2023, the City reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources Related to Pensions					
	Tier 1 Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters	Total
Differences between expected and actual experience	\$ 307,313	\$ 13,114	\$ 332,383	\$ 71,116	\$ 45,985	\$ 769,911
Changes of assumptions	148,487	79,442	234,134	68,354	60,288	590,705
Net difference between projected and actual earnings on pension plan investments	597,629	686,540	503,970	84,887	98,906	1,971,932
Changes in proportion and differences between City contributions and proportionate share of contributions	41,079	140,096	132,925	35,543	14,560	364,203
Contributions subsequent to the measurement date	379,814	541,452	50,892	501,148	492,082	1,965,388
Total	\$ 1,474,323	\$ 1,460,644	\$ 1,254,304	\$ 761,048	\$ 711,821	\$ 5,662,139

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

At June 30, 2023, the City reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows of Resources Related to Pensions						Total
	Tier 1 Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters		
Differences between expected and actual experience	\$ -	\$ -	\$ 9,628	\$ 8,354	\$ 31,612	\$ 49,594	
Changes of assumptions	3,618	-	-	536	9,548		13,702
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-	35,721	8,580	17,563		61,864
Total	<u>\$ 3,618</u>	<u>\$ -</u>	<u>\$ 45,349</u>	<u>\$ 17,470</u>	<u>\$ 58,723</u>		<u>\$ 125,160</u>

The \$1,965,388 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of December 31, 2022 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2024. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters	Total
2023	\$ (107,903)	\$ (368,761)	\$ (10,966)	\$ 11,781	\$ 7,941	\$ (467,908)
2024	40,972	(118,102)	156,658	25,155	18,347	123,030
2025	240,044	286,196	341,470	40,145	29,867	937,722
2026	917,778	1,119,859	670,900	76,361	62,140	2,847,038
2027	-	-	-	17,980	4,847	22,827
Thereafter	-	-	-	71,009	37,874	108,883

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on actual experience and mortality tables, considering gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2022 valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

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	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	35%	2.30 %
Debt securities	20%	0.22 %
Real assets	18%	1.03 %
Private equity	12%	1.18 %
Absolute return	15%	0.44 %
Cash and cash equivalents	0%	0.00 %
Total	100%	5.17 %

Discount Rate

The discount rate used to measure the total pension liability (asset) 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, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the plans' 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 (asset). The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
City's proportionate share of the net pension liability (asset):			
Tier 1 Noncontributory System	\$ 5,710,131	\$ 906,034	\$ (3,108,042)
Public Safety System	9,539,047	2,961,972	(2,386,739)
Firefighters System	1,501,341	(1,883,694)	(4,630,750)
Tier 2 Public Employees System	919,987	210,550	(335,982)
Tier 2 Public Safety and Firefighters	763,071	95,328	(435,369)
Total	\$ 18,433,577	\$ 2,290,190	\$ (10,896,882)

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Pension Plan Fiduciary Net Position

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

NOTE 10 – RISK MANAGEMENT

The City of South Salt Lake, as a provider of municipal services, is exposed to a number of risks. Among these are police enforcement liability, auto liability, road maintenance exposure, public official's errors and omissions, and property losses. The City has determined that the inherent risk of providing services necessitates implementing risk management policies and purchasing commercial liability insurance. This combination has resulted in fewer claims against the City and sufficient protection when claims occur.

There has not been any reduction in insurance coverage in the past year for any insurance category. The amounts of settlements for any of the past three years have not exceeded coverage amounts.

The City contracts with commercial insurance coverage for general liability, auto liability, law enforcement liability and public official's errors and omissions type risks. The City maintains an Insurance Reserve Fund to fund deductibles and small equipment losses. As a result, the City does not have any outstanding insurance liabilities from year to year. However, the City does have annual expenses, which change.

For the year ended June 30, 2023, the Insurance Reserve Fund paid \$1,112,749 in expenses. Current expenses include insurance deductible for insurance coverage and claims on uninsured property such as police and other City vehicles and small trucks, legal fees and insurance premiums.

NOTE 11 – REDVELOPMENT AGENCY

In accordance with Utah Code Section 17C-1-605(2), the City's Redevelopment Agency is required to disclose the following information for fiscal year 2023:

A. The tax increment collected by the Agency for each project area is as follows:

Project Area	2023
Market Station	\$ 244,614
Streetcar Community Development	400,445
Total	\$ 645,059

B. There were no amounts of tax increment paid to any taxing agency during the year.

C. The outstanding principal amount of bonds issued or other loans incurred to finance the costs associated with project areas is as follows:

	2023
Excise tax and tax increment revenue bonds	\$ 7,550,000

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

The actual amount expended for:

	2023
Administrative costs of the Agency	\$ 240,855
Principal on bonds payable	790,000
Interest and fiscal charges on bonds	319,550
Tax increment distributions under contracts:	
Market Station	31,467
Westech Engineering	115,829
Streetcar Community Development	107,901
	<hr/>
	\$ 1,605,602

NOTE 12 – CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of most of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 13 – COMMITMENTS

The City has committed with six other entities to fund future capital projects of the Central Valley Water Reclamation Facility.

During the year ended June 30, 2023, the City entered into a cancellable lease purchase agreement in the amount of approximately \$1.2 million to purchase three new ambulances. The ambulances are not expected to be delivered for approximately three years due to longer than usual lead times on production. The established agreement secures fixed pricing, which will not be subject to future inflation.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent to June 30, 2023, the City, through the RDA was approved to establish a Housing and Transit Reinvestment Zone (HTRZ) in the City's Downtown City Center area. The HTRZ contains approximately 98 acres of developable land. The requirements associated with the HTRZ zone include development of affordable housing, water conservation, and transit investment. To fund development, the HTRZ designation provides the City the ability to collect 80% tax increment funds (TIF) on new developments within the HTRZ during the next 15–30-year period. This specific zone type was codified in Section 63N-3-603 by the Utah State Legislature during the Spring 2023 legislative session.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SOUTH SALT LAKE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 2,188,506	\$ 2,188,506	\$ 3,234,432	\$ 1,045,926
Sales taxes	5,066,707	5,066,707	5,047,145	(19,562)
Other taxes	3,025,000	3,025,000	3,692,990	667,990
Licenses and permits	2,639,000	2,649,000	3,658,838	1,009,838
Intergovernmental	6,138,922	6,171,122	3,454,911	(2,716,211)
Charges for services	530,000	530,000	523,636	(6,364)
Fines and forfeitures	705,000	705,000	661,540	(43,460)
Investment earnings	80,000	238,700	1,558,068	1,319,368
Rental income	248,000	248,000	262,274	14,274
Miscellaneous revenues	867,278	1,052,246	684,964	(367,282)
Total revenues	<u>21,488,413</u>	<u>21,874,281</u>	<u>22,778,798</u>	<u>904,517</u>
Expenditures:				
Current:				
General government:				
Administrative	3,250,600	3,472,600	3,234,685	237,915
City council	300,517	320,517	298,693	21,824
Municipal court	1,013,300	1,013,300	1,003,188	10,112
City attorney	1,244,350	1,244,350	1,239,861	4,489
City hall building	451,000	451,000	381,311	69,689
Public buildings	590,980	695,980	690,480	5,500
Highways and public improvements:				
Streets and highways	2,658,770	2,658,770	2,201,821	456,949
Engineering	1,007,300	1,007,300	885,768	121,532
Public assets	683,140	683,140	680,514	2,626
Building and planning services	1,862,125	1,878,825	1,475,026	403,799
Parks, recreation and culture:				
Recreation	634,700	634,700	600,725	33,975
Parks	610,440	610,440	444,615	165,825
SSL Promise	3,307,200	3,367,168	2,801,722	565,446
Community events	1,462,960	1,574,960	1,439,932	135,028
Capital outlay: Highways and public improvements - Streets	<u>2,500,000</u>	<u>2,500,000</u>	<u>13,650</u>	<u>2,486,350</u>
Total expenditures	<u>21,577,382</u>	<u>22,113,050</u>	<u>17,391,991</u>	<u>4,721,059</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(88,969)</u>	<u>(238,769)</u>	<u>5,386,807</u>	<u>5,625,576</u>
Other Financing Sources (Uses):				
Transfers in (out)	<u>(1,110,800)</u>	<u>(1,110,800)</u>	<u>(1,109,550)</u>	<u>1,250</u>
Total other financing sources (uses)	<u>(1,110,800)</u>	<u>(1,110,800)</u>	<u>(1,109,550)</u>	<u>1,250</u>
Net Change in Fund Balances	<u>(1,199,769)</u>	<u>(1,349,569)</u>	<u>4,277,257</u>	<u>5,626,826</u>
Fund Balances – Beginning	<u>18,242,807</u>	<u>18,242,807</u>	<u>18,242,807</u>	<u>-</u>
Fund Balances – Ending	<u>\$ 17,043,038</u>	<u>\$ 16,893,238</u>	<u>\$ 22,520,064</u>	<u>\$ 5,626,826</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - PUBLIC SAFETY SERVICE SPECIAL REVENUE FUND
For the year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 7,064,163	\$ 7,079,163	\$ 9,472,213	\$ 2,393,050
Sales taxes	12,954,293	12,954,293	10,985,613	(1,968,680)
Intergovernmental	4,232,644	4,695,249	4,846,741	151,492
Charges for services	2,257,500	2,257,500	2,397,585	140,085
Investment earnings	5,000	5,000	10,000	5,000
Miscellaneous revenues	1,000	3,000	13,691	10,691
Total revenues	26,514,600	26,994,205	27,725,843	731,638
Expenditures:				
Current:				
Police department	14,721,600	14,842,832	13,247,655	1,595,177
Dispatching	740,000	740,000	770,202	(30,202)
Homeless strategies department	239,980	596,353	437,872	158,481
Urban livability	308,420	310,420	249,540	60,880
Fire department	10,504,600	10,504,600	9,909,787	594,813
Total expenditures	26,514,600	26,994,205	24,615,056	2,379,149
Excess of Revenues Over Expenditures	-	-	3,110,787	3,110,787
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	-	-	3,110,787	3,110,787
Fund Balances – Beginning	-	-	-	-
Fund Balances – Ending	\$ -	\$ -	\$ 3,110,787	\$ 3,110,787

