



**The City of
South Salt Lake
State of Utah**

**Annual Comprehensive
Financial Report**

**For Fiscal Year Ended
June 30, 2024**



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, 2024

Prepared By:
South Salt Lake Finance Department

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Introductory Section



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South Salt Lake City, UT 84115-3200
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February 20, 2025

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, 2024.

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, 2024, 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, 2024, 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 12 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. During FY 2023, sales tax revenue experienced a modest decrease as a result of commercial business attrition offset by new business growth in the city.

In 2023, the City Council voted to accept the certified tax rates of 0.1426% and 0.0955% for the general levy property tax and the public safety service levy property tax, respectively. Unfavorable interest rates and a cautious lending market on new development led to a slow new construction market. Because most growth in property tax revenues originates from new development, property tax revenues were flat.

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 \$3,468,000 in FY 2024 to partially offset costs incurred to provide public safety services to the homeless center. The city has been authorized to receive approximately \$3,311,000 in FY 2025 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. 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 was 0.0955% and generated approximately \$4,100,000 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 the majority of 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. As of year-end, the City has a reserve of approximately \$6.5 million of Class “C” funds.

In addition, the City receives revenue from a county option transportation sales tax and from a County Highway Road tax. These funds are also available to use to fund road and transportation projects. As of year-end, the City has a reserve of approximately \$4.2 million and \$2.1 million, respectively.

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 2024. 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 \$1,771,585 and a net pension liability of \$5,299,646 as of June 30, 2024. 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 public safety (\$3,847,000) and public improvements (\$1,936,000).

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 6,830 hours of service, valued at more than \$220,000.

Sales tax revenue, including the City Option Sales Tax, decreased by approximately \$1.2 million when compared to FY 2023. This amount represents an approximate decrease of 5.5%. This decrease is mainly due to a large retailer relocating their operations outside the city. However, the total effect on sales tax revenues was significantly offset by other businesses either opening in the City or favorable increases in sales for many other large businesses located in the City. The city anticipates that sales tax revenue will remain flat for the first half of FY 2025 and then increase slightly during the last half of the year as new businesses come online.

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, 2023. This was the twentieth 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, 2023

Christopher P. Morill

Executive Director/CEO

**City of South Salt Lake
Principal Officials
June 30, 2024**



Cherie Wood, Mayor



Charee Peck
Chief of Staff



Josh Collins
City Attorney



Ariel Andrus
City Recorder



Danielle Croyle
Chief of Police



Terry Addison
Fire Chief



Craig Giles
Public Works



Lisa Forrester
Court Administrator



Kelli Meranda
Promise SSL



Crystal Makin, CPA
Finance Director



Chris Merket
City Engineer



Jonathan Weidenhamer
Community Development



Sharen Hauri
Neighborhoods



Aaron Wiet
Recreation

**City of South Salt Lake
Principal Officials, continued
June 30, 2024**

City Council



Leanne Huff
District 1



Corey Thomas
District 2



Sharla Bynum
District 3



Nick Mitchell
District 4



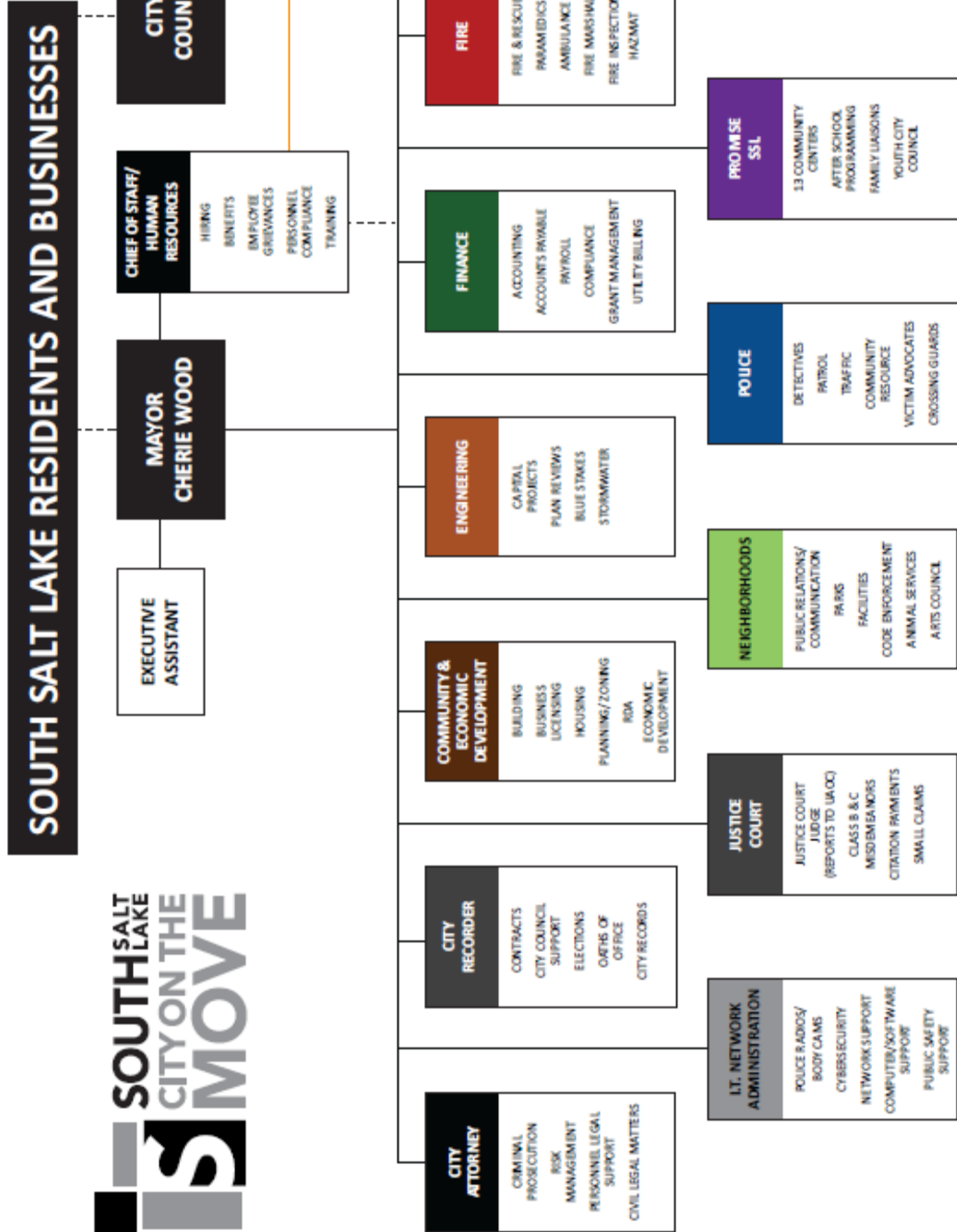
Paul Sanchez
District 5



Clarissa Williams
At Large



Natalie Pinckney
At Large



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, 2024, 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, 2024, 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 20, 2025, 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 20, 2025

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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, 2024. 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 \$136,039,643 (*net position*). Of this amount, \$45,117,600 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 \$9,945,410 mainly due to increases in property taxes for 2024.
- As of the close of the current fiscal year, the City of South Salt Lake's governmental funds reported combined fund balances of \$53,786,854, a decrease of \$372,416 in comparison with the prior year. Approximately 37% of this amount (\$19,678,562) 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 \$19,678,562, or approximately 89% of total general fund expenditures.
- The City expended approximately \$3,493,000 in federal grants and awards during the fiscal year. This represents a decrease of approximately \$2,784,000 (44%) when compared to fiscal year 2023. The decrease is mainly due to decreases in amounts expended during the current fiscal year from the U.S. Department of Environmental Quality Clean Water State Revolving Fund, as well as the drop-off of non-recurring grant funds received from the U.S. Department of Treasury in connection with Coronavirus State and Local Fiscal Recovery Funds.
- Long-term debt (including obligation under CVWRF bonds) decreased by approximately \$1,017,338 during the fiscal year. This net decrease is mainly due to scheduled debt service on existing revenue bonds and financed purchases.
- During fiscal year 2024, 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 \$3,453,000 was received and used to retain the required police officers and emergency medical personnel.
- 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 2024, the City expended approximately \$3,423,495 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 55-60 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 \$136,039,643 at the close of the most recent fiscal year.

City of South Salt Lake's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 77,449,604	\$ 75,868,862	\$ 6,574,562	\$ 6,435,529	\$ 84,024,166	\$ 82,304,391
Capital assets	63,062,343	59,475,741	14,070,554	11,920,011	77,132,897	71,395,752
Total assets	140,511,947	135,344,603	20,645,116	18,355,540	161,157,063	153,700,143
Total deferred outflows of resources	7,896,066	5,396,439	322,762	265,700	8,218,828	5,662,139
Other liabilities	8,578,763	9,302,793	1,350,506	640,979	9,929,269	9,943,772
Long-term liabilities outstanding	14,786,885	14,563,390	8,382,453	8,635,727	23,169,338	23,199,117
Total liabilities	23,365,648	23,866,183	9,732,959	9,276,706	33,098,607	33,142,889
Total deferred inflows of resources	234,173	121,981	3,468	3,179	237,641	125,160
Net position:						
Net investment in capital assets	61,732,009	58,160,252	14,070,554	11,920,011	75,802,563	70,080,263
Restricted	14,003,881	11,897,832	1,115,599	1,928,940	15,119,480	13,826,772
Unrestricted	49,072,302	46,694,794	(3,954,702)	(4,507,596)	45,117,600	42,187,198
Total net position	\$ 124,808,192	\$ 116,752,878	\$ 11,231,451	\$ 9,341,355	\$ 136,039,643	\$ 126,094,233

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% (\$45,117,600) 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 \$(3,954,702) as compared to the prior year of \$(4,507,596). This change in unrestricted net position is mainly due to a net change in the equity investment related to the City's joint venture with CVWRF.