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE

Schedules of the City's Proportionate Share of the Net Pension Liability (Asset) –

Utah Retirement Systems

Last Nine Plan (Calendar) Years

Plan Year	City's Proportion of Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Tier 1 Noncontributory System:					
2022	0.5289942 %	\$ 906,034	\$ 4,007,651	22.61 %	97.5 %
2021	0.4816178 %	(2,758,277)	3,563,388	(77.41)%	108.7 %
2020	0.4743569 %	243,318	3,575,940	6.80 %	99.2 %
2019	0.4700026 %	1,771,378	3,657,925	48.43 %	93.7 %
2018	0.4638804 %	3,415,887	3,613,013	94.54 %	87.0 %
2017	0.4635013 %	2,030,738	3,665,873	55.40 %	91.9 %
2016	0.4772586 %	3,064,585	3,914,785	78.28 %	87.3 %
2015	0.4638931 %	2,624,933	3,845,815	68.25 %	87.8 %
2014	0.4844024 %	2,103,389	4,029,647	52.20 %	90.2 %
Public Safety System:					
2022	2.2906424 %	\$ 2,961,972	\$ 3,587,252	82.57 %	93.6 %
2021	2.1316979 %	(1,731,243)	3,061,571	(56.55)%	104.2 %
2020	1.9784769 %	1,642,613	2,855,429	57.53 %	95.5 %
2019	1.9478711 %	3,127,536	2,807,164	111.41 %	90.9 %
2018	0.0177061 %	4,555,033	2,640,424	172.51 %	84.7 %
2017	1.7508336 %	2,746,460	2,576,246	106.61 %	90.2 %
2016	1.8602397 %	3,774,940	2,734,900	138.03 %	86.5 %
2015	1.8786968 %	3,365,218	2,803,802	120.02 %	87.1 %
2014	1.9929293 %	2,506,274	3,049,752	82.18 %	90.5 %
Firefighters System:					
2022	7.2532299 %	\$ (1,883,694)	\$ 2,622,867	(71.82)%	108.4 %
2021	7.4027624 %	(4,317,412)	2,468,052	(174.93)%	120.1 %
2020	8.1695007 %	(2,284,356)	2,665,227	(85.71)%	110.5 %
2019	7.3567202 %	(912,380)	2,380,149	(38.33)%	105.0 %
2018	0.2742852 %	117,470	3,225,660	3.64 %	90.8 %
2017	0.2692763 %	23,741	2,644,111	0.90 %	97.4 %
2016	0.2647474 %	29,532	2,171,140	1.36 %	95.1 %
2015	0.2453760 %	(536)	1,584,600	(0.03)%	100.2 %
2014	0.2161573 %	(6,551)	1,057,666	(0.62)%	103.5 %
Tier 2 Public Employees System:					
2022	0.1933612 %	\$ 210,550	\$ 4,213,470	5.00 %	92.3 %
2021	0.1715807 %	(72,619)	3,183,804	(2.28)%	103.8 %
2020	0.1562796 %	22,477	2,498,390	0.90 %	98.3 %
2019	0.1590859 %	35,780	2,211,000	1.62 %	96.5 %
2018	7.4018263 %	961,107	2,454,080	39.16 %	94.3 %
2017	7.9670752 %	(497,586)	2,483,013	(20.04)%	103.0 %
2016	9.6015631 %	(75,694)	2,848,274	(2.66)%	100.4 %
2015	9.6025888 %	(173,922)	2,726,926	(6.38)%	101.0 %
2014	10.1011834 %	(576,412)	2,789,645	(20.66)%	103.5 %
Tier 2 Public Safety and Firefighters:					
2022	1.1426835 %	\$ 95,328	\$ 3,515,787	2.71 %	96.4 %
2021	1.1987341 %	(60,587)	2,866,626	(2.11)%	102.8 %
2020	1.2127292 %	108,775	2,422,156	4.49 %	93.1 %
2019	1.1978986 %	112,680	1,973,975	5.71 %	89.6 %
2018	0.8251895 %	20,676	1,104,284	1.87 %	95.6 %
2017	0.9508348 %	(11,002)	1,003,771	(1.10)%	103.0 %
2016	0.9858136 %	(8,557)	814,504	(1.05)%	103.6 %
2015	0.7412166 %	(10,829)	441,213	(2.45)%	110.7 %
2014	0.3347151 %	(4,952)	138,515	(3.58)%	120.5 %

The accompanying notes are an integral part of this schedule.

CITY OF SOUTH SALT LAKE
Schedules of City Contributions – Utah Retirement Systems

Last Ten Reporting (Fiscal) Years

Reporting Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Tier 1 Noncontributory System:					
2023	\$ 745,756	\$ 745,756	\$ -	\$ 4,268,994	17.47 %
2022	674,193	674,193	-	3,762,912	17.92 %
2021	632,297	632,297	-	3,565,195	17.74 %
2020	637,440	637,440	-	3,598,499	17.71 %
2019	645,311	645,311	-	3,654,156	17.66 %
2018	647,580	647,580	-	3,638,206	17.80 %
2017	685,959	685,959	-	3,829,211	17.91 %
2016	682,065	682,065	-	3,804,154	17.93 %
2015	709,411	709,411	-	3,902,803	18.18 %
2014	714,812	714,812	-	4,166,753	17.16 %
Public Safety System:					
2023	\$ 1,110,151	\$ 1,110,151	\$ -	\$ 3,573,263	31.07 %
2022	1,084,147	1,084,147	-	3,456,905	31.36 %
2021	883,069	883,069	-	2,777,352	31.80 %
2020	945,583	945,583	-	2,905,685	32.54 %
2019	868,849	868,849	-	2,691,143	32.29 %
2018	845,885	845,885	-	2,615,021	32.35 %
2017	874,983	874,983	-	2,674,697	32.71 %
2016	877,139	877,139	-	2,692,988	32.57 %
2015	962,509	962,509	-	2,937,283	32.77 %
2014	961,403	961,403	-	3,145,760	30.56 %
Firefighters System:					
2023	\$ 102,650	\$ 102,650	\$ -	\$ 2,843,507	3.61 %
2022	110,377	110,377	-	2,394,318	4.61 %
2021	120,646	120,646	-	2,617,641	4.61 %
2020	118,665	118,665	-	2,563,095	4.63 %
2019	104,291	104,291	-	2,366,469	4.41 %
2018	88,962	88,962	-	2,417,367	3.68 %
2017	98,315	98,315	-	2,679,155	3.67 %
2016	106,229	106,229	-	2,807,604	3.78 %
2015	100,933	100,933	-	2,784,354	3.63 %
2014	77,323	77,323	-	2,748,282	2.81 %
Tier 2 Public Employees System					
2023	\$ 837,598	\$ 837,598	\$ -	\$ 5,234,825	16.00 %
2022	581,625	581,625	-	3,623,240	16.05 %
2021	437,039	437,039	-	2,775,089	15.75 %
2020	368,577	368,577	-	2,357,085	15.64 %
2019	324,639	324,639	-	2,089,885	15.53 %
2018	258,310	258,310	-	1,711,676	15.09 %
2017	254,533	254,533	-	1,707,553	14.91 %
2016	175,619	175,619	-	1,177,861	14.91 %
2015	129,757	129,757	-	868,354	14.94 %
2014	81,435	81,435	-	583,420	13.96 %
Tier 2 Public Safety and Firefighter System					
2023	\$ 897,182	\$ 897,182	\$ -	\$ 4,177,276	21.48 %
2022	708,743	708,743	-	3,208,879	22.09 %
2021	541,882	541,882	-	2,446,194	22.15 %
2020	455,728	455,728	-	2,388,891	19.08 %
2019	276,578	276,578	-	1,394,634	19.83 %
2018	196,256	196,256	-	1,046,369	18.76 %
2017	194,686	194,686	-	989,937	19.67 %
2016	129,495	129,495	-	589,487	21.97 %
2015	57,347	57,347	-	253,843	22.59 %
2014	23,024	23,024	-	117,746	19.55 %

The accompanying notes are an integral part of this schedule.

CITY OF SOUTH SALT LAKE

Schedules of City Contributions – Utah Retirement Systems (continued)

Last Nine Reporting (Fiscal) Years

Reporting Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Tier 2 Public Employee DC Only System					
2023	\$ 68,885	\$ 68,885	\$ -	\$ 1,122,663	6.14 %
2022	61,440	61,440	-	918,790	6.69 %
2021	60,180	60,180	-	902,517	6.67 %
2020	64,423	64,423	-	962,075	6.70 %
2019	50,443	50,443	-	754,152	6.69 %
2018	38,185	38,185	-	567,987	6.72 %
2017	19,209	19,209	-	287,248	6.69 %
2016	8,426	8,426	-	125,949	6.69 %
2015	3,507	3,507	-	52,047	6.74 %
2014	2,616	2,616	-	46,878	5.58 %
Tier 2 Public Safety and Firefighter System - DC Only System					
2023	\$ 18,791	\$ 18,791	\$ -	\$ 1,139,669	1.65 %
2022	21,116	21,116	-	887,815	2.38 %
2021	12,219	12,219	-	767,155	1.59 %
2020	811	811	-	569,615	0.14 %
2019	1,663	1,663	-	352,122	0.47 %
2018	6,301	6,301	-	214,148	2.94 %
2017	1,883	1,883	-	83,584	2.25 %
2016	37	37	-	46,859	0.08 %
2015	33	33	-	41,347	0.08 %
2014	23	23	-	21,205	0.11 %

The accompanying notes are an integral part of this schedule.