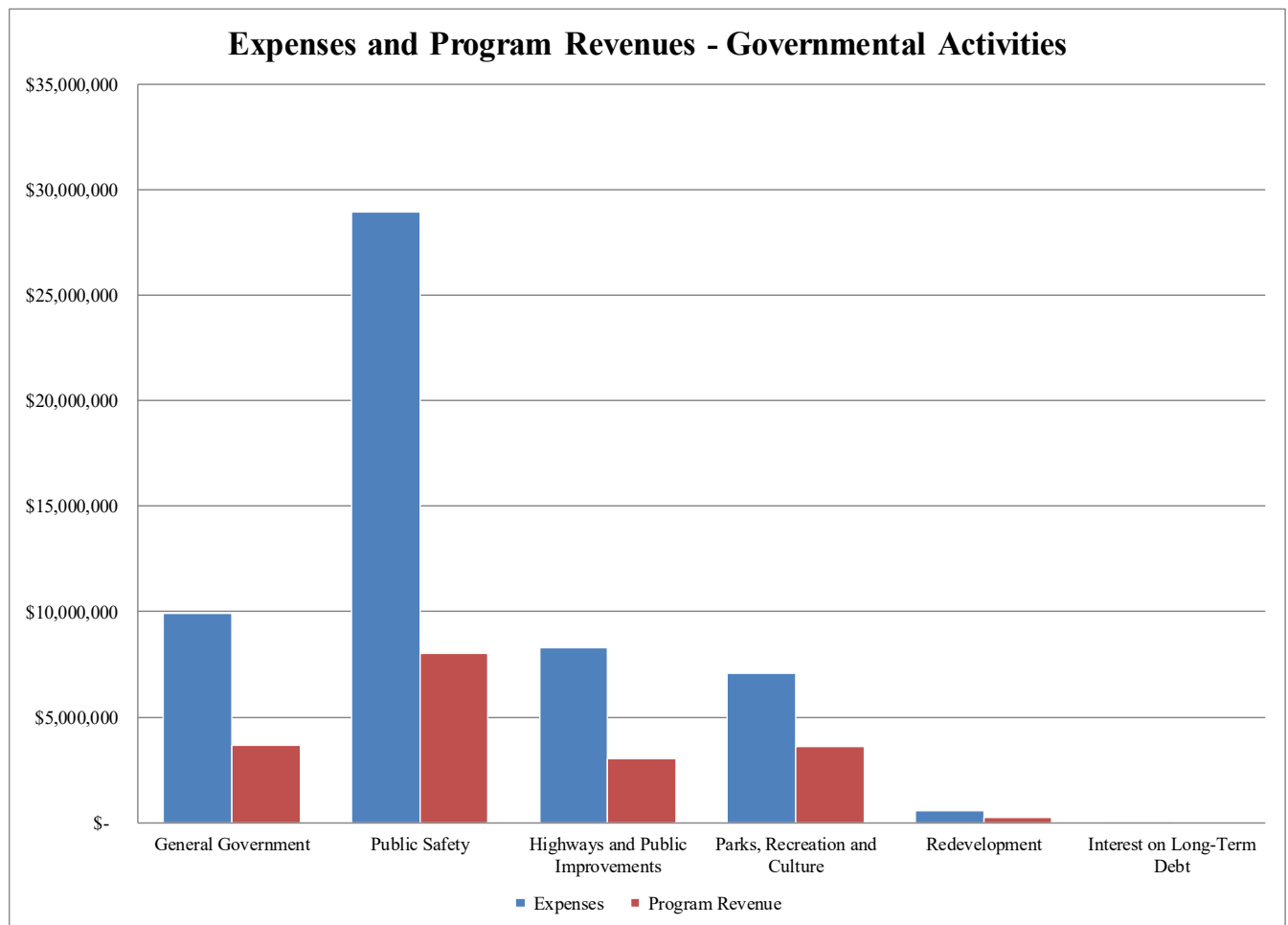
The City of South Salt Lake's overall net position increased \$9,945,410 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities

During the current fiscal year, net position for governmental activities increased \$8,055,314 from the prior fiscal year for an ending balance of \$124,808,192. The increase in the overall net position of governmental activities is primarily due to an increase in property taxes and other revenues, while maintaining a conservative approach to spending.

City of South Salt Lake's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 7,075,476	\$ 7,635,517	\$ 9,009,270	\$ 8,052,794	\$ 16,084,746	\$ 15,688,311
Operating grants and contributions	9,315,345	9,361,460	-	-	9,315,345	9,361,460
Capital grants and contributions	2,117,550	4,166,926	1,176,000	162,884	3,293,550	4,329,810
General revenues:						
Property taxes	15,707,747	13,500,338	-	-	15,707,747	13,500,338
Sales taxes	21,499,264	22,684,954	-	-	21,499,264	22,684,954
Other taxes	3,563,587	3,692,990	-	-	3,563,587	3,692,990
Other	3,596,066	1,823,988	66,057	35,098	3,662,123	1,859,086
Total revenues	62,875,035	62,866,173	10,251,327	8,250,776	73,126,362	71,116,949
Expenses:						
General government	9,914,772	8,096,248	-	-	9,914,772	8,096,248
Public safety	28,954,563	26,105,415	-	-	28,954,563	26,105,415
Highways and public improvements	8,274,274	6,008,505	-	-	8,274,274	6,008,505
Parks, recreation and culture	7,067,886	5,386,984	-	-	7,067,886	5,386,984
Redevelopment	553,156	283,247	-	-	553,156	283,247
Interest on long-term debt	55,070	134,114	-	-	55,070	134,114
Water utility	-	-	3,457,042	3,072,403	3,457,042	3,072,403
Sewer utility	-	-	3,522,929	5,351,741	3,522,929	5,351,741
Storm water utility	-	-	828,915	552,119	828,915	552,119
Solid waste collection	-	-	552,345	598,832	552,345	598,832
Total expenses	54,819,721	46,014,513	8,361,231	9,575,095	63,180,952	55,589,608
Increase (decrease) in net position before transfers	8,055,314	16,851,660	1,890,096	(1,324,319)	9,945,410	15,527,341
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	8,055,314	16,851,660	1,890,096	(1,324,319)	9,945,410	15,527,341
Net position - beginning	116,752,878	99,901,218	9,341,355	10,665,674	126,094,233	110,566,892
Net position - ending	\$ 124,808,192	\$ 116,752,878	\$ 11,231,451	\$ 9,341,355	\$ 136,039,643	\$ 126,094,233



Business-type Activities

For the City of South Salt Lake’s business-type activities, overall net position increased to an ending balance of \$11,231,451. The total increase in net position for business-type activities was \$1,890,096 from the prior fiscal year. This overall increase in net position is due in part to the City recognizing government grant revenue in connection with forgivable loan draws in the sewer fund in the amount of \$1,176,000, as well as from an increase of approximately \$959,000 in the storm water fund’s net position.

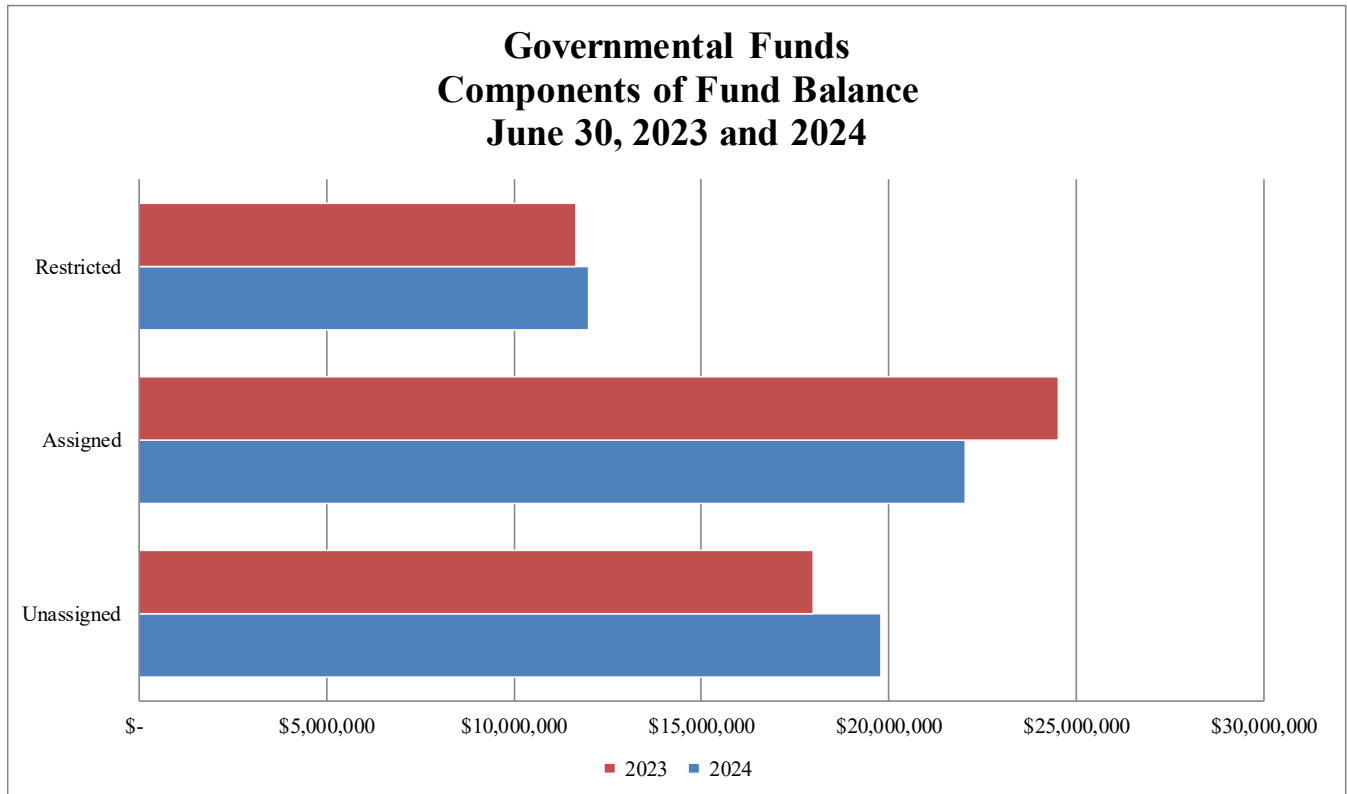
Financial Analysis of the Government’s Funds

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, 2024, the City of South Salt Lake’s governmental funds reported combined fund balances of \$53,786,854, a decrease of (\$372,416) in comparison with the prior year. Approximately 46% of this amount (\$19,678,562) 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 (\$11,982,296) or 2) assigned by the city council for particular purposes (\$22,021,760).



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 \$19,678,562 and \$24,940,901, 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 90% of total general fund expenditures. This is in part 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 in fiscal year 2023. 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 \$2,420,837 during the current fiscal year. This increase is primarily due to an increase in sales tax revenues, as well as property taxes resulting from a recently 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 2025 (property taxes receivable).

The capital projects fund, a major governmental fund, had a (\$3,079,762) decrease in fund balance during the current fiscal year. Assigned fund balance decreased by (\$2,783,255) and restricted fund balance decreased by (\$296,507). The decrease in assigned fund balance is mainly due to a decrease in the allocation of sales tax to the capital projects fund, as well as a decrease in intergovernmental revenues.

The decrease in restricted fund balance is the result of a decrease in restricted intergovernmental funds received during the year.

During the prior fiscal 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. The PSS fund balance decreased by (\$762,868) to an ending fund balance of \$2,347,919, all of which is assigned fund balance.

The redevelopment agency had an increase in fund balance during the current year of \$1,049,377 to bring the year end fund balance to \$5,143,191. The increase is mainly due to decreases in expenditures and a transfer in from the general fund in the amount of \$1,191,895.

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, 2024 was (\$3,419,627), a decrease of (\$2,095,076). The decrease was mainly due to a significant increase in investment in capital assets. The decrease in net position was funded in part through an additional interfund obligation incurred in the amount of \$1,026,772 that will be paid for through future operations, and an increase in amounts due to the general fund.