CITY OF SOUTH SALT LAKE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – GENERAL FUND BUDGETARY INFORMATION

The budget for the general fund is adopted and presented on a modified accrual basis consistent with U.S. generally accepted accounting principles. See Note 1 to the basic financial statements.

NOTE B – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

Assumptions for the plan year 2022 remain unchanged from the prior year.

Amounts reported in plan year 2021 reflect a decrease in the investment return assumption 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 as of 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.

Amount reported in plan year 2020 reflect a number of demographic assumption updates (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption). These assumptions were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability as of December 31, 2019 for all plans combined.

Assumptions for plan years 2019 and 2018 remain unchanged from the prior year.

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%.

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- Both the payroll growth and wage inflation assumptions were decreased by 0.15%.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post retirement mortality, and certain demographics.

CITY OF SOUTH SALT LAKE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE C – SCHEDULES OF THE CITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2015 and subsequent measurement periods of the plans; prior-year information is not available.

NOTE D – SCHEDULES OF CITY CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2014 and subsequent reporting periods of the plans; prior-year information is not available.

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. A portion of the required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability of the Tier 1 plans.

OTHER SUPPLEMENTARY INFORMATION

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

	<u>Redevelopment Agency</u>	<u>Leased Equipment Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 2,790,338	\$ -	\$ 2,790,338
Prepaid expenses	152,800	-	152,800
Property acquired for redevelopment	1,179,480	-	1,179,480
Cash and cash equivalents - restricted	<u>8</u>	<u>-</u>	<u>8</u>
 Total assets	<u>\$ 4,122,626</u>	<u>\$ -</u>	<u>\$ 4,122,626</u>
Liabilities and Fund Balances:			
Accounts payable	\$ 28,812	\$ -	\$ 28,812
 Total liabilities	<u>28,812</u>	<u>-</u>	<u>28,812</u>
Fund balances:			
Assigned to:			
Debt service	326,572	-	326,572
Redevelopment	<u>3,767,242</u>	<u>-</u>	<u>3,767,242</u>
 Total fund balances	<u>4,093,814</u>	<u>-</u>	<u>4,093,814</u>
 Total liabilities and fund balances	<u>\$ 4,122,626</u>	<u>\$ -</u>	<u>\$ 4,122,626</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2023

	<u>Redevelopment Agency</u>	<u>Leased Equipment Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Property taxes	\$ 645,059	\$ -	\$ 645,059
Investment earnings	1,000	-	1,000
	646,059	-	646,059
Total revenues			
Expenditures:			
Current:			
General government	240,855	-	240,855
Redevelopment	255,197	-	255,197
Debt service:			
Principal retirement	790,000	188,150	978,150
Interest and fiscal charges	319,550	47,692	367,242
	1,605,602	235,842	1,841,444
Total expenditures			
Deficiency of revenues under expenditures	(959,543)	(235,842)	(1,195,385)
Other Financing Sources (Uses):			
Transfers in (out)	1,109,550	235,842	1,345,392
	1,109,550	235,842	1,345,392
Total other financing sources			
Net Change in Fund Balances	150,007	-	150,007
Fund Balances - Beginning	3,943,807	-	3,943,807
Fund Balances - Ending	<u><u>\$ 4,093,814</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,093,814</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
COMBINING STATEMENT OF NET POSITION –
NONMAJOR PROPRIETARY FUNDS

June 30, 2023

	Solid Waste Collection Fund	Storm Water Utility Fund	Total Nonmajor Proprietary Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 198,643	\$ 362	\$ 199,005
Accounts receivable, net	72,166	247,156	319,322
Due from other funds	-	-	-
Total current assets	<u>270,809</u>	<u>247,518</u>	<u>518,327</u>
Noncurrent assets:			
Capital assets:			
Improvements	-	352,094	352,094
Machinery and equipment	-	69,844	69,844
Less: accumulated depreciation	-	(555)	(555)
Total noncurrent assets	<u>-</u>	<u>421,383</u>	<u>421,383</u>
Total assets	<u>270,809</u>	<u>668,901</u>	<u>939,710</u>
Deferred Outflows of Resources:			
Deferred outflows of resources relating to pensions	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:			
Current liabilities:			
Accounts payable	95,256	12,212	107,468
Salaries payable	4,154	6,842	10,996
Compensated absences	-	6,449	6,449
Total current liabilities	<u>99,410</u>	<u>25,503</u>	<u>124,913</u>
Noncurrent liabilities:			
Compensated absences	-	25,680	25,680
Due to other funds	-	86,651	86,651
Total noncurrent liabilities	<u>-</u>	<u>112,331</u>	<u>112,331</u>
Total liabilities	<u>99,410</u>	<u>137,834</u>	<u>237,244</u>
Deferred Inflows of Resources:			
Deferred inflows of resources relating to pensions	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Net investment in capital assets	-	421,383	421,383
Restricted for capital projects	-	50,000	50,000
Unrestricted	171,399	59,684	231,083
Total net position	<u>\$ 171,399</u>	<u>\$ 531,067</u>	<u>\$ 702,466</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
POSITION – NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Solid Waste Collection Fund	Storm Water Utility Fund	Total Nonmajor Proprietary Funds
Operating Revenues:			
Solid waste collection fees	\$ 486,637	\$ -	\$ 486,637
Storm water fees	- -	919,302	919,302
Other services	<u>22,025</u>	<u>-</u>	<u>22,025</u>
Total operating revenues	<u>508,662</u>	<u>919,302</u>	<u>1,427,964</u>
Operating Expenses:			
Employee salaries	46,453	323,522	369,975
Employee benefits	20,861	119,244	140,105
Professional services	- -	13,506	13,506
Supplies	12,874	25,193	38,067
Utilities	- -	2,371	2,371
Equipment supplies and maintenance	31,776	11,910	43,686
Repairs and maintenance	- -	21,172	21,172
Depreciation	- -	555	555
Waste collection contract	474,657	- -	474,657
Sundry expense	14,033	21,485	35,518
Insurance	- -	10,000	10,000
Furniture and equipment	<u>17,386</u>	<u>3,161</u>	<u>20,547</u>
Total operating expenses	<u>618,040</u>	<u>552,119</u>	<u>1,170,159</u>
Operating Income (Loss)	<u>(109,378)</u>	<u>367,183</u>	<u>257,805</u>
Nonoperating Revenues (Expenses):			
Interest revenue	- -	1,000	1,000
Capital contribution from general fund	<u>- -</u>	<u>162,884</u>	<u>162,884</u>
Total nonoperating revenues (expenses)	<u>- -</u>	<u>163,884</u>	<u>163,884</u>
Change in Net Position	<u>(109,378)</u>	<u>531,067</u>	<u>421,689</u>
Net Position – Beginning	<u>280,777</u>	<u>- -</u>	<u>280,777</u>
Net Position – Ending	<u>\$ 171,399</u>	<u>\$ 531,067</u>	<u>\$ 702,466</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Solid Waste Collection Fund	Storm Water Utility Fund	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:			
Receipts from customers	\$ 476,567	\$ 672,146	\$ 1,148,713
Payments to suppliers	(457,946)	(9,935)	(467,881)
Payments to employers	(67,314)	(403,795)	(471,109)
Net cash provided by operating activities	(48,693)	258,416	209,723
Cash Flows from Noncapital Financing Activities:			
Transfer from other funds	-	-	-
Grants and contributions received	-	-	-
Grants and contributions used	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of capital assets	-	-	-
Acquisition and construction of capital assets	-	(259,054)	(259,054)
Principal paid on interfund note payable	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Net cash provided by capital and related financing activities	-	(259,054)	(259,054)
Cash Flows from Investing Activities:			
Issuance of loans receivable	-	-	-
Payments on loans receivable	-	-	-
Interest received	-	1,000	1,000
Net Cash Provided by Investing Activities	-	1,000	1,000
Net Decrease in Cash and Cash Equivalents	(48,693)	362	(48,331)
Cash and Cash Equivalents – Beginning	247,336	-	247,336
Cash and Cash Equivalents – Ending	<u>\$ 198,643</u>	<u>\$ 362</u>	<u>\$ 199,005</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Solid Waste Collection Fund	Storm Water Utility Fund	Total Nonmajor Proprietary Funds
Reconciliation of Operating Income			
to net cash provided by Operating Activities:			
Operating income	<u>\$ (109,378)</u>	<u>\$ 367,183</u>	<u>\$ 257,805</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	555	555
Net pension adjustment	-	-	-
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(32,095)	(247,156)	(279,251)
Due from other governments	-	-	-
Due from other funds	-	-	-
Increase (decrease) in:			
Accounts payable and accrued liabilities	92,780	51,183	143,963
Due to other funds	-	86,651	86,651
Unearned revenue	-	-	-
Total adjustments	<u>60,685</u>	<u>(108,767)</u>	<u>(48,082)</u>
Net cash provided by operating activities	<u><u>\$ (48,693)</u></u>	<u><u>\$ 258,416</u></u>	<u><u>\$ 209,723</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**

For the year ended June 30, 2023

	<u>Budgeted Amount:</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Sales taxes	\$ 5,357,218	\$ 6,083,318	\$ 6,652,196	\$ 568,878
Intergovernmental	5,037,000	5,742,000	3,556,666	(2,185,334)
Impact fees	25,000	1,107,000	610,260	(496,740)
Investment earnings	100,000	100,000	179,641	79,641
Miscellaneous revenues	75,000	78,000	(9,058)	(87,058)
Total revenues	<u>10,594,218</u>	<u>13,110,318</u>	<u>10,989,705</u>	<u>(2,120,613)</u>
Expenditures:				
Capital outlay:				
General government	2,089,000	3,275,100	2,449,128	825,972
Public safety	1,970,000	2,280,000	3,576,853	(1,296,853)
Highways and public improvements	6,992,500	7,537,500	5,136,016	2,401,484
Parks and recreation	482,240	1,136,740	663,406	473,334
Total expenditures	<u>11,533,740</u>	<u>14,229,340</u>	<u>11,825,403</u>	<u>2,403,937</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(939,522)</u>	<u>(1,119,022)</u>	<u>(835,698)</u>	<u>283,324</u>
Other Financing Sources (Uses):				
Transfers out	(236,000)	(236,000)	(235,842)	158
Proceeds from capital leases	-	-	1,503,639	1,503,639
Sale of capital assets	50,000	50,000	109,715	59,715
Total other financing sources (uses)	<u>(186,000)</u>	<u>(186,000)</u>	<u>1,377,512</u>	<u>1,563,512</u>
Net Change in Fund Balances	<u>(1,125,522)</u>	<u>(1,305,022)</u>	<u>541,814</u>	<u>1,846,836</u>
Fund Balances – Beginning	<u>23,892,791</u>	<u>23,892,791</u>	<u>23,892,791</u>	<u>-</u>
Fund Balances – Ending	<u>\$22,767,269</u>	<u>\$22,587,769</u>	<u>\$24,434,605</u>	<u>\$ 1,846,836</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE

**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - REDEVELOPMENT AGENCY**

For the year ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (<u>Budgetary Basis</u>)	<u>Variance with Final Budget-Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 743,000	\$ 743,000	\$ 645,059	\$ (97,941)
Investment earnings	1,000	1,000	1,000	-
Total revenues	<u>744,000</u>	<u>744,000</u>	<u>646,059</u>	<u>(97,941)</u>
Expenditures:				
Current:				
General government:	627,000	627,000	240,855	386,145
Highways and public improvements	20,000	20,000	-	20,000
Redevelopment	399,826	399,826	255,197	144,629
Capital outlay: Highways and public improvements	-	-	152,800	(152,800)
Debt Service:				
Principal retirement	790,000	790,000	790,000	-
Interest and fiscal charges	320,800	320,800	319,550	1,250
Total expenditures	<u>2,157,626</u>	<u>2,157,626</u>	<u>1,758,402</u>	<u>399,224</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,413,626)</u>	<u>(1,413,626)</u>	<u>(1,112,343)</u>	<u>301,283</u>
Other Financing Sources (Uses):				
Transfers in (out)	1,110,800	1,110,800	1,109,550	(1,250)
Total other financing sources (uses)	<u>1,110,800</u>	<u>1,110,800</u>	<u>1,109,550</u>	<u>(1,250)</u>
Net Change in Fund Balances	<u>(302,826)</u>	<u>(302,826)</u>	<u>(2,793)</u>	<u>300,033</u>
Fund Balances – Beginning	<u>3,943,807</u>	<u>3,943,807</u>	<u>3,943,807</u>	<u>-</u>
Fund Balances – Ending	<u>\$3,640,981</u>	<u>\$3,640,981</u>	<u>\$3,941,014</u>	<u>\$ 300,033</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL – LEASED EQUIPMENT TAX DEBT SERVICE FUND**

For the year ended June 30, 2023

	<u>Budgeted Amount:</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Debt Service:				
Principal retirement	188,308	188,308	188,150	158
Interest and fiscal charges	47,692	47,692	47,692	-
Total expenditures	236,000	236,000	235,842	158
Deficiency of Revenue:				
Under Expenditures	(236,000)	(236,000)	(235,842)	158
Other Financing Sources:				
Transfers in	236,000	236,000	235,842	(158)
Total other financing sources	236,000	236,000	235,842	(158)
Net Change in Fund Balances				
	-	-	-	-
Fund Balances – Beginning				
	-	-	-	-
Fund Balances – Ending				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
NOTES TO OTHER SUPPLEMENTARY INFORMATION

NOTE A – REDEVELOPMENT AGENCY BUDGETARY INFORMATION

Following is a reconciliation of redevelopment agency fund balance from budgetary basis to generally accepted accounting principles (GAAP) basis:

Ending fund balance - budgetary basis	\$ 3,941,014
Down payment on property intended for redevelopment, reported as an expenditure under the budgetary basis	<u>152,800</u>
Ending fund balance - GAAP basis	<u><u>\$ 4,093,814</u></u>

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Statistical Section

City of South Salt Lake

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STATISTICAL SECTION

This part of the City of South Salt Lake's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	71-77
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	78-81
These schedules contain information to help the reader assess one of the government's revenue sources, sales taxes.	
Debt Capacity	82-86
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	87-89
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	90-92
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

City of South Salt Lake
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2014	2015*	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$43,242	\$43,232	\$44,489	\$44,327	\$44,687	\$49,468	\$50,064	\$50,098	\$ 51,287	\$ 58,160
Restricted	3,011	2,698	1,601	2,349	2,655	4,164	6,442	9,194	9,230	11,897
Unrestricted	16,106	10,002	10,252	8,234	9,460	12,042	15,921	24,536	39,384	46,695
Total governmental activities net position	\$62,359	\$55,932	\$56,342	\$54,910	\$56,802	\$65,674	\$72,427	\$83,828	\$ 99,901	\$ 116,752
Business-type activities										
Net investment in capital assets	\$10,826	\$10,513	\$10,809	\$11,132	\$11,593	\$10,850	\$10,890	\$10,408	\$ 10,362	\$ 11,920
Restricted	1,064	1,147	748	1,001	1,305	1,638	2,612	3,044	1,709	1,929
Unrestricted	7,464	7,323	8,666	7,872	6,788	3,328	3,111	2,641	(1,405)	(4,508)
Total business-type activities net position	\$19,354	\$18,983	\$20,223	\$20,005	\$19,686	\$15,816	\$16,613	\$16,093	\$ 10,666	\$ 9,341
Primary government										
Net investment in capital assets	\$54,068	\$53,745	\$55,298	\$55,459	\$56,280	\$60,318	\$60,954	\$60,506	\$ 61,649	\$ 70,080
Restricted	4,075	3,845	2,349	3,350	3,960	5,802	9,054	12,238	10,939	13,826
Unrestricted	23,570	17,325	18,918	16,106	16,248	15,370	19,032	27,177	37,979	42,187
Total primary government net position	\$81,713	\$74,915	\$76,565	\$74,915	\$76,488	\$81,490	\$89,040	\$99,921	\$ 110,567	\$ 126,093

* GASB 68 implemented in FY 2015

Source: South Salt Lake Finance Department

City of South Salt Lake
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
General government	\$ 6,489	\$ 5,224	\$ 5,122	\$ 5,367	\$ 5,769	\$ 5,617	\$ 6,230	\$ 5,833	\$ 5,988	\$ 8,096
Public safety	13,683	13,418	13,639	14,444	14,130	17,202	19,882	19,432	20,510	26,105
Highways and public improvements	6,492	4,722	3,994	4,464	5,376	5,300	5,439	6,854	6,689	6,009
Parks, recreation and culture	2,175	2,546	3,010	4,123	3,544	3,803	3,530	3,230	4,014	5,387
Redevelopment	665	4,820	2,268	3,198	197	1,196	1,074	158	466	283
Interest on long-term debt	949	669	642	618	584	548	512	455	94	134
Total Governmental Activities	30,453	31,399	28,675	32,214	29,600	33,666	36,667	35,962	37,761	46,014
Business-type Activities:										
Water utility	2,104	2,194	2,219	2,204	2,436	2,719	2,696	2,463	2,804	3,072
Sewer utility	1,482	1,478	1,594	1,871	2,314	1,558	1,847	4,118	8,399	5,352
Solid waste*	n/a	443	407	408	453	536	520	512	516	599
Stormwater**	n/a	552								
Housing	222	353	70	837	108	-	-	-	-	-
Ambulance services ***	1,178	1,205	1,365	1,388	1,359	-	-	-	-	-
Total Business-type Activities	4,986	5,673	5,655	6,708	6,670	4,813	5,063	7,093	11,719	9,575
Total Expenses	\$ 35,439	\$ 37,072	\$ 34,330	\$ 38,922	\$ 36,270	\$ 38,479	\$ 41,730	\$ 43,055	\$ 49,480	\$ 55,589
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 2,137	\$ 2,068	\$ 2,300	\$ 2,751	\$ 2,501	\$ 3,236	\$ 4,590	\$ 2,691	\$ 2,465	\$ 4,404
Public Safety	1,137	1,041	1,049	980	997	2,114	2,540	2,589	3,095	3,125
Highways and public improvements	-	-	-	-	-	-	-	-	-	-
Parks and recreation	29	31	35	64	45	70	78	58	87	106
Redevelopment	-	-	-	-	-	-	14	-	-	-
Operating grants and contributions	1,745	2,692	3,236	3,284	3,639	5,212	7,065	-	7,627	9,362
Capital grants and contributions	3,249	1,439	228	1,123	662	1,868	2,577	-	1,754	4,166
Total Governmental Activities	8,297	7,271	6,848	8,202	7,844	12,500	16,864	5,338	15,028	21,163
Business-type Activities:										
Charges for services:										
Water utility	2,317	2,283	2,259	2,265	2,221	2,494	2,511	2,490	2,212	2,848
Sewer utility	1,292	1,290	1,613	2,002	1,954	2,850	2,832	3,540	3,526	3,797
Solid Waste*	n/a	496	505	500	503	496	503	527	523	488
Stormwater**	n/a	919								
Housing	103	66	52	46	59	-	-	-	-	-
Ambulance services ***	957	965	1,201	1,284	1,248	-	-	-	-	-
Operating grants and contributions	58	245	110	92	50	-	-	-	-	-
Capital grants and contributions	-	-	-	252	219	-	-	-	-	163
Total Business-type Activities	4,727	5,345	5,740	6,441	6,254	5,840	5,846	6,557	6,261	8,215
Total Program Revenues	\$ 13,024	\$ 12,616	\$ 12,588	\$ 14,643	\$ 14,098	\$ 18,340	\$ 22,710	\$ 11,895	\$ 21,289	\$ 29,378