Unrestricted net position of the Sewer Utility Fund at the end of the year was \$(1,440,163), an increase of \$1,963,037. The increase was mainly due to the receipt of governmental grant revenues in the amount of \$1,176,000.

During the prior 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 2024, the fund was classified as a nonmajor fund for purposes of financial statement presentation.

General Fund Budgetary Highlights

Original budget compared to final budget

During the year, amendments to the budget were made, increasing budgeted revenues from the original budget in the amount of approximately \$824,000. Additionally, amendments were made to the budget, increasing budgeted expenditures in the general fund by approximately \$40,000 from the original budget. These increases in budgeted revenue were primarily associated with increases in interest revenue receipts.

Final budget compared to actual results

The General fund's actual recognized revenue was \$245,379 less than budgeted. Revenue overages in taxes and interest, were offset by shortages in licenses and permits, intergovernmental, charges for services, and other miscellaneous revenues. Below is a summary of the differences by category of the general funds final budgeted revenues compared to actual revenues.

	Budgeted	Actual	Difference
Taxes	\$ 11,805,710	\$ 14,684,303	\$ 2,878,593
Licenses and permits	2,656,000	2,263,799	(392,201)
Intergovernmental	6,926,259	4,114,332	(2,811,927)
Charges for services	934,000	541,149	(392,851)
Fines and forfeitures	741,309	773,885	32,576
Investment earnings	1,013,300	1,958,542	945,242
Rental income	252,000	296,180	44,180
Miscellaneous revenues	1,503,815	954,824	(548,991)
Total	<u>\$ 25,832,393</u>	<u>\$ 25,587,014</u>	<u>\$ (245,379)</u>

During the year, the general fund expenditures were approximately \$4,400,000 less than budgeted. Most departmental expenditures were significantly under budget, while a few departments, including City Hall building, engineering, public assets, and community events were slightly over budget. Department directors strive to be conservative and careful when expending public funds.

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, 2024, amounted to \$77,132,897 (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 8%.

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

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 12,736,662	\$ 12,254,857	\$ 1,814,939	\$ 396,214	\$ 14,551,601	\$ 12,651,071
Buildings	10,843,993	10,801,302	1,035,072	969,788	11,879,065	11,771,090
Improvements	6,618,279	6,011,264	8,396,768	7,675,758	15,015,047	13,687,022
Machinery and equipment	12,649,836	10,446,773	2,626,844	2,101,007	15,276,680	12,547,780
Infrastructure	18,622,910	15,602,999	-	-	18,622,910	15,602,999
Construction in progress	1,590,663	4,358,546	196,931	777,244	1,787,594	5,135,790
Total	<u>\$ 63,062,343</u>	<u>\$ 59,475,741</u>	<u>\$ 14,070,554</u>	<u>\$ 11,920,011</u>	<u>\$ 77,132,897</u>	<u>\$ 71,395,752</u>

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

- Improvements to city hall of \$361,541 which included new HVAC units, remodeling of department space throughout the building, and security improvements.
- Continuing design and site preparation for a new public works campus, to be built over the next 2-3 years, in the amount of \$320,312.
- Ongoing restoration and remodeling of the Historic Scott School, in the amount of \$562,919, partially funded with a community development block grant.

- Completion of the reconstruction of 500 West, in the amount of \$1,578,986 and beginning the reconstruction of 700 West, expending \$491,343. The 700 West project will be completed during FY25.
- Police vehicle purchases of \$1,028,457.
- Various departmental vehicle and heavy equipment purchases of \$1,145,197.

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 \$17,135,109. The debt represents 1) bonds secured solely by specified revenue sources, and 2) a fire truck lease. The City of South Salt Lake's outstanding debt decreased by \$1,017,338 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 additional draws on the City's Sewer Revenue Bonds.

City of South Salt Lake's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Excise tax revenue bonds, net	\$ 7,420,230	\$ 8,440,362	\$ -	\$ -	\$ 7,420,230	\$ 8,440,362
Water/sewer revenue bonds	-	-	4,407,122	3,883,122	4,407,122	3,883,122
Obligation under CVWRF bonds	-	-	4,207,329	4,513,474	4,207,329	4,513,474
Financed purchase of fire truck	1,100,428	1,315,489	-	-	1,100,428	1,315,489
Total	<u>\$ 8,520,658</u>	<u>\$ 9,755,851</u>	<u>\$ 8,614,451</u>	<u>\$ 8,396,596</u>	<u>\$ 17,135,109</u>	<u>\$ 18,152,447</u>

Additional information on the City of South Salt Lake's long-term debt can be found in Note 7.

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 2024, sales tax revenues were \$21,499,264, approximately \$1.2 million less than in fiscal year 2023. The decrease is due to the relocation of a large retailer outside the city, tempered by the influx of new businesses and increased sales in other established retailers throughout the city. National and local trends indicate economic activity, which includes taxable sales, will continue to modestly increase in fiscal year 2025. 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 2024, property tax revenues were similar to the prior year. Combined property tax revenues were \$11,770,616, which represents a decrease of \$568,126 over fiscal year 2023. In August 2024, the City Council passed a property tax rate increase that was designed to rebalance property tax revenues and to prevent the erosion of property tax revenues through the certified tax calculation process. General property tax revenue is expected to increase modestly due to the added valuation of recent construction projects that have been, or will be, completed within the next year.

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 2025. 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 if actual revenues do not meet expectations. The City's FY 2025 general fund budget reflects an increase of approximately \$4.0 million from the FY 2024 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 2025, some budgeted equipment acquisitions and infrastructure projects include:

- \$2,000,000 for a streetscape project using grant funds.
- \$2,000,000 for property acquisitions to support city parks, communities, and infrastructure.
- \$760,000 for design, expansion, and construction of city parks.
- \$1,500,000 for streetlighting improvements.
- \$4,315,000 for road construction projects.

During FY2025, the City obtained a bond, secured by sales tax revenue, of approximately \$40 million. The purpose of the bond is to build a new public works campus. The campus will be built on the same site as the old campus and is the result of several years of fiscal conservatism, planning, and strategic acquisition of surrounding properties needed to develop a campus that will meet the City's needs for the extended future. Construction is set to begin in the spring of 2025.

The biggest economic factor the City will face in FY 2025 is the continued volatility of the economy. While economists predict a general normalizing of inflation and various other economic factors during 2025, the national political environment, along with international economic factors could have an unpredictable impact on the local economy. 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, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 30,757,060	\$ 1,604,401	\$ 32,361,461
Taxes receivable	15,557,761	-	15,557,761
Accounts receivable - net	-	1,357,527	1,357,527
Miscellaneous receivables	208,589	-	208,589
Internal balances	6,854,233	(6,854,233)	-
Intergovernmental receivable	6,113,692	28,548	6,142,240
Property acquired for redevelopment	3,097,646	-	3,097,646
Investment in joint venture	-	10,372,925	10,372,925
Restricted cash and cash equivalents	8,089,038	65,394	8,154,432
Notes receivable	5,000,000	-	5,000,000
Net pension asset	1,771,585	-	1,771,585
Capital assets not being depreciated:			
Land	12,736,662	1,814,939	14,551,601
Construction in progress	1,590,663	196,931	1,787,594
Capital assets net of accumulated depreciation:			
Buildings	10,843,993	1,035,072	11,879,065
Improvements	6,618,279	8,396,768	15,015,047
Machinery and equipment	12,649,836	2,626,844	15,276,680
Infrastructure	18,622,910	-	18,622,910
Total assets	<u>140,511,947</u>	<u>20,645,116</u>	<u>161,157,063</u>
Deferred Outflows of Resources:			
Deferred outflows of resources relating to pensions	<u>7,896,066</u>	<u>322,762</u>	<u>8,218,828</u>
Total deferred outflows of resources	<u>7,896,066</u>	<u>322,762</u>	<u>8,218,828</u>

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

CITY OF SOUTH SALT LAKE
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2024

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable and accrued liabilities	\$ 3,348,663	\$ 786,354	\$ 4,135,017
Deposits payable	3,586,774	40,296	3,627,070
Accrued interest	44,867	-	44,867
Unearned revenues	386,098	-	386,098
Noncurrent liabilities:			
Due within one year	1,212,361	523,856	1,736,217
Due in more than one year	14,786,885	8,382,453	23,169,338
Total liabilities	<u>23,365,648</u>	<u>9,732,959</u>	<u>33,098,607</u>
Deferred Inflows of Resources:			
Deferred inflows of resources relating to pensions	<u>234,173</u>	<u>3,468</u>	<u>237,641</u>
Total deferred inflows of resources	<u>234,173</u>	<u>3,468</u>	<u>237,641</u>
Net Position:			
Net investment in capital assets	61,732,009	14,070,554	75,802,563
Restricted for:			
Capital projects	12,232,296	1,050,563	13,282,859
Net pension asset	1,771,585	-	1,771,585
Debt service	-	65,036	65,036
Unrestricted	<u>49,072,302</u>	<u>(3,954,702)</u>	<u>45,117,600</u>
Total net position	<u>\$ 124,808,192</u>	<u>\$ 11,231,451</u>	<u>\$ 136,039,643</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, 2024

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	\$ 9,914,772	\$ 3,150,616	\$ 488,905	\$ -	\$ (6,275,251)	\$ -	\$ (6,275,251)
Public safety	28,954,563	3,564,027	4,409,854	34,317	(20,946,365)	-	(20,946,365)
Highways and public improvements	8,274,274	-	1,124,629	1,898,769	(5,250,876)	-	(5,250,876)
Parks, recreation and culture	7,067,886	109,350	3,291,957	184,464	(3,482,115)	-	(3,482,115)
Redevelopment	553,156	251,483	-	-	(301,673)	-	(301,673)
Interest on long-term debt	55,070	-	-	-	(55,070)	-	(55,070)
Total governmental activities	54,819,721	7,075,476	9,315,345	2,117,550	(36,311,350)	-	(36,311,350)
Business-type activities:							
Water utility	3,457,042	2,950,727	-	-	-	(506,315)	(506,315)
Sewer utility	3,522,929	3,628,155	-	1,176,000	-	1,281,226	1,281,226
Storm water utility	828,915	1,788,240	-	-	-	959,325	959,325
Solid waste collection	552,345	642,148	-	-	-	89,803	89,803
Total business-type activities	8,361,231	9,009,270	-	1,176,000	-	1,824,039	1,824,039
Total Primary Government	\$ 63,180,952	\$ 16,084,746	\$ 9,315,345	\$ 3,293,550	(36,311,350)	1,824,039	(34,487,311)
General revenues:							
Property taxes					15,707,747	-	15,707,747
Sales taxes					21,499,264	-	21,499,264
Energy sales and use taxes					3,512,707	-	3,512,707
Transient room taxes					50,880	-	50,880
Unrestricted investment earnings					2,262,866	66,057	2,328,923
Gain on sale of capital assets					1,333,200	-	1,333,200
Total General Revenues and Transfers					44,366,664	66,057	44,432,721
Change in Net Position					8,055,314	1,890,096	9,945,410
Net Position - Beginning					116,752,878	9,341,355	126,094,233
Net Position - Ending					\$ 124,808,192	\$ 11,231,451	\$ 136,039,643

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

CITY OF SOUTH SALT LAKE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Capital Projects Fund	Public Safety Service Special Revenue Fund	Redevelopment Agency	Leased Equipment Debt Service Fund (nonmajor)	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 6,931,866	\$ 21,454,042	\$ -	\$ 1,796,229	\$ -	\$ 30,182,137
Receivables (net):						
Taxes	9,491,031	268,998	9,094,896	-	-	18,854,925
Miscellaneous	92,563	-	172,123	11,790	-	276,476
Due from other funds	12,783,414	-	-	-	-	12,783,414
Intergovernmental receivable	1,874,540	9,943	759,922	-	-	2,644,405
Notes receivable	-	-	-	5,000,000	-	5,000,000
Prepays	104,236	-	-	-	-	104,236
Property acquired for redevelopment	-	-	-	3,097,646	-	3,097,646
Cash and cash equivalents - restricted	8,089,030	-	-	8	-	8,089,038
Total assets	<u>\$ 39,366,680</u>	<u>\$ 21,732,983</u>	<u>\$ 10,026,941</u>	<u>\$ 9,905,673</u>	<u>\$ -</u>	<u>\$ 81,032,277</u>
Liabilities, Deferred in Flows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable	\$ 904,269	\$ 378,140	\$ 202,426	\$ 12,482	\$ -	\$ 1,497,317
Salaries/payroll payables	1,152,286	-	699,060	-	-	1,851,346
Deposits	3,586,774	-	-	-	-	3,586,774
Due to other funds	-	-	1,151,927	4,750,000	-	5,901,927
Unearned revenue	386,098	-	-	-	-	386,098
Total liabilities	<u>6,029,427</u>	<u>378,140</u>	<u>2,053,413</u>	<u>4,762,482</u>	<u>-</u>	<u>13,223,462</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	<u>8,396,352</u>	<u>-</u>	<u>5,625,609</u>	<u>-</u>	<u>-</u>	<u>14,021,961</u>
Total deferred inflows of resources	<u>8,396,352</u>	<u>-</u>	<u>5,625,609</u>	<u>-</u>	<u>-</u>	<u>14,021,961</u>
Fund Balances:						
Nonspendable	104,236	-	-	-	-	104,236
Restricted for:						
Road projects	5,158,103	6,340,499	-	-	-	11,498,602
Other capital projects	-	483,694	-	-	-	483,694
Assigned to:						
Debt service	-	-	-	326,572	-	326,572
Redevelopment	-	-	-	4,816,619	-	4,816,619
Other capital projects	-	14,530,650	2,347,919	-	-	16,878,569
Unassigned	<u>19,678,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,678,562</u>
Total fund balances	<u>24,940,901</u>	<u>21,354,843</u>	<u>2,347,919</u>	<u>5,143,191</u>	<u>-</u>	<u>53,786,854</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 39,366,680</u>	<u>\$ 21,732,983</u>	<u>\$ 10,026,941</u>	<u>\$ 9,905,673</u>	<u>\$ -</u>	<u>\$ 81,032,277</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, 2024

Total fund balances – governmental funds	\$ 53,786,854
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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.	63,062,343
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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.	4,133,832
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Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	14,021,961
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(10,744,467)
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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.	<u>547,669</u>
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Net position of governmental activities	<u><u>\$ 124,808,192</u></u>
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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, 2024

	General Fund	Capital Projects Fund	Public Safety Service Special Revenue Fund	Redevelopment Agency	Leased Equipment Debt Service Fund (nonmajor)	Total Governmental Funds
Revenues:						
Property taxes	\$ 3,681,971	\$ -	\$ 8,697,422	\$ 636,737	\$ -	\$ 13,016,130
Sales taxes	7,438,745	3,278,371	10,782,148	-	-	21,499,264
Other taxes	3,563,587	-	-	-	-	3,563,587
Licenses and permits	2,263,799	-	-	-	-	2,263,799
Intergovernmental	4,114,332	1,936,831	3,847,264	-	-	9,898,427
Charges for services	541,149	-	2,738,991	-	-	3,280,140
Fines	773,885	-	-	-	-	773,885
Investment earnings	1,958,542	270,487	1,591	-	-	2,230,620
Rental income	296,180	-	-	4,043	-	300,223
Impact fees	-	184,464	-	-	-	184,464
Miscellaneous	954,824	31,437	43,764	250,000	-	1,280,025
Total revenues	25,587,014	5,701,590	26,111,180	890,780	-	58,290,564
Expenditures:						
Current:						
General government	8,331,659	-	-	632,993	-	8,964,652
Public safety	-	-	26,874,048	-	-	26,874,048
Highways and public improvements	6,888,913	-	-	-	-	6,888,913
Parks, recreation and culture	6,785,575	-	-	-	-	6,785,575
Redevelopment	-	-	-	400,305	-	400,305
Debt service:						
Principal	-	-	-	820,000	215,061	1,035,061
Interest and fiscal charges	-	-	-	289,255	20,781	310,036
Capital outlay:						
General government	-	2,956,222	-	-	-	2,956,222
Public safety	-	2,077,826	-	-	-	2,077,826
Highways and public improvements	50,775	3,468,479	-	-	-	3,519,254
Parks, recreation and culture	-	157,636	-	-	-	157,636
Total expenditures	22,056,922	8,660,163	26,874,048	2,142,553	235,842	59,969,528
Excess (deficiency) of revenues over (under) expenditures	3,530,092	(2,958,573)	(762,868)	(1,251,773)	(235,842)	(1,678,964)
Other Financing Sources (Uses):						
Transfers	(1,109,255)	(235,842)	-	1,109,255	235,842	-
Net proceeds from the sale of property acquired for redevelopment	-	-	-	1,191,895	-	1,191,895
Proceeds from sale of capital assets	-	114,653	-	-	-	114,653
Total other financing sources (uses)	(1,109,255)	(121,189)	-	2,301,150	235,842	1,306,548
Net Change in Fund Balances	2,420,837	(3,079,762)	(762,868)	1,049,377	-	(372,416)
Fund Balances – Beginning	22,520,064	24,434,605	3,110,787	4,093,814	-	54,159,270
Fund Balances – Ending	\$ 24,940,901	\$ 21,354,843	\$ 2,347,919	\$ 5,143,191	\$ -	\$ 53,786,854

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, 2024

Net change in fund balances – total governmental funds	\$ (372,416)
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.	3,559,950
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	26,652
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	3,250,462
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.	1,035,061
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.	503,047
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>52,558</u>
Change in net position of governmental activities	<u><u>\$ 8,055,314</u></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, 2024

	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	\$ -	\$ 869,767	\$ 734,634	\$ 1,604,401	\$ 574,923
Accounts receivable, net	651,810	308,312	397,405	1,357,527	-
Due from other governments	28,548	-	-	28,548	-
Total current assets	680,358	1,178,079	1,132,039	2,990,476	574,923
Noncurrent assets:					
Restricted cash and cash equivalents	-	65,394	-	65,394	-
Capital assets:					
Land	1,720,823	94,116	-	1,814,939	-
Buildings	1,700,697	1,116,435	-	2,817,132	-
Improvements	14,234,757	5,341,805	451,733	20,028,295	-
Machinery and equipment	5,141,488	1,187,056	366,630	6,695,174	-
Construction in progress	196,931	-	-	196,931	-
Less: accumulated depreciation	(13,292,420)	(4,158,160)	(31,337)	(17,481,917)	-
Equity investment in joint venture	-	10,372,925	-	10,372,925	-
Total noncurrent assets	9,702,276	14,019,571	787,026	24,508,873	-
Total assets	10,382,634	15,197,650	1,919,065	27,499,349	574,923
Deferred Outflows of Resources:					
Deferred outflows of resources relating to pensions	244,752	78,010	-	322,762	-
Total deferred outflows of resources	244,752	78,010	-	322,762	-

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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Nonmajor Funds	Total	
Liabilities:					
Current liabilities:					
Accounts payable	\$ 175,595	\$ 507,008	\$ 48,440	\$ 731,043	\$ -
Salaries payable	32,471	8,994	13,846	55,311	-
Compensated absences	12,050	458	348	12,856	-
Revenue bonds payable - current portion	-	511,000	-	511,000	-
Due to other funds	3,500,362	3,257,962	86,651	6,844,975	36,512
Total current liabilities	3,720,478	4,285,422	149,285	8,155,185	36,512
Noncurrent liabilities:					
Customer deposits payable	40,296	-	-	40,296	-
Compensated absences	59,619	16,494	18,408	94,521	-
Net pension liability	140,983	43,498	-	184,481	-
Revenue bonds payable	-	3,896,122	-	3,896,122	-
Obligation under Central Valley bonds	-	4,207,329	-	4,207,329	-
Total noncurrent liabilities	240,898	8,163,443	18,408	8,422,749	-
Total liabilities	3,961,376	12,448,865	167,693	16,577,934	36,512
Deferred Inflows of Resources:					
Deferred inflows of resources relating to pensions	2,669	799	-	3,468	-
Total deferred inflows of resources	2,669	799	-	3,468	-
Net Position:					
Net investment in capital assets	9,702,276	3,581,252	787,026	14,070,554	-
Restricted for capital projects	380,692	619,871	-	1,000,563	-
Restricted for debt service	-	65,036	-	65,036	-
Unrestricted	(3,419,627)	(1,440,163)	964,346	(3,895,444)	538,411
Total net position	\$ 6,663,341	\$ 2,825,996	\$ 1,751,372	11,240,709	\$ 538,411
Adjustment to Reflect The Consolidation of Internal Service Fund Activities Related to Enterprise Funds				(9,258)	
Net Position of Business-Type Activities				\$ 11,231,451	