City of South Salt Lake
Changes in Net Position (continued)
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental Activities	\$ (22,156)	\$ (24,128)	\$ (22,235)	\$ (24,012)	\$ (21,756)	\$ (21,166)	\$ (19,803)	\$ (18,199)	\$ (22,733)	\$ (24,851)
Business-type Activities	(259)	(328)	(1,715)	(267)	(416)	1,027	783	(536)	(5,458)	(1,360)
Total Net Expense	<u>\$ (22,415)</u>	<u>\$ (24,456)</u>	<u>\$ (23,950)</u>	<u>\$ (24,279)</u>	<u>\$ (22,172)</u>	<u>\$ (20,139)</u>	<u>\$ (19,020)</u>	<u>\$ (18,735)</u>	<u>\$ (28,191)</u>	<u>\$ (26,211)</u>
General Revenues and Transfers										
Governmental Activities:										
Taxes	\$ 5,684	\$ 5,551	\$ 5,632	\$ 5,653	\$ 5,723	\$ 5,579	\$ 5,805	\$ 5,934	\$ 12,789	\$ 13,500
Property taxes	13,558	13,749	14,291	13,485	14,390	15,717	17,081	19,441	22,515	22,685
Sales taxes										
Energy sales and use tax	3,296	3,252	3,294	3,200	3,092	3,002	2,929	2,926	3,142	3,631
Transient room tax	32	35	39	42	43	39	39	45	41	62
Unrestricted investment earnings	93	90	122	233	391	655	552	165	213	1,764
Gain on sale of capital assets	6	71	557	3	59	21	150	111	107	60
Loss on interfund loan forgiveness	-	-	(1,544)	-	-	-	-	-	-	-
Transfers	(220)	(254)	(156)	(36)	(51)	2,151	-	-	-	-
Total Governmental Activities	<u>\$ 22,449</u>	<u>\$ 22,494</u>	<u>\$ 22,235</u>	<u>\$ 22,580</u>	<u>\$ 23,647</u>	<u>\$ 27,164</u>	<u>\$ 26,556</u>	<u>\$ 28,622</u>	<u>\$ 38,807</u>	<u>\$ 41,702</u>
Business-type Activities:										
Unrestricted investment earnings	25	11	15	13	15	20	13	17	12	46
Gain (Loss) on sale of capital assets	-	-	-	-	31	-	-	-	18	(10)
Gain on interfund loan forgiveness	-	-	1,544	-	-	-	-	-	-	-
Transfers	220	254	156	36	51	(2,151)	-	-	-	-
Total Business-type Activities	<u>\$ 245</u>	<u>\$ 265</u>	<u>\$ 1,715</u>	<u>\$ 49</u>	<u>\$ 97</u>	<u>\$ (2,131)</u>	<u>\$ 13</u>	<u>\$ 17</u>	<u>\$ 30</u>	<u>\$ 36</u>
Total General Revenues and Transfers	<u>\$ 22,694</u>	<u>\$ 22,759</u>	<u>\$ 23,950</u>	<u>\$ 22,629</u>	<u>\$ 23,744</u>	<u>\$ 25,033</u>	<u>\$ 26,569</u>	<u>\$ 28,639</u>	<u>\$ 38,837</u>	<u>\$ 41,738</u>
Change in Net Position										
Governmental activities	\$ 293	\$ (1,634)	\$ 410	\$ (1,432)	\$ 1,891	\$ 5,998	\$ 6,753	\$ 10,423	\$ 16,074	\$ 16,851
Business-type activities	(14)	(63)	1,799	(218)	(319)	(1,104)	796	(519)	(5,428)	(1,324)
Total Change in Net Position	<u>\$ 279</u>	<u>\$ (1,697)</u>	<u>\$ 2,209</u>	<u>\$ (1,650)</u>	<u>\$ 1,572</u>	<u>\$ 4,894</u>	<u>\$ 7,549</u>	<u>\$ 9,904</u>	<u>\$ 10,646</u>	<u>\$ 15,527</u>

Source: South Salt Lake Finance Department

* n/a - Solid Waste business type activity began July 1, 2014

**n/a - Stormwater business type activity began July 1, 2022

*** n/a - Ambulance Services program began May 1, 2009 and ended June 30, 2018

City of South Salt Lake
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Energy Sales and Use Tax	Transient Room Tax	Total
2014	\$ 5,685	\$ 13,557	\$ 3,296	\$ 32	\$ 22,570
2015	5,551	13,749	3,252	35	22,587
2016	5,632	14,291	3,294	39	23,256
2017	5,653	13,485	3,200	42	22,380
2018	5,723	14,390	3,092	43	23,248
2019	5,579	15,717	3,002	39	24,337
2020	5,669	17,081	2,929	39	25,718
2021	5,934	19,441	2,926	45	28,346
2022	12,789	22,515	3,142	41	38,487
2023	13,500	22,685	3,631	62	39,878

Source: South Salt Lake Finance Department

City of South Salt Lake
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Unassigned	\$ 3,573	\$ 3,573	\$ 4,085	\$ 4,350	\$ 4,372	\$ 6,797	\$ 8,303	\$ 9,710	\$ 14,385	\$ 17,993
Restricted	-	-	-	-	-	2,873	3,088	3,705	3,858	4,527
	<u>\$ 3,573</u>	<u>\$ 3,573</u>	<u>\$ 4,085</u>	<u>\$ 4,350</u>	<u>\$ 4,372</u>	<u>\$ 9,670</u>	<u>\$ 11,391</u>	<u>\$ 13,415</u>	<u>\$ 18,243</u>	<u>\$ 22,520</u>
All other governmental funds										
Assigned	\$ 22,635	\$ 20,261	\$ 19,063	\$ 16,833	\$ 16,978	\$ 16,934	\$ 18,286	\$ 22,604	\$ 22,464	\$ 24,519
Restricted	3,012	2,698	1,601	2,349	2,655	1,291	3,354	5,489	5,372	7,121
Total all other governmental funds	<u>\$ 25,647</u>	<u>\$ 22,959</u>	<u>\$ 20,664</u>	<u>\$ 19,182</u>	<u>\$ 19,633</u>	<u>\$ 18,225</u>	<u>\$ 21,640</u>	<u>\$ 28,093</u>	<u>\$ 27,836</u>	<u>\$ 31,640</u>

Source: South Salt Lake Finance Department

City of South Salt Lake
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 22,521	\$ 22,564	\$ 23,164	\$ 22,276	\$ 23,050	\$ 24,245	\$ 25,718	\$ 28,329	\$ 32,576	\$ 39,730
Licenses and permits	1,067	1,301	1,595	1,883	1,690	2,346	2,848	1,994	1,533	3,615
Intergovernmental	4,490	3,543	2,850	3,905	3,527	5,659	7,275	11,473	8,504	11,858
Charges for services	592	277	337	639	543	1,883	3,099	2,449	3,061	3,042
Fines and forfeitures	1,086	979	921	937	917	760	700	525	639	669
Investment earnings	90	84	118	227	382	641	532	163	211	1,749
Miscellaneous	842	1,016	1,000	666	1,167	1,675	2,079	890	958	1,478
Total Revenues	<u>30,688</u>	<u>29,764</u>	<u>29,985</u>	<u>30,533</u>	<u>31,276</u>	<u>37,209</u>	<u>42,251</u>	<u>45,823</u>	<u>47,482</u>	<u>62,141</u>
Expenditures										
Current:										
General government	4,538	4,666	4,544	4,662	4,864	4,803	4,436	5,106	5,585	7,089
Public safety	12,705	12,762	12,706	13,039	13,320	15,414	17,595	18,464	20,886	24,616
Highways and public improvements	3,813	3,815	3,547	4,861	4,304	3,992	4,584	5,447	5,560	5,243
Parks and recreation	2,024	2,447	2,926	3,217	3,323	3,350	2,859	2,993	4,047	5,287
Redevelopment	242	4,722	1,804	1,800	-	1,075	1,531	14	403	255
Debt service:										
Principal	712	936	930	642	974	1,021	864	805	760	978
Interest and fiscal charges	895	676	653	628	599	563	524	430	349	367
Bond issuance costs	-	-	-	-	-	-	-	191	-	-
Capital outlay	<u>5,888</u>	<u>2,717</u>	<u>3,527</u>	<u>2,959</u>	<u>3,379</u>	<u>8,253</u>	<u>4,855</u>	<u>4,988</u>	<u>5,465</u>	<u>11,839</u>
Total expenditures	<u>30,817</u>	<u>32,741</u>	<u>30,637</u>	<u>31,808</u>	<u>30,763</u>	<u>38,471</u>	<u>37,248</u>	<u>38,438</u>	<u>43,055</u>	<u>55,674</u>
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (129)	\$ (2,977)	\$ (652)	\$ (1,275)	\$ 513	\$ (1,262)	\$ 5,003	\$ 7,385	\$ 4,427	\$ 6,467

City of South Salt Lake
Changes in Fund Balances of Governmental Funds (continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses)										
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,152	\$ -	\$ -	\$ -	\$ 1,346
Transfers out	(220)	(254)	(156)	(36)	(51)	-	-	-	-	(1,346)
Refunding bonds issued	-	-	-	-	-	-	-	9,100	-	-
Premium on refunding bonds	-	-	-	-	-	-	-	1,482	-	-
Capital leases	997	420	-	80	-	-	-	-	-	-
Payment to refunded bond escrow agent								(10,590)	-	-
Loss on forgiveness of Interfund note	-	-	(1,544)	-	-	-	-	-	-	-
Sale of capital assets	326	122	570	14	73	127	133	123	144	110
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	1,103	288	(1,130)	58	22	2,279	133	115	144	110
Net change in fund balances	\$ 974	\$ (2,689)	\$ (1,782)	\$ (1,217)	\$ 535	\$ 1,017	\$ 5,136	\$ 7,500	\$ 4,571	\$ 6,577
Debt service as a percentage of noncapital expenditures	5.6%	5.3%	5.7%	4.3%	5.6%	4.4%	4.3%	3.7%	3.0%	3.1%

Source: South Salt Lake Finance Department

City of South Salt Lake
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax(a)	Sales Tax	Energy		Transient		Total
			Sales and Use Tax	Room Tax	Room Tax	Room Tax	
2014	\$ 5,635	\$ 13,557	\$ 3,296	\$ 32	\$ 32	\$ 32	22,520
2015	5,528	13,749	3,252	35	35	35	22,564
2016	5,539	14,291	3,294	39	39	39	23,163
2017	5,549	13,485	3,200	43	43	43	22,277
2018	5,524	14,390	3,093	43	43	43	23,050
2019	5,488	15,717	3,002	39	39	39	24,246
2020	5,669	17,081	2,929	39	39	39	25,718
2021	5,917	19,441	2,926	45	45	45	28,329
2022	6,878	22,515	3,142	41	41	41	32,576
2023	13,352	22,685	3,631	62	62	62	39,730

(a) Includes delinquent collections and motor vehicle apportionment.

Source: South Salt Lake Finance Department

City of South Salt Lake
Sales Tax Revenue Allocation by Fund
Last Ten Fiscal Years
(in thousands of dollars)

Year	General Fund	Public Safety Special Revenue Fund	Capital Improvements Fund	Sales Tax Debt Service Fund	Total
2014	\$ 10,336	\$ -	\$ 2,866	\$ 355	\$ 13,557
2015	10,652	-	2,739	359	13,750
2016	10,599	-	3,349	343	14,291
2017*	10,371	-	3,114	-	13,485
2018	11,469	-	2,921	-	14,390
2019	12,497	-	3,220	-	15,717
2020	11,444	-	5,637	-	17,081
2021	14,437	-	5,004	-	19,441
2022	19,546	-	2,969	-	22,515
2023	5,047	10,986	6,652	-	22,685

Sources: South Salt Lake Finance Department

Utah State Tax Commission

* Sales tax pledged debt was retired at 6/30/16 making an allocation to the Sales Tax Debt Service Fund unnecessary beginning in FY 2017.

(a) The Public Safety Special Revenue Fund was established July 1, 2022

City of South Salt Lake
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	City of South Salt Lake Local Option (a)	Salt Lake County Option	State of Utah	County Wide Mass Transit	Botanical Cultural, Zoo	Total Sales Tax Rate
2014	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2015	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2016	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2017	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2018	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2019	1.20%	0.50%	4.85%	0.80%	0.10%	7.45%
2020	1.20%	0.50%	4.85%	0.80%	0.10%	7.45%
2021	1.20%	0.50%	4.85%	0.80%	0.10%	7.45%
2022	1.20%	0.50%	4.85%	0.80%	0.10%	7.45%
2023	1.20%	0.50%	4.85%	0.80%	0.10%	7.45%

Source: Utah State Tax Commission

(a) The State of Utah limits the amount of the local sales and use at 1%.

City of South Salt Lake
Principal Sales Taxpayers
June 30, 2023 and June 30, 2014

Taxpayer	2023 Rank	Type of Sales
Tesla Motors	1	Auto Sales
RC Willey Home Furnishings	2	Retail Sales
Mountainland Supply	3	Construction Supply
Mark Miller Subaru	4	Auto Sales
Mountainland Design	5	Retail Sales
Salt Lake Valley Buick/GMC	6	Auto Sales
CWS LLC	7	Retail Sales
Prestman Auto	8	Auto Sales
Winco Foods	9	Grocery
Salt Lake Valley Chrysler Dodge	10	Auto Sales

Taxpayer	2014 Rank	Type of Sales
RC Willey Home Furnishings	1	Retail Sales
Mark Miller Subaru	2	Auto Sales
Low Book Sales	3	Auto Sales
Best Buy	4	Retail Sales
WW Grainger	5	Industrial Supply Sales
Roofers Supply	6	Industrial Supply Sales
Rocky Mountain Power	7	Public Utility
Salt Lake Valley GMC	8	Auto Sales
Salt Lake Valley Chrysler Dodge	9	Auto Sales
Mountainland Design	10	Retail Sales

Utah State Tax Commission rules prohibit the City from disclosing annual amounts.

Source: Utah State Tax Commission

City of South Salt Lake
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amounts¹)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Household Income	Per Capita
	General Obligation Bonds	Sales Tax Revenue Bonds	Excise Tax Revenue Bonds	Capital Lease Obligations	Water Revenue Bonds	Sewer Revenue Bonds	CVWRF Bonds Obligation				
2014	\$ -	\$ 687	\$ 14,465	\$ 1,103	\$ 1,374	\$ 801	\$ -	\$ 18,430	7.25%	\$ 768	
2015	-	340	14,170	1,230	1,216	716	-	17,672	6.95%	736	
2016	-	-	13,855	935	1,054	631	-	16,475	5.80%	659	
2017	-	-	13,515	734	889	308	-	15,446	5.43%	618	
2018	-	-	12,850	425	720	246	2,765	17,006	5.98%	680	
2019	-	-	12,145	109	546	185	2,745	15,730	5.53%	629	
2020	-	-	11,390	-	368	124	2,692	14,574	3.69%	561	
2021	-	-	9,100	-	186	62	2,613	11,961	2.62%	443	
2022	-	-	9,453	-	-	3,833	4,900	18,186	3.99%	674	
2023	-	-	8,440	1,315	50	3,833	4,513	18,151	3.98%	672	

Sources: South Salt Lake Finance Department
United States Bureau of Census

City of South Salt Lake
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value	Per Capita
2023	n/a	n/a	n/a	n/a	n/a

Note: The City of South Salt Lake has not issued General Obligation Debt in the past ten years.

City of South Salt Lake
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023
(amounts expressed in thousands)

Governmental Unit	2022 Taxable Value	South Salt Lake's Portion of Taxable Value	Estimated Percentage Applicable (a)	Governmental Unit's General Obligation Debt	City's Portion of General Obligation Debt
State of Utah	\$ 504,083,512	\$ 4,716,118	0.94%	\$ 1,942,911	\$ 18,178
Central Utah Water Conservancy District	178,843,490	4,716,118	2.64%	185,156	4,883
Salt Lake County	142,650,854	4,716,118	3.31%	125,453	4,148
Granite School District	47,508,235	4,716,118	9.93%	231,345	22,965
Total				2,484,865	50,174
Less: State of Utah(b)				<u>(1,942,911)</u>	<u>(18,178)</u>
Total Overlapping Debt				<u><u>\$ 541,954</u></u>	<u><u>31,996</u></u>
Direct Debt (c):					
Excise Tax Revenue Bonds				8,440	
Capital Leases Payable				<u>-</u>	<u>-</u>
Total Direct Debt				<u><u>8,440</u></u>	<u><u>8,440</u></u>
Total Direct and Overlapping Debt				<u><u>\$ 40,436</u></u>	<u><u></u></u>

(a) South Salt Lake's estimated percentage applicable is determined by calculating the percentage of the City's tax rate value compared to the other governmental units' taxable value.

(b) The State of Utah does not levy property tax for payment of general obligation debt.

(c) The City of South Salt Lake has no direct outstanding general obligation debt.

Sources:

Utah State Auditor
 Salt Lake County Auditor
 Utah State Tax Commission

City of South Salt Lake
Legal Debt Margin Information
Last Ten Years
(amounts expressed in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt Limit	\$ 75,487	\$ 75,492	\$ 82,037	\$ 95,021	\$ 107,054	\$ 124,041	\$ 136,826	\$ 137,274	\$ 171,272	\$ 188,645
Total Net Debt Applicable to Limit (a)	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 75,487</u>	<u>\$ 75,492</u>	<u>\$ 82,037</u>	<u>\$ 95,021</u>	<u>\$ 107,054</u>	<u>\$ 124,041</u>	<u>\$ 136,826</u>	<u>\$ 137,274</u>	<u>\$ 171,272</u>	<u>\$ 188,645</u>
Total Debt Applicable to the Limit as a percentage of Debt Limit (b)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Legal Debt Margin Calculation for 2023

Taxable Value All Property \$ 4,716,118,637

Debt Limit (4% of reasonable fair cash value) (c) 188,644,745

Debt applicable to limit:
 General Obligation Bonds _____ -

Legal Debt Margin \$ 188,644,745

(a) The city has not issued General Obligation Bonds in the past ten years.

(b) Not Applicable

(c) The Utah State Constitution (Article 14, section 4) limits debt limit at 4% of taxable property.