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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Nonmajor Funds	Total	
Operating Revenues:					
Water sales	\$ 2,795,358	\$ -	\$ -	\$ 2,795,358	\$ -
Sewer service charges	-	3,446,978	-	3,446,978	-
Solid waste collection fees	-	-	642,347	642,347	-
Storm water fees	-	-	1,788,240	1,788,240	-
Connection fees	10,386	1,038	-	11,424	-
Other services	105,700	127,684	20,335	253,719	1,290,000
Total operating revenues	2,911,444	3,575,700	2,450,922	8,938,066	1,290,000
Operating Expenses:					
Employee salaries	859,450	324,685	340,749	1,524,884	-
Employee benefits	413,191	158,572	171,613	743,376	-
Professional services	205,250	14,368	-	219,618	-
Supplies	64,175	11,705	14,481	90,361	-
Utilities	143,281	32,474	3,850	179,605	-
Equipment supplies and maintenance	340,938	27,927	43,411	412,276	-
Repairs and maintenance	203,444	283,760	249,726	736,930	-
Depreciation	631,954	172,573	30,782	835,309	-
Net change in equity investment in joint venture	-	1,061,651	-	1,061,651	-
Central Valley sewer treatment costs	-	1,218,579	-	1,218,579	-
Water purchases	444,503	-	-	444,503	-
Waste collection contract	-	-	462,332	462,332	-
Sundry expense	92,393	24,701	68,099	185,193	-
Insurance	51,000	34,000	13,000	98,000	1,268,018
Furniture and equipment	8,332	-	3,973	12,305	-
Total operating expenses	3,457,911	3,364,995	1,402,016	8,224,922	1,268,018
Operating Income (Loss)	(546,467)	210,705	1,048,906	713,144	21,982
Nonoperating Revenues (Expenses):					
Interest revenue	7,828	58,229	-	66,057	32,246
Interest expense and fiscal charges	-	(158,513)	-	(158,513)	-
Impact fees	39,283	52,455	-	91,738	-
Government grants	-	1,176,000	-	1,176,000	-
Total nonoperating revenues (expenses)	47,111	1,128,171	-	1,175,282	32,246
Income (Loss) Before Transfers	(499,356)	1,338,876	1,048,906	1,888,426	54,228
Transfers	-	-	-	-	-
Change in Net Position	(499,356)	1,338,876	1,048,906	1,888,426	54,228
Net Position – Beginning	7,162,697	1,487,120	702,466	9,352,283	484,183
Net Position – Ending	\$ 6,663,341	\$ 2,825,996	\$ 1,751,372		\$ 538,411
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				1,670	
Changes in Net Position of Business-Type Activities				\$ 1,890,096	

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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Nonmajor Funds	Total	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 5,298,166	\$ 3,744,461	\$ 2,372,839	\$ 11,415,466	\$ 1,326,512
Payments to suppliers	(1,750,085)	(1,050,105)	(917,900)	(3,718,090)	(1,268,115)
Payments to employees	(1,302,551)	(498,991)	(522,885)	(2,324,427)	-
Purchase of additional investment in joint venture	-	(3,638,990)	-	(3,638,990)	-
Net cash provided (used) by operating activities	2,245,530	(1,443,625)	932,054	1,733,959	58,397
Cash Flows from Capital and Related Financing Activities:					
Impact fees received	39,283	52,455	-	91,738	-
Proceeds from capital grants	-	1,176,000	-	1,176,000	-
Proceeds from capital debt	-	524,000	-	524,000	-
Acquisition and construction of capital assets	(2,292,641)	(296,786)	(396,425)	(2,985,852)	-
Interest paid on capital debt	-	(158,513)	-	(158,513)	-
Net cash used by capital and related financing activities	(2,253,358)	1,297,156	(396,425)	(1,352,627)	-
Cash Flows from Investing Activities:					
Interest received	7,828	58,229	-	66,057	32,246
Net cash provided by investing activities	7,828	58,229	-	66,057	32,246
Net Change in Cash and Cash Equivalents	-	(88,240)	535,629	447,389	90,643
Cash and Cash Equivalents – Beginning	-	1,023,401	199,005	1,222,406	484,280
Cash and Cash Equivalents – Ending	\$ -	\$ 935,161	\$ 734,634	\$ 1,669,795	\$ 574,923

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, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Nonmajor Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (546,467)	\$ 210,705	\$ 1,048,906	\$ 713,144	\$ 21,982
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	631,954	172,573	30,782	835,309	-
Net pension adjustment	(14,389)	1,482	-	(12,907)	-
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(60,297)	168,761	(78,083)	30,381	-
Due from other governments	(28,548)	-	-	(28,548)	-
Due from other funds	-	-	-	-	-
Investment in joint venture, net	-	(2,577,339)	-	(2,577,339)	-
Increase (decrease) in:					
Accounts payable and accrued liabilities	(212,290)	474,396	(69,551)	192,555	(97)
Due to other funds	2,473,590	105,797	-	2,579,387	36,512
Customer deposits	1,977	-	-	1,977	-
Total adjustments	2,791,997	(1,654,330)	(116,852)	1,020,815	36,415
Net cash provided (used) by operating activities	<u>\$ 2,245,530</u>	<u>\$ (1,443,625)</u>	<u>\$ 932,054</u>	<u>\$ 1,733,959</u>	<u>\$ 58,397</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.

The City of South Salt Lake Arts Council Inc. was created by the City during fiscal year 1998. The Arts Council is a non-profit organization with a tax designation of a 501(c)3 public charity organization. The purpose of the organization is to provide art to the City and support, encourage, and obtain funding for the arts in the City. The Arts Council is governed by a board of trustees who are selected from the community and art community. The Board also includes a representative from the City Council and the Mayor. The day-to-day operations of the Arts Council are overseen by employees of the City and the City provides funding for any approved operations that are not funded through programming or donations. Because of this, 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

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

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.

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, 2023, are as follows:

	<u>Beginning</u>	<u>Ending</u>
Cottonwood Improvement District	16.46 %	16.14 %
Mt. Olympus Improvement District	23.98	24.29
Granger-Hunter Improvement District	24.58	24.58
Kearns Improvement District	10.78	11.02
Murray City	8.10	7.91
City of South Salt Lake	5.22	5.08
Taylorsville-Bennion Improvement District	10.88	10.98
	<u>100.00 %</u>	<u>100.00 %</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, 2023 and for the year then ended is as follows (in thousands):

Total assets	\$ 514,448
Total net position	170,993
Revenue	24,718
Change in net position	17,163
The City's interest in:	
Equity	10,373
Net loss	(1,062)

During the current year, the City contributed \$3,451,533 for capital enhancements. The net amount of equity interest in Central Valley Water Reclamation Facility at June 30, 2024 is \$10,372,925 and is recorded in the Sewer Utility Fund. Costs associated with the joint venture for the year ended June 30, 2024 were \$2,280,230, which includes both operations and maintenance and the City's net change in equity investment in joint venture.

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

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>
2024	\$1,218,579	4.53%
2023	\$1,265,723	4.77%
2022	\$1,180,980	4.85%

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 *redevelopment agency* accounts for revenues derived from specific taxes which are designated to finance particular functions of the City. The Agency is reported as a special revenue fund.

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

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.

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.

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

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 financed purchases 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*.

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.

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

- 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.

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:

<u>Assets</u>	<u>Years</u>
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 \$14,021,961 at June 30, 2024. 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 \$4,133,832 difference are as follows:

Net pension asset	\$ 1,771,585
Deferred outflows of resources relating to pensions	7,896,066
Net pension liability	(5,299,646)
Deferred inflows of resources relating to pensions	<u>(234,173)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 4,133,832</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 \$10,744,467 difference are as follows:

Bonds payable	\$ (7,420,230)
Capital leases	(1,100,428)
Accrued interest payable	(44,867)
Compensated absences	<u>(2,178,942)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (10,744,467)</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 \$3,559,950 difference are as follows:

Capital outlay	\$ 7,697,914
Depreciation expense	<u>(4,137,964)</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>\$ 3,559,950</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 \$503,047 difference are as follows:

Compensated absences expense	\$ (202,023)
Pension expense	450,104
Interest expense	<u>254,966</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>\$ 503,047</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.

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.

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

Deposits

	Bank Balances	Book Balances
Cash on hand	\$ -	\$ 3,700
Cash on deposit	1,229,239	140,914
Total	<u>\$ 1,229,239</u>	<u>\$ 144,614</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, 2024, \$11,433,727 of the City’s bank balances of \$11,933,727 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, 2024, 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	\$ 10,704,488	\$ 10,704,488	\$ -	\$ -	\$ -
State of Utah Public Treasurer's Investment Fund	29,666,791	29,666,791	-	-	-
Total	\$ 40,371,279	\$ 40,371,279	\$ -	\$ -	\$ -

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, 2024, 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, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 12,254,857	\$ 481,805	\$ -	\$ 12,736,662
Construction in progress	4,358,546	3,431,669	(6,199,552)	1,590,663
Total capital assets not being depreciated	16,613,403	3,913,474	(6,199,552)	14,327,325
Capital assets being depreciated:				
Buildings	23,796,421	708,118	-	24,504,539
Improvements other than buildings	9,486,262	1,077,267	-	10,563,529
Machinery and equipment	25,658,002	4,499,364	(565,329)	29,592,037
Infrastructure	28,364,690	3,777,157	-	32,141,847
Total capital assets being depreciated	87,305,375	10,061,906	(565,329)	96,801,952
Less accumulated depreciation for:				
Buildings	(12,995,119)	(665,427)	-	(13,660,546)
Improvements other than buildings	(3,474,998)	(470,252)	-	(3,945,250)
Machinery and equipment	(15,211,229)	(2,245,039)	514,067	(16,942,201)
Infrastructure	(12,761,691)	(757,246)	-	(13,518,937)
Total accumulated depreciation	(44,443,037)	(4,137,964)	514,067	(48,066,934)
Total capital assets being depreciated, net	42,862,338	5,923,942	(51,262)	48,735,018
Governmental Activities Capital Assets, net	<u>\$ 59,475,741</u>	<u>\$ 9,837,416</u>	<u>\$ (6,250,814)</u>	<u>\$ 63,062,343</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 396,214	\$ 1,418,725	\$ -	\$ 1,814,939
Construction in progress	777,244	281,746	(862,059)	196,931
Total capital assets not being depreciated	1,173,458	1,700,471	(862,059)	2,011,870
Capital assets being depreciated:				
Buildings	2,673,052	144,080	-	2,817,132
Improvements other than buildings	18,894,294	1,134,001	-	20,028,295
Machinery and equipment	5,825,815	869,359	-	6,695,174
Total capital assets being depreciated	27,393,161	2,147,440	-	29,540,601

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Capital asset activity, continued:

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	\$ (1,703,264)	\$ (78,796)	\$ -	\$ (1,782,060)
Improvements other than buildings	(11,218,536)	(412,991)	-	(11,631,527)
Machinery and equipment	(3,724,808)	(343,522)	-	(4,068,330)
Total accumulated depreciation	(16,646,608)	(835,309)	-	(17,481,917)
Total capital assets being depreciated, net	10,746,553	1,312,131	-	12,058,684
Business-Type Activities Capital Assets, net	<u>\$ 11,920,011</u>	<u>\$ 3,012,602</u>	<u>\$ (862,059)</u>	<u>\$ 14,070,554</u>

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

Governmental Activities:

General government	\$ 683,688
Public safety	1,692,083
Highways and public improvements	1,379,042
Parks and recreation	383,151
Total depreciation expense – governmental activities	<u>4,137,964</u>

Business-Type Activities:

Water	631,954
Sewer	172,573
Storm water	30,782
Total depreciation expense – business-type activities	<u>835,309</u>

Total Depreciation Expense	<u>\$ 4,973,273</u>
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NOTE 5 – DUE FROM OTHER FUNDS, DUE TO OTHER FUNDS, AND TRANSFERS

The composition of interfund balances as of June 30, 2024, is as follows:

<u>Receivable (Due from) Fund</u>	<u>Payable (Due to) Fund</u>	<u>Amount</u>
General fund	Sewer utility fund	\$ 3,257,962
General fund	Water utility fund	3,500,362
General fund	Storm water utility fund	86,651
General fund	Public safety service special revenue	1,151,927
General fund	Insurance reserve fund	36,512
General fund	Redevelopment Agency	4,750,000

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 2020B and Series 2022.