Sources: Salt Lake County Auditor
 Utah State Tax Commission

**City of South Salt Lake
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)**

Fiscal Year	Water Revenue Bonds						
	Water		Less: Operating		Net Available		Debt Service
	Charges	Expenses	Revenue	Principal	Interest	Coverage	
2014	\$ 2,340	\$ 1,613	\$ 727	\$ 154	\$ 35	\$ 3.85	
2015	2,291	1,712	579	158	31	3.06	
2016	2,270	1,683	587	162	27	3.11	
2017	2,401	1,649	752	165	23	4.00	
2018	2,335	1,871	464	169	19	2.47	
2019	2,361	2,125	236	174	15	1.25	
2020	2,521	2,059	462	178	11	2.44	
2021	2,499	1,931	568	182	9	2.97	
2022	2,238	2,232	6	186	3	0.03	
2023	2,854	3,072	(218)	-	-	n/a	

Fiscal Year	State Sewer Loan/Central Valley Taxable Bonds						
	Sewer		Less: Operating		Net Available		Debt Service
	Charges	Expenses	Revenue	Principal	Interest	Coverage	
2014	\$ 1,294	\$ 1,128	\$ 166	\$ 84	\$ 10	\$ 1.77	
2015	1,292	1,102	190	85	9	2.02	
2016	1,615	1,188	427	85	9	4.54	
2017(a)	2,130	1,475	655	323	8	1.98	
2018	2,072	1,863	209	61	-	3.43	
2019	2,682	1,933	749	61	-	12.28	
2020	2,837	2,049	788	61	-	12.92	
2021	3,551	1,932	1,619	61	-	26.54	
2022	3,531	1,882	1,649	61	-	27.03	
2023	3,835	5,171	(1,336)	-	-	n/a	

Fiscal Year	Public Safety Sales Tax Revenue Bonds						
	Sales Tax and Other		Less:		Net Available		Debt Service
	Revenue	Expenses	Revenue	Principal	Interest	Coverage	
2014	\$ 355	\$ 3	\$ 352	\$ 335	\$ 17	\$ 1.00	
2015	359	3	356	345	10	1.00	
2016	343	-	343	340	3	1.00	

Fiscal Year	Excise Tax and Tax Increment Revenue Bonds Series 2010						
	Excise Tax		Less:		Available		Net Debt Service
	Revenue	Expenses	Revenue	Principal	Interest	Coverage	
2014	\$ 3,296	\$ 1	\$ 3,295	\$ 275	\$ 645	\$ 3.58	
2015	3,252	1	3,251	295	633	3.50	
2016	3,294	1	3,293	315	619	3.53	
2017	3,200	1	3,199	340	605	3.39	
2018	3,093	1	3,092	665	583	2.48	
2019	3,002	1	3,001	705	552	2.39	
2020	2,929	1	2,928	755	520	2.30	
2021(c)	2,926	1	2,925	805	412	2.40	
2022	3,142	1	3,141	760	349	2.83	
2023	3,631	1	3,630	790	318	3.28	

Source: South Salt Lake Finance Department

(a) In FY 2017 the City paid off the outstanding balance of the Central Valley Water Reclamation Facility bonds.

(c) In FY 2021 the 2010 Excise Tax and Tax Increment Bonds were refinanced. A new Series 2020 bonds were issued.

**City of South Salt Lake
Demographic and Economic Statistics**

Year	1990	1994	2000(a)	2010	2019	2020
Population	10,129	10,693	22,038	23,617	25,582	26,777
Population Breakdown	One Race White	One Race African American	One Race Native American	One Race Pacific Island. Asian	One Race Other	Two or More Races
2020	58.8%	6.3%	2.2%	1.6%	11.5%	19.6%

2020 Number of households - 9,544

2020 Average household size - 2.5

2020 Median household income - \$47,813

2020 Percentage of South Salt Lake residents living in poverty - 18.7%

2020 Share of Salt Lake County residents that live in South Salt Lake - 2.2%

2020 Share of Utah residents that live in South Salt Lake - .8%

2020 Estimated ratio of police officers per South Salt Lake resident - 1:377

2020 Estimated employment rate in South Salt Lake was 66.5%

(a) In 1998 the City annexed approximately two square miles and 9,000 residents.

Sources: Wasatch Front Regional Council
Utah State Governor's Office of Planning and Budget
U.S. Bureau of Census

Ten Year Demographic Information is Not Available

Personal Income Information is Not Available

City of South Salt Lake
Demographic and Economic Statistics
Top Ten Employers
June 30, 2023 and June 30, 2014

Employer - 2023 Rank	Type of Business	Number of Employees
Salt Lake County Sheriff's Office	Public Safety Office	500-999
Daily's Premium Meats	Food Processing	500-999
OLL Services LLC	Employment Services	500-999
Unified Fire Authority	Public Safety Office	500-999
Utah Transit Authority	Public Transportation	500-999
Labormax Staffing	Employment Services	250-499
RC Willey Home Furnishings	Retail Home Furnishings	250-499
Taylor Electric	Construction	250-499
Westech Engineering	Construction	250-499
Backroads Utah, Inc.	Tourism	100-249

Employer - 2014 Rank	Type of Business	Number of Employees
Marriott Guest Services	Reservation Center	500-999
Utah Transit Authority	Public Transportation	500-999
Salt Lake County Sheriff's Office	Public Safety Office	500-999
Select Portfolio Servicing	Mortgage Services	500-999
Granite School District	Public Education Office	400-499
Seaboard Foods	Food Manufacturing	250-399
RC Willey Home Furnishings	Retail Home Furnishings	250-399
Westech Engineering	Machinery Manufacturing	250-399
Bimbo Bakeries USA Inc.	Wholesale Bakery	250-399
Exelis	Technical Research	150-249

Sources: South Salt Lake Chamber of Commerce
South Salt Lake Community Development Department

City of South Salt Lake
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
Administration (a)	30.5	29.0	26.5	26.5	28.5	28.0	28.0	30.0	32.0	40.0
Court	8.0	8.0	7.5	7.5	7.5	8.0	7.5	8.0	7.0	9.0
Public Safety:										
Police	70.0	77.0	75.0	77.5	76.5	86.0	84.0	85.0	95.0	98.0
Fire (b)	51.0	54.0	55.0	53.0	54.0	60.0	68.0	68.0	65.0	76.0
Homeless Strategies	n/a	2.0	1.0							
Code Enforcement	8.0	9.0	6.5	7.5	7.5	8.0	7.5	7.5	7.5	6.0
Highways and Public Improvements:										
Streets & Highways	20.0	20.0	21.5	17.0	17.0	19.0	16.0	16.0	11.0	19.0
Engineering	1.0	1.0	2.0	3.0	3.0	5.0	8.0	9.0	8.0	6.0
Community Develop.	8.0	8.0	9.5	10.5	10.5	10.5	12.0	12.0	12.0	17.0
Parks, Recreation and Culture:										
Neighborhoods (b)	n/a	13.0	31.0							
Parks	4.0	3.0	n/a							
Public Assets (d)(f)	N/A	N/A	8.5	14.0	14.0	13.0	14.0	13.0	6.0	6.0
Recreation	5.0	4.0	8.0	8.0	8.0	7.0	7.0	7.0	10.0	6.0
Promise SSL	26.0	27.0	63.5	82.0	73.0	68.0	54.0	46.0	55.0	42.0
Stormwater (c)	n/a	7.0								
Water	7.0	7.0	8.0	7.0	7.0	7.0	8.0	8.5	9.0	15.0
Sewer	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	5.0	9.0
Total	241.5	250.0	294.5	316.5	309.5	322.5	317.0	313.5	337.5	388.0

(a) Includes Administration, City Council, City Attorney

(b) In FY 2022 the Neighborhoods department was created and contains the Parks, Facility Maintenance, and Neighborhood Outreach divisions.

(c) In FY 2023 the Stormwater Utility department was created

(d) In FY 2016 the Public Assets department was created and contains 3 divisions: Fleet, Parks, and Facility Maintenance.

(f) In FY 2022 the Public Assets department was restructured and renamed to Fleet. It houses fleet acquisition and fleet maintenance.

Source: South Salt Lake Human Resources

City of South Salt Lake
Operating Indicators by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Total Calls	44,706	47,928	50,628	47,327	48,012	45,527	50,207	48,319	44,277	43,666
Violent Crimes	1,045	868	893	810	861	901	929	987	899	835
Property Crimes	2,801	2,591	3,081	2,883	2,955	2,705	3,143	3,570	2,850	2,130
Traffic Citations	4,558	4,639	6,377	6,269	5,201	3,270	3,317	1,953	3,353	2,037
Fire										
Total Calls	4,858	5,187	5,453	5,616	5,477	5,633	6,152	7,168	7,351	7,554
Number of Fires	64	150	159	158	153	136	147	227	194	1,259
Medical Calls	3,778	4,012	4,337	4,378	4,250	4,563	5,129	6,022	6,186	6,295
Avg Response Time	4.1 minutes	4.1 minutes	4.3 minutes	4.4 minutes	5.0 minutes	5.0 minutes	5.8 minutes	5.8 minutes	6.2 minutes	6.2 minutes
Justice Court										
Total Cases Filed	6,897	6,435	6,772	6,821	7,024	6,243	6,167	7,582	6,612	6,200
Comm Service Hours Levied	13,530	12,183	10,935	9,417	3,156	5,525	2,285	395	1,113	1,494
Building & Zoning										
Building Permits	540	582	955	1,081	1,103	1,147	734	808	646	536
Business Licenses	3,028	3,294	3,306	3,275	3,349	3,596	3,388	3,080	3,308	371
Construction Value	\$ 19,594,621	\$ 44,460,032	\$ 60,198,705	\$ 91,819,843	\$ 74,207,323	\$ 75,194,358	\$ 196,580,628	\$ 83,782,691	\$ 101,322,025	\$ 121,478,088
Administration										
A/P Checks	5,345	5,904	5,665	5,437	5,701	5,258	5,672	4,554	4,788	5,256
Payroll Checks	8,387	8,579	8,256	10,062	9,188	9,716	8,734	8,832	9,161	10,394
Utility Billings	46,631	47,045	47,239	47,888	48,173	48,030	49,572	48,706	52,442	55,273

City of South Salt Lake
Operating Indicators by Function (continued)
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Attorney										
Traffic Cases Prosecuted (b)	2,159	6,352	4,756	5,167	4,946	4,060	4,020	4,775	4,426	3,977
DUI Cases Prosecuted	405	375	365	334	290	207	218	236	229	229
Criminal Cases Prosecuted	1,762	863	1,445	1,077	1,538	1,449	1,758	2,807	1,957	1,585
Public Works										
Road Improvements	2,545,249 sq ft	4,827,146 sq ft	3,678,883 sq ft	2,078,568 sq ft	4,816,309 sq ft	3,267,385 sq ft	2,347,035 sq ft	2,818,975 sq ft	4,581,507 sq ft	3,225,741 sq ft
Concrete Improvements	5,731 sq ft	9,260 sq ft	12,372 sq ft	22,368 sq ft	16,234 sq ft	11,294 sq ft	7,468 sq ft	13,947 sq ft	35,757 sq ft	37,874 sq ft
Curbside Cleanup Tons (a)	261 tons	283 tons	293 tons	302 tons	267 tons	281 tons	288 tons	234 tons	247 tons	225 tons
Water										
Gallons Produced	483 million	477 million	512 million	490 million	310 million	488 million	534 million	549 million	503 million	518 million
Gallons Purchased	488 million	364 million	332 million	315 million	447 million	429 million	358 million	332 million	332 million	349 million
Water Connections	3,334	3,381	3,390	3,366	3,356	3,370	3,384	3,395	3,366	3,366
Sewer										
Lines Inspected (c)	161,000 ft	3025 ft	75,828 ft	2,735 ft	172,200 ft	-	-	5,865 ft	7,439 ft	-
Lines Cleaned (c)	161,000 ft	3025 ft	75,828 ft	2,735 ft	172,200 ft	-	4,700 ft	5,865 ft	7,065 ft	-
Total Connections	2,597	2,624	2,636	2,606	2,619	2,630	2,625	2,627	2,800	2,800
Parks, Recreation and Culture										
Rec. Participants	4,752	3,981	3,730	3,628	4,096	4,147	3,622	1,058	2,888	3,549
Number of Programs	21	23	22	21	23	23	21	15	22	21

(a) In fiscal year 2012 the solid waste curbside cleanup program was reduced from two times/year to one time/year.

(b) In fiscal year 2015 a change in software necessitated a change in the way prosecutions are determined. All traffic cases are now considered to be prosecuted.

(c) In fiscal year 2019 the waste water department did not inspect or clean lines, the focus was on several pipe relining projects.

Source: South Salt Lake Finance Department

n/a - information not available

City of South Salt Lake
Capital Asset Statistics by Function
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function:										
Public Safety:										
Police:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Officer Vehicles	59	60	60	60	60	71	71	71	86	95
Animal Shelter	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Fire Apparatus (Medium and Heavy)	6	6	6	6	6	7	7	7	7	10
Highways and Public Improvements:										
Streets & Highways:										
Road Miles	75	75	75	75	75	75	75	75	77	77
Storm Drain Miles	50	50	50	50	50	50	50	50	50	50
Water:										
Water Line Miles	46	46	46	46	46	46	46	46	46	46
Fire Hydrants	542	543	545	549	548	547	549	549	549	553
Sewer:										
Sewer Line Miles	35	35	35	35	35	35	35	35	35	35
Maximum Flow Capacity	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.93
Monthly Actual Flow (millions gallons/day)	2.96	3.04	2.98	3.28	3.23	3.72	3.38	2.50	2.26	2.36
Parks and Recreation:										
Park Acreage	12	12	12	12	12	13	13	13	21	13
Sports Fields	1	1	1	1	1	1	1	1	1	1

Source: South Salt Lake Finance Department

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Single Audit Section

City of South Salt Lake

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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*

Honorable Mayor and City Council
City of South Salt Lake
South Salt Lake, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Salt Lake as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of South Salt Lake's basic financial statements, and have issued our report thereon dated February 8, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questions costs as item 2023-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of South Salt Lake's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material

effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of South Salt Lake's Response to Findings

The City of South Salt Lake's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of South Salt Lake's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Squire & Company, PC

Salt Lake City, Utah
February 8, 2024



Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control Over Compliance
in Accordance with the Uniform Guidance

Honorable Mayor and City Council
City of South Salt Lake
South Salt Lake, Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of South Salt Lake's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of South Salt Lake's major federal programs for the year ended June 30, 2023. The City of South Salt Lake's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of South Salt Lake complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of South Salt Lake and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of South Salt Lake's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of South Salt Lake's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of South Salt Lake's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of South Salt Lake's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal

control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Squire & Company, PC

Salt Lake City, Utah
February 8, 2024

CITY OF SOUTH SALT LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency identified	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness identified	No
Significant deficiency identified	No
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of Major Federal Programs

Name of Federal Program (CFDA Number)

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (21.027)

Twenty-First Century Community Learning Centers (84.287)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2023-001:

Criteria: Generally accepted accounting principles (GAAP) govern the required accounting principles, practices, and reporting and disclosure requirements for local governments. These standards require the adjustment and reconciliation of certain balances at year-end in connection with the City’s year-end closing procedures.

Condition and Context: In connection with our audit, we were required to propose a number of corrections and adjustments to certain account balances in order for the accounting and financial reporting to be compliant with GAAP.

CITY OF SOUTH SALT LAKE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Cause: The primary cause of these adjustments was incomplete year-end closing procedures due in part to staffing challenges encountered during the year.

Effect or Potential Effect: The required audit adjustments and corrections included material adjustments in connection with capital assets, long-term debt activity, various tax and expense accruals and reclassifications, revenue recognition and receivables, transactions related to the City's investment in Central Valley Water Reclamation Facility, and net position; as well as the correction of certain transactions that had been inadvertently recorded twice.

Recommendation: We recommend that year-end closing procedures be enhanced to include a full review reconciliation, and adjustments as necessary, of the City's balance sheet accounts on a timely basis, as well as obtaining any consultation throughout the year that might be necessary with respect to GAAP requirements for reporting and disclosure.

Responsible Official's Response: Management will enhance its procedures at year-end to include a full review and reconciliation of all balance sheet accounts of the City and will make any required adjustments necessary to bring the accounting records into compliance with GAAP presentation. Management will also seek consultation with respect to the requirements of generally accepted accounting principles if and when needed.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings: None

Questioned Costs: None

CITY OF SOUTH SALT LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grants/Entitlement Grants	14.218	HCD21057CH	\$ 195,000
U.S. Department of Justice:			
Passed Through Utah Commission on Criminal and Juvenile Justice:			
Juvenile Justice and Delinquency Prevention	16.540	19J24	24,858
Crime Victim Assistance	16.575	21VOCA060	148,889
Violence Against Women Formula Grant (Note C)	16.588	19W2119	61,040
Bulletproof Vest Partnership Program	16.607	Various	6,709
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-04512-PPSE	57,646
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Various	91,673
U.S. Department of Treasury			
Passed Through Utah State Governor's Office of Planning and Budget:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	None	1,513,823
Passed Through Salt Lake County:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP2642	146,435
Environmental Protection Agency			
Passed Through Utah State Department of Environmental Quality:			
<i>Clean Water State Revolving Fund Cluster:</i>			
Capitalization Grant for Clean Water State Revolving Funds	66.458	CS49000117	1,846,469
U.S. Department of Education:			
Passed Through Utah State Department of Education:			
Twenty-First Century Community Learning Centers	84.287	Various	1,005,070
Education Stabilization Fund	84.425	S425U210032	239,213
U.S. Department of Health and Human Services:			
Passed Through Utah Department of Workforce Services:			
<i>TANF Cluster:</i>			
Temporary Assistance for Needy Families	93.558	23-DWS-S002	302,844
<i>CCDF Cluster:</i>			
Child Care and Development Block Grant (Note D)	93.575	Various	523,460
Passed Through National Alliance on Mental Illness-Utah:			
Block Grants for Community Mental Health Services	93.958	Various	13,058
Passed Through Salt Lake County:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Various	101,037
Total Expenditures of Federal Awards			<u>\$ 6,277,224</u>

CITY OF SOUTH SALT LAKE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of South Salt Lake under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE C – VIOLENCE AGAINST WOMEN FORMULA GRANT

In accordance with the grant agreement, the City of South Salt Lake has expended matching contributions totaling \$21,551 during the year ended June 30, 2023.

NOTE D – CHILD CARE AND DEVELOPMENT BLOCK GRANT

In accordance with the grant agreement, the City of South Salt Lake has expended matching contributions totaling \$600,000 during the year ended June 30, 2023.



Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Honorable Mayor and City Council
City of South Salt Lake
South Salt Lake, Utah

Report on Compliance

Opinion

We have audited the City of South Salt Lake's (the City) compliance with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2023:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Restricted Taxes and Other Related Restricted Revenue
- Fraud Risk Assessment
- Government Fees
- Tax Levy Revenue Recognition
- Public Treasurer's Bond
- Open and Public Meetings Act

In our opinion, the City of South Salt Lake complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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*, issued by the Office of the Utah State Auditor. Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which are described below. Our opinion on compliance is not modified with respect to these matters.

Instance of noncompliance:

We noted during our audit that the City's general fund balance at June 30, 2023 was in excess of legally established limits. This was largely due to the separation of public safety departmental activities into a separately established special revenue fund in 2023, significantly reducing the size of the general fund, and consequently, the maximum fund balances limits associated with that fund. We recommend that the City budget and execute a transfer from the general fund to the capital projects fund or another appropriate fund to reduce the general fund balance to within allowable legal limits.

Responsible Official's Response:

Management will take steps needed to bring the general fund balance into compliance with legally established limits as soon as practicable by budgeting and executing a transfer from the general fund to the capital projects fund or another appropriate fund to reduce the general fund balance to within allowable legal limits. Further, management will enhance controls and procedures to ensure that fund balances are reviewed prior to the end of each fiscal year.

The City's response to the noncompliance findings identified in our audit is described above. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

The results of our auditing procedures identified a matter involving internal control over compliance, which we are submitting for your consideration.

Internal control finding and recommendation:

As noted in the *Other Matters* section above, we noted that the City's general fund balance at June 30, 2023 was in excess of legally established limits. We recommend that the City enhance controls to ensure that fund balances are reviewed prior to the end of each fiscal year, and that transfers are budgeted for and executed by year-end to reduce the general fund balance to within allowable legal limits.

Responsible Official's Response:

Management will take steps needed to bring the general fund balance into compliance with legally established limits as soon as practicable by budgeting and executing a transfer from the general fund to the capital projects fund or another appropriate fund to reduce the general fund balance to within allowable legal limits. Further, management will enhance controls and procedures to ensure that fund balances are reviewed prior to the end of each fiscal year.

The City's response to the internal control over compliance matters identified in our audit is described above. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Squire & Company, PC

Salt Lake City, Utah
February 8, 2024