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

The general fund provided short-term loans to the water utility fund during the years ended June 30, 2024 and 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.

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.

The general fund provided a short-term loan to the public safety service special revenue fund to help cover initial expenditures associated with the establishment of the fund. The amounts will be repaid with future revenues.

The general fund provided a short-term loan to the insurance reserve fund to help cover the cost of insurance claims. The amounts will be repaid with future revenues.

The general fund provided a short-term loan to the redevelopment agency to help fund the sale of property held for sale. The loan will be repaid with future revenues from the property.

<u>Transfer Out:</u>	<u>Transfer In:</u>	<u>Amount</u>
General fund	Redevelopment agency	\$ 1,109,255
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 – TRUST DEED NOTE RECEIVABLE

In connection with the settlement agreement on the sale of certain property held by the City for redevelopment, the purchaser issued a trust deed note receivable (the Note) to the City in the amount of \$5,000,000, bearing an interest rate of 5.5%, maturing on May 28, 2029, at which time all principal and accrued interest are due and payable. The Note places certain restrictions on the purchaser with respect to the sale of any property secured by the trust deed without prior written consent from the City. In the event that some of all of the HTRZ (Housing and Transit Reinvestment Zone) Payment, as defined by a separate Tax Increment Participation Agreement (Participation Agreement) dated May 29, 2024, is not available for utilization by the purchaser prior to the maturity date of this Note, then the principal amount of this Note shall be reduced by the difference between the amount of the HTRZ Payment made available to the purchaser under the Participation Agreement and \$3,150,000, which is the maximum amount of the HTRZ Payment under the Participation Agreement. Notwithstanding the foregoing, if the City has issued Public Infrastructure Bonds, as defined in the Participation Agreement, that are secured by the tax increment revenues generated within the HTRZ, the principal amount of the Note shall not be reduced. If the City fails to effectuate the issuance of such Public Infrastructure Bonds on or before the date that is nine months after the Effective Date of May 29, 2024, the total outstanding balance of the Note (excluding accrued interest) shall be forgiven. The purchaser may prepay this Note in part or in full at any time prior to the maturity date.

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – 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	\$ 6,730,000
Purpose	Issue Date	Original Borrowing	Interest Rates	Final Maturity	Amount
Business-type Activities:					
Wastewater treatment	2020	\$ 9,248,000	0.00%	2044	\$ 4,357,122
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 \$7,715,000, 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 \$1,105,600 and \$3,512,707, 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 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, 2024, the City has received \$2,413,000 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

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

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, 2024, 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
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	1,000,000	104,600	461,000	-
2030-2034	2,115,000	85,500	842,122	-
2035-2039	-	-	605,000	-
2040-2044	-	-	605,000	-
Total	<u>\$ 6,730,000</u>	<u>\$ 985,000</u>	<u>\$ 4,407,122</u>	<u>\$ -</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Revenue bonds	\$ 7,550,000	\$ -	\$ (820,000)	\$ 6,730,000	\$ 850,000
Premium on revenue bonds	890,362	-	(200,132)	690,230	-
Total bonds payable	8,440,362	-	(1,020,132)	7,420,230	850,000
Financed purchase	1,315,489	-	(215,061)	1,100,428	209,982
Compensated absences	1,976,919	1,702,215	(1,500,192)	2,178,942	152,379
Net pension liability	4,033,269	1,266,377	-	5,299,646	-
Governmental Activities Long-Term Liabilities	<u>\$ 15,766,039</u>	<u>\$ 2,968,592</u>	<u>\$ (2,735,385)</u>	<u>\$ 15,999,246</u>	<u>\$ 1,212,361</u>

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Bonds payable:					
2020A&B taxable sewer revenue bonds	\$ 3,833,122	\$ 524,000	\$ -	\$ 4,357,122	\$ 461,000
2022 taxable sewer revenue bonds	50,000	-	-	50,000	50,000
Total bonds payable	3,883,122	524,000	-	4,407,122	511,000
Obligation under CVWRF bonds	4,513,474	-	(306,145)	4,207,329	-
Compensated absences	111,091	59,527	(63,241)	107,377	12,856
Net pension liability	140,615	43,866	-	184,481	-
Business-Type Activities Long-Term Liabilities	<u>\$ 8,648,302</u>	<u>\$ 627,393</u>	<u>\$ (369,386)</u>	<u>\$ 8,906,309</u>	<u>\$ 523,856</u>

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

NOTE 8 – FINANCED PURCHASE

The City has 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, 2024, so no depreciation expense was recorded. This lease agreement qualifies as a financed purchase for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through the financed purchase is as follows:

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

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

Year Ending June 30,	
2025	\$ 235,842
2026	235,842
2027	235,842
2028	235,842
2029	235,842
Total minimum lease payments	1,179,210
Less: amount representing interest	(78,782)
Present value of minimum lease payments	<u>\$ 1,100,428</u>

NOTE 9 – 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, 2024, the City made payments of approximately \$335,000. 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 \$4,207,329 at June 30, 2024, 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 \$4,513,474. The City's share of principal paid during the fiscal year was \$211,637, which reduced the obligation, plus a decrease of \$94,508 due to an increase in the City's ownership during the current fiscal year.

NOTE 10 – 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)
- *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)

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

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.

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.

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

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, 2024, required contribution rates for the plans were as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>	<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, 2024, City and employee contributions to the plans were as follows:

	<u>City Contributions *</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 796,288	\$ -
Public Safety System	1,053,619	-
Firefighters System	102,982	429,309
Tier 2 Public Employees System	1,089,816	-
Tier 2 Public Safety and Firefighters	1,089,883	73,084
Tier 2 Defined Contribution Plans	91,901	-
Tier 2 DC Public Safety and Firefighters	31,642	-
401(k) Plan	1,060,700	903,732
457 Plan and other individual plans	-	458,814

* 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, 2024, the City reported a net pension asset of \$1,771,585 and a net pension liability of \$5,484,127 for the following plans:

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 1,391,756
Public Safety System	-	3,151,573
Firefighters System	1,771,585	-
Tier 2 Public Employees System	-	464,744
Tier 2 Public Safety and Firefighters	-	476,054
Total	<u>\$ 1,771,585</u>	<u>\$ 5,484,127</u>

The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2023, 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, 2023 and the change in proportion since the prior measurement date for each plan:

	<u>Proportionate Share</u>		
	<u>2023</u>	<u>Change</u>	<u>2022</u>
Tier 1 Noncontributory System	0.6000075 %	0.0710133 %	0.5289942 %
Public Safety System	2.2036444 %	(0.0869980)%	2.2906424 %
Firefighters System	7.5484802 %	0.2952503 %	7.2532299 %
Tier 2 Public Employees System	0.2387732 %	0.0454120 %	0.1933612 %
Tier 2 Public Safety and Firefighters	1.2637755 %	0.1210920 %	1.1426835 %

For the year ended June 30, 2024, the City recognized pension expense of \$3,232,687.

At June 30, 2024, the City reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	<u>Deferred Outflows of Resources Related to Pensions</u>					
	<u>Tier 1 Noncontributory System</u>	<u>Public Safety System</u>	<u>Firefighters System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighters</u>	<u>Total</u>
Differences between expected and actual experience	\$ 974,524	\$ 549,172	\$ 1,164,764	\$ 148,854	\$ 254,565	\$ 3,091,879
Changes of assumptions	417,637	276,933	187,158	266,017	346,856	1,494,601
Net difference between projected and actual earnings on pension plan investments	452,587	451,116	327,816	52,480	49,816	1,333,815
Changes in proportion and differences between City contributions and proportionate share of contributions	15,064	2,981	87,375	50,532	17,916	173,868
Contributions subsequent to the measurement date	387,784	498,567	49,829	617,240	571,245	2,124,665
Total	<u>\$ 2,247,597</u>	<u>\$ 1,778,769</u>	<u>\$ 1,816,942</u>	<u>\$ 1,135,123</u>	<u>\$ 1,240,398</u>	<u>\$ 8,218,828</u>

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

At June 30, 2024, the City reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows 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	\$ -	\$ -	\$ -	\$ 7,611	\$ 32,497	\$ 40,108
Changes of assumptions	-	-	-	367	9,768	10,135
Changes in proportion and differences between City contributions and proportionate share of contributions	15,565	32,697	115,126	7,782	16,228	187,398
Total	\$ 15,565	\$ 32,697	\$ 115,126	\$ 15,760	\$ 58,493	\$ 237,641

The \$2,124,665 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of December 31, 2023 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2025. The other amounts reports 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
2024	\$ 614,666	\$ 483,586	\$ 312,837	\$ 42,499	\$ 43,410	\$ 1,496,998
2025	568,775	79,082	505,036	61,009	56,150	1,270,052
2026	850,894	881,082	848,467	105,762	91,843	2,778,048
2027	(190,088)	(196,245)	(14,352)	33,760	28,479	(338,446)
2028	-	-	-	46,331	42,517	88,848
Thereafter	-	-	-	212,763	348,260	561,023

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.5% to 9.5%, 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, 2023 valuation were based on an experience study of the demographic assumptions for the period ending December 31, 2022.

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	35.00%	2.40 %
Debt securities	20.00%	0.31 %
Real assets	18.00%	0.98 %
Private equity	12.00%	1.18 %
Absolute return	15.00%	0.58 %
Cash and cash equivalents	0.00%	0.00 %
Total	100%	5.45 %

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	\$ 7,223,141	\$ 1,391,756	\$ (3,491,633)
Public Safety System	9,888,773	3,151,573	(2,338,828)
Firefighters System	2,114,099	(1,771,585)	(4,931,232)
Tier 2 Public Employees System	1,596,793	464,744	(413,160)
Tier 2 Public Safety and Firefighters	1,533,862	476,054	(370,211)
Total	<u>\$ 22,356,668</u>	<u>\$ 3,712,542</u>	<u>\$ (11,545,064)</u>

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 11 – 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, 2024, the Insurance Reserve Fund paid \$1,268,018 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 12 – 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 2024:

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

<u>Project Area</u>	<u>2024</u>
Market Station	\$ 311,261
3900 South Community Development	227,162
Streetcar Community Development	98,314
Total	<u><u>\$ 636,737</u></u>

- 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:

	<u>2024</u>
Excise tax and tax increment revenue bonds	<u><u>\$ 6,730,000</u></u>

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

The actual amount expended for:

	<u>2024</u>
Administrative costs of the Agency	\$ 632,993
Principal on bonds payable	820,000
Interest and fiscal charges on bonds	289,255
Tax increment distributions under contracts:	
Streetcar Community Development	<u>400,305</u>
	<u>\$ 2,142,553</u>

During the fiscal year, 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.

NOTE 13 – 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 14 – 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 15 – SUBSEQUENT EVENTS

Subsequent to June 30, 2024, the City issued a sales tax revenue bond. The bond carries an aggregate principal amount of \$40,665,000 and an aggregate purchase price of \$45,226,363, which represents the aggregate principal amount of the bond plus original issue premium of \$4,703,691 and less the Underwriter's discount of \$142,328. The bond is repayable over 30 years, carry a coupon rate of 5% and an all-inclusive interest rate of 4.19%. The proceeds of the sale of the Series 2024 Bonds will be used for the purpose of (i)

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

financing the construction of a new public works building, land purchases, and all related improvements and (ii) paying costs of issuance with respect to the Series 2024 Bonds.

Subsequent to June 30, 2024, the City issued a water revenue bond for the construction of a new water well. The bond is funded by the Utah Department of Natural Resources in the amount of \$8.5 million. The bond will be paid back over a period of 30 years and carries an interest of 1%. The bond also requires that the City contribute matching funds of \$1.5 million toward the cost of the well.

Subsequent to June 30, 2024, the City created a new capital projects fund as part of the budget approval process for FY2025. The new fund, the Public Works Campus Construction Fund, is intended to track the costs associated with the development and construction of the Public Works Campus. Planning for the new campus began in FY2023, with construction expected to begin in the Spring of 2025. The Campus replaces the current public works facility and is expected to be completed 2-3 years after construction begins.

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 3,400,000	\$ 3,400,000	\$ 3,681,971	\$ 281,971
Sales taxes	5,370,710	5,370,710	7,438,745	2,068,035
Other taxes	3,035,000	3,035,000	3,563,587	528,587
Licenses and permits	2,639,000	2,656,000	2,263,799	(392,201)
Intergovernmental	6,833,735	6,926,259	4,114,332	(2,811,927)
Charges for services	921,000	934,000	541,149	(392,851)
Fines and forfeitures	715,000	741,309	773,885	32,576
Investment earnings	400,000	1,013,300	1,958,542	945,242
Rental income	252,000	252,000	296,180	44,180
Miscellaneous revenues	1,441,815	1,503,815	954,824	(548,991)
Total revenues	25,008,260	25,832,393	25,587,014	(245,379)
Expenditures:				
Current:				
General government:				
Administrative	3,959,950	3,993,650	3,840,905	152,745
City council	305,750	319,450	289,028	30,422
Municipal court	1,193,100	1,321,433	1,172,860	148,573
City attorney	1,383,850	1,835,150	1,592,568	242,582
City hall building	444,000	459,000	462,836	(3,836)
Public buildings	978,000	1,013,500	973,462	40,038
Highways and public improvements:				
Streets and highways	3,264,050	3,327,050	3,041,902	285,148
Engineering	1,114,000	1,116,000	1,149,058	(33,058)
Public assets	747,600	755,100	767,623	(12,523)
Building and planning services	2,233,300	2,257,800	1,930,330	327,470
Parks, recreation and culture:				
Recreation	783,300	787,100	761,917	25,183
Parks	793,100	798,100	606,404	191,696
SSL Promise	3,560,351	3,574,351	3,543,534	30,817
Community events	1,719,550	1,786,350	1,873,720	(87,370)
Capital outlay: Highways and public improvements - Streets	3,095,000	3,095,000	50,775	3,044,225
Total expenditures	25,574,901	26,439,034	22,056,922	4,382,112
Excess (Deficiency) of Revenues Over (Under) Expenditures	(566,641)	(606,641)	3,530,092	4,136,733
Other Financing Sources (Uses):				
Transfers in (out)	(1,110,800)	(1,110,800)	(1,109,255)	1,545
Total other financing sources (uses)	(1,110,800)	(1,110,800)	(1,109,255)	1,545
Net Change in Fund Balances	(1,677,441)	(1,717,441)	2,420,837	4,138,278
Fund Balances – Beginning	22,520,064	22,520,064	22,520,064	-
Fund Balances – Ending	\$ 20,842,623	\$ 20,802,623	\$ 24,940,901	\$ 4,138,278

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, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget- Positive (Negative)
Revenues:				
Property taxes	\$ 743,000	\$ 743,000	\$ 636,737	\$ (106,263)
Rental income	120,000	120,000	4,043	(115,957)
Miscellaneous	-	-	250,000	250,000
Investment earnings	1,000	1,000	-	(1,000)
Total revenues	864,000	864,000	890,780	26,780
Expenditures:				
Current:				
General government:	672,000	672,000	632,993	39,007
Redevelopment	429,000	429,000	400,305	28,695
Capital outlay: Highways and public improvements	2,000,000	17,750,000	17,557,436	192,564
Debt Service:				
Principal retirement	810,000	810,000	820,000	(10,000)
Interest and fiscal charges	303,800	303,800	289,255	14,545
Total expenditures	4,214,800	19,964,800	19,699,989	264,811
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,350,800)	(19,100,800)	(18,809,209)	291,591
Other Financing Sources (Uses):				
Transfers in	1,110,800	1,110,800	1,109,255	(1,545)
Proceeds from sale of property acquired for redevelopment	-	17,000,000	16,831,165	(168,835)
Total other financing sources (uses)	1,110,800	18,110,800	17,940,420	(170,380)
Net Change in Fund Balances	(2,240,000)	(990,000)	(868,789)	121,211
Fund Balances – Beginning	4,093,814	4,093,814	4,093,814	-
Fund Balances – Ending	\$ 1,853,814	\$ 3,103,814	\$ 3,225,025	\$ 121,211

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 8,250,762	\$ 8,250,762	\$ 8,697,422	\$ 446,660
Sales taxes	13,659,055	13,659,055	10,782,148	(2,876,907)
Intergovernmental	5,161,179	5,516,219	3,847,264	(1,668,955)
Charges for services	2,650,000	2,650,000	2,738,991	88,991
Investment earnings	5,000	62,930	1,591	(61,339)
Miscellaneous revenues	10,000	10,000	43,764	33,764
Total revenues	29,735,996	30,148,966	26,111,180	(4,037,786)
Expenditures:				
Current:				
Police department	16,128,981	16,259,566	14,275,016	1,984,550
Dispatching	970,500	1,014,430	978,111	36,319
Homless strategies department	406,115	371,665	206,439	165,226
Urban livability	516,200	517,200	373,623	143,577
Fire department	11,464,200	11,736,105	11,040,859	695,246
Total expenditures	29,485,996	29,898,966	26,874,048	3,024,918
Net Change in Fund Balances	250,000	250,000	(762,868)	(1,012,868)
Fund Balances – Beginning	3,110,787	3,110,787	3,110,787	-
Fund Balances – Ending	<u>\$ 3,360,787</u>	<u>\$ 3,360,787</u>	<u>\$ 2,347,919</u>	<u>\$ (1,012,868)</u>

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 Ten 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:					
2023	0.6000075 %	\$ 1,391,756	\$ 4,496,045	30.96 %	96.9 %
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:					
2023	2.2036444 %	\$ 3,151,573	\$ 3,554,020	88.68 %	93.4 %
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:					
2023	7.5484802 %	\$ (1,771,585)	\$ 2,882,130	(61.47)%	106.8 %
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:					
2023	0.2387732 %	\$ 464,744	\$ 6,173,113	7.53 %	89.6 %
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:					
2023	1.2637755 %	\$ 476,054	\$ 4,788,506	9.94 %	89.1 %
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:					
2024	\$ 796,288	\$ 796,288	\$ -	\$ 4,556,520	17.48 %
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 %
Public Safety System:					
2024	\$ 1,053,619	\$ 1,053,619	\$ -	\$ 3,471,108	30.35 %
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 %
Firefighters System:					
2024	\$ 102,982	\$ 102,982	\$ -	\$ 2,851,419	3.61 %
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 %
Tier 2 Public Employees System					
2024	\$ 1,089,816	\$ 1,089,816	\$ -	\$ 6,805,661	16.01 %
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 %
Tier 2 Public Safety and Firefighter System					
2024	\$ 1,089,883	\$ 1,089,883	\$ -	\$ 5,144,699	21.18 %
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 %

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					
2024	\$ 91,901	\$ 91,901	\$ -	\$ 1,484,177	6.19 %
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 %
Tier 2 Public Safety and Firefighter System - DC Only System					
2024	\$ 31,642	\$ 31,642	\$ -	\$ 1,326,921	2.38 %
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 %

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 – 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	\$ 3,225,025
Purchase of property intended for redevelopment, reported as an expenditure under the budgetary basis	17,557,436
Proceeds from sale of property acquired for redevelopment, net of gain and closing costs, reported as revenue under the budgetary basis	<u>(15,639,270)</u>
Ending fund balance - GAAP basis	<u>\$ 5,143,191</u>

NOTE C – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

Assumptions for the plan year 2023 reflect the following assumption changes from the January 1, 2023 valuation:

- The wage inflation rate increased from 3.25% to 3.50%.

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%.

CITY OF SOUTH SALT LAKE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- 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.

NOTE D – SCHEDULES OF CITY CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

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 STATEMENT OF NET POSITION –
NONMAJOR PROPRIETARY FUNDS
June 30, 2024

	Solid Waste Collection Fund	Storm Water Utility Fund	Total Nonmajor Proprietary Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 236,854	\$ 497,780	\$ 734,634
Accounts receivable, net	66,466	330,939	397,405
Total current assets	303,320	828,719	1,132,039
Noncurrent assets:			
Capital assets:			
Improvements	-	451,733	451,733
Machinery and equipment	-	366,630	366,630
Less: accumulated depreciation	-	(31,337)	(31,337)
Total noncurrent assets	-	787,026	787,026
Total assets	303,320	1,615,745	1,919,065
Liabilities:			
Current liabilities:			
Accounts payable	42,340	6,100	48,440
Salaries payable	-	13,846	13,846
Compensated absences	-	348	348
Due to other funds	-	86,651	86,651
Total current liabilities	42,340	106,945	149,285
Noncurrent liabilities:			
Compensated absences	-	18,408	18,408
Total noncurrent liabilities	-	18,408	18,408
Total liabilities	42,340	125,353	167,693
Net Position:			
Net investment in capital assets	-	787,026	787,026
Restricted for capital projects	-	-	-
Unrestricted	260,980	703,366	964,346
Total net position	\$ 260,980	\$ 1,490,392	\$ 1,751,372

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, 2024

	Solid Waste Collection Fund	Storm Water Utility Fund	Total Nonmajor Proprietary Funds
Operating Revenues:			
Solid waste collection fees	\$ 642,347	\$ -	\$ 642,347
Storm water fees	-	1,788,240	1,788,240
Other services	20,335	-	20,335
Total operating revenues	662,682	1,788,240	2,450,922
Operating Expenses:			
Employee salaries	35,049	305,700	340,749
Employee benefits	18,316	153,297	171,613
Supplies	14,481	-	14,481
Utilities	-	3,850	3,850
Equipment supplies and maintenance	33,767	9,644	43,411
Repairs and maintenance	-	249,726	249,726
Depreciation	-	30,782	30,782
Waste collection contract	462,332	-	462,332
Sundry expense	7,646	60,453	68,099
Insurance	1,000	12,000	13,000
Furniture and equipment	510	3,463	3,973
Total operating expenses	573,101	828,915	1,402,016
Operating Income (Loss)	89,581	959,325	1,048,906
Nonoperating Revenues (Expenses):			
Interest revenue	-	-	-
Total nonoperating revenues (expenses)	-	-	-
Change in Net Position	89,581	959,325	1,048,906
Net Position – Beginning	171,399	531,067	702,466
Net Position – Ending	\$ 260,980	\$ 1,490,392	\$ 1,751,372

CITY OF SOUTH SALT LAKE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Solid Waste Collection Fund	Storm Water Utility Fund	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:			
Receipts from customers	\$ 668,382	\$ 1,704,457	\$ 2,372,839
Payments to suppliers	(572,652)	(345,248)	(917,900)
Payments to employers	(57,519)	(465,366)	(522,885)
Net cash provided by operating activities	38,211	893,843	932,054
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(396,425)	(396,425)
Net cash used by capital and related financing activities	-	(396,425)	(396,425)
Net Increase in Cash and Cash Equivalents	38,211	497,418	535,629
Cash and Cash Equivalents – Beginning	198,643	362	199,005
Cash and Cash Equivalents – Ending	<u>\$ 236,854</u>	<u>\$ 497,780</u>	<u>\$ 734,634</u>
Reconciliation of Operating Income			
to net cash provided by Operating Activities:			
Operating income	\$ 89,581	\$ 959,325	\$ 1,048,906
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	-	30,782	30,782
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	5,700	(83,783)	(78,083)
Increase (decrease) in:			
Accounts payable and accrued liabilities	(57,070)	(12,481)	(69,551)
Total adjustments	(51,370)	(65,482)	(116,852)
Net cash provided by operating activities	<u>\$ 38,211</u>	<u>\$ 893,843</u>	<u>\$ 932,054</u>

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, 20244

	Budgeted Amount:			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Sales taxes	\$ 6,545,317	\$ 6,545,317	\$ 3,278,371	\$ (3,266,946)
Intergovernmental	11,405,000	11,495,000	1,936,831	(9,558,169)
Impact fees	2,450,000	2,450,000	184,464	(2,265,536)
Investment earnings	100,000	451,000	270,487	(180,513)
Miscellaneous revenues	475,000	475,000	31,437	(443,563)
Total revenues	20,975,317	21,416,317	5,701,590	(15,714,727)
Expenditures:				
Capital outlay:				
General government	4,738,698	5,493,698	2,956,222	2,537,476
Public safety	2,848,520	2,978,520	2,077,826	900,694
Highways and public improvements	12,269,505	12,269,505	3,468,479	8,801,026
Parks and recreation	1,772,000	1,853,000	157,636	1,695,364
Total expenditures	21,628,723	22,594,723	8,660,163	13,934,560
Excess (Deficiency) of Revenues Over (Under) Expenditures	(653,406)	(1,178,406)	(2,958,573)	(1,780,167)
Other Financing Sources (Uses):				
Transfers out	(258,000)	(258,000)	(235,842)	22,158
Proceeds from sale of capital assets	50,000	50,000	114,653	64,653
Total other financing sources (uses)	(208,000)	(208,000)	(121,189)	86,811
Net Change in Fund Balances	(861,406)	(1,386,406)	(3,079,762)	(1,693,356)
Fund Balances – Beginning	24,434,605	24,434,605	24,434,605	-
Fund Balances – Ending	<u>\$23,573,199</u>	<u>\$23,048,199</u>	<u>\$21,354,843</u>	<u>\$ (1,693,356)</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 DEBT SERVICE FUND

For the year ended June 30, 2024

	Budgeted Amount:			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Debt Service:				
Principal retirement	215,000	215,000	215,061	(61)
Interest and fiscal charges	21,000	21,000	20,781	219
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	\$ -	\$ -	\$ -	\$ -

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

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Statistical Section

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STATISTICAL SECTION

This part of the City of South Salt Lake's annual comprehensive 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 These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	68-74
Revenue Capacity These schedules contain information to help the reader assess one of the government's revenue sources, sales taxes.	75-78
Debt Capacity 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.	79-83
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	84-86
Operating Information 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.	87-89

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 43,232	\$ 44,489	\$ 44,327	\$ 44,687	\$ 49,468	\$ 50,064	\$ 50,098	\$ 51,287	\$ 58,160	\$ 61,732
Restricted	2,698	1,601	2,349	2,655	4,164	6,442	9,194	9,230	11,897	14,004
Unrestricted	<u>10,002</u>	<u>10,252</u>	<u>8,234</u>	<u>9,460</u>	<u>12,042</u>	<u>15,921</u>	<u>24,536</u>	<u>39,384</u>	<u>46,695</u>	<u>49,072</u>
Total governmental activities net position	<u>\$ 55,932</u>	<u>\$ 56,342</u>	<u>\$ 54,910</u>	<u>\$ 56,802</u>	<u>\$ 65,674</u>	<u>\$ 72,427</u>	<u>\$ 83,828</u>	<u>\$ 99,901</u>	<u>\$ 116,752</u>	<u>\$ 124,808</u>
Business-type activities										
Net investment in capital assets	\$ 10,513	\$ 10,809	\$ 11,132	\$ 11,593	\$ 10,850	\$ 10,890	\$ 10,408	\$ 10,362	\$ 11,920	\$ 14,071
Restricted	1,147	748	1,001	1,305	1,638	2,612	3,044	1,709	1,929	1,116
Unrestricted	<u>7,323</u>	<u>8,666</u>	<u>7,872</u>	<u>6,788</u>	<u>3,328</u>	<u>3,111</u>	<u>2,641</u>	<u>(1,405)</u>	<u>(4,508)</u>	<u>(3,955)</u>
Total business-type activities net position	<u>\$ 18,983</u>	<u>\$ 20,223</u>	<u>\$ 20,005</u>	<u>\$ 19,686</u>	<u>\$ 15,816</u>	<u>\$ 16,613</u>	<u>\$ 16,093</u>	<u>\$ 10,666</u>	<u>\$ 9,341</u>	<u>\$ 11,232</u>
Primary government										
Net investment in capital assets	\$ 53,745	\$ 55,298	\$ 55,459	\$ 56,280	\$ 60,318	\$ 60,954	\$ 60,506	\$ 61,649	\$ 70,080	\$ 75,803
Restricted	3,845	2,349	3,350	3,960	5,802	9,054	12,238	10,939	13,826	15,120
Unrestricted	<u>17,325</u>	<u>18,918</u>	<u>16,106</u>	<u>16,248</u>	<u>15,370</u>	<u>19,032</u>	<u>27,177</u>	<u>37,979</u>	<u>42,187</u>	<u>45,117</u>
Total primary government net position	<u>\$ 74,915</u>	<u>\$ 76,565</u>	<u>\$ 74,915</u>	<u>\$ 76,488</u>	<u>\$ 81,490</u>	<u>\$ 89,040</u>	<u>\$ 99,921</u>	<u>\$ 110,567</u>	<u>\$ 126,093</u>	<u>\$ 136,040</u>

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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
General government	\$ 5,224	\$ 5,122	\$ 5,367	\$ 5,769	\$ 5,617	\$ 6,230	\$ 5,833	\$ 5,988	\$ 8,096	\$ 9,915
Public safety	13,418	13,639	14,444	14,130	17,202	19,882	19,432	20,510	26,105	28,955
Highways and public improvements	4,722	3,994	4,464	5,376	5,300	5,439	6,854	6,689	6,009	8,274
Parks, recreation and culture	2,546	3,010	4,123	3,544	3,803	3,530	3,230	4,014	5,387	7,067
Redevelopment	4,820	2,268	3,198	197	1,196	1,074	158	466	283	553
Interest on long-term debt	669	642	618	584	548	512	455	94	134	55
Total Governmental Activities	31,399	28,675	32,214	29,600	33,666	36,667	35,962	37,761	46,014	54,819
Business-type Activities:										
Water utility	2,194	2,219	2,204	2,436	2,719	2,696	2,463	2,804	3,072	3,457
Sewer utility	1,478	1,594	1,871	2,314	1,558	1,847	4,118	8,399	5,352	3,523
Solid waste*	443	407	408	453	536	520	512	516	599	829
Stormwater**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	552	552
Housing	353	70	837	108	-	-	-	-	-	-
Ambulance services ***	1,205	1,365	1,388	1,359	-	-	-	-	-	-
Total Business-type Activities	5,673	5,655	6,708	6,670	4,813	5,063	7,093	11,719	9,575	8,361
Total Expenses	\$ 37,072	\$ 34,330	\$ 38,922	\$ 36,270	\$ 38,479	\$ 41,730	\$ 43,055	\$ 49,480	\$ 55,589	\$ 63,180
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 2,068	\$ 2,300	\$ 2,751	\$ 2,501	\$ 3,236	\$ 4,590	\$ 2,691	\$ 2,465	\$ 4,404	\$ 3,151
Public Safety	1,041	1,049	980	997	2,114	2,540	2,589	3,095	3,125	3,564
Highways and public improvements	-	-	-	-	-	-	-	-	-	-
Parks and recreation	31	35	64	45	70	78	58	87	106	109
Redevelopment	-	-	-	-	-	14	-	-	-	251
Operating grants and contributions	2,692	3,236	3,284	3,639	5,212	7,065	-	7,627	9,362	9,315
Capital grants and contributions	1,439	228	1,123	662	1,868	2,577	-	1,754	4,166	2,118
Total Governmental Activities	7,271	6,848	8,202	7,844	12,500	16,864	5,338	15,028	21,163	18,508
Business-type Activities:										
Charges for services:										
Water utility	2,283	2,259	2,265	2,221	2,494	2,511	2,490	2,212	2,848	2,951
Sewer utility	1,290	1,613	2,002	1,954	2,850	2,832	3,540	3,526	3,797	3,628
Solid Waste	496	505	500	503	496	503	527	523	488	1,788
Stormwater*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	919	642
Housing	66	52	46	59	-	-	-	-	-	-
Ambulance services **	965	1,201	1,284	1,248	-	-	-	-	-	-
Operating grants and contributions	245	110	92	50	-	-	-	-	-	-
Capital grants and contributions	-	-	252	219	-	-	-	-	163	1,176
Total Business-type Activities	5,345	5,740	6,441	6,254	5,840	5,846	6,557	6,261	8,215	10,185
Total Program Revenues	\$ 12,616	\$ 12,588	\$ 14,643	\$ 14,098	\$ 18,340	\$ 22,710	\$ 11,895	\$ 21,289	\$ 29,378	\$ 28,693

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net (Expense)/Revenue										
Governmental Activities	\$ (24,128)	\$ (22,235)	\$ (24,012)	\$ (21,756)	\$ (21,166)	\$ (19,803)	\$ (18,199)	\$ (22,733)	\$ (24,851)	\$ (36,311)
Business-type Activities	(328)	(1,715)	(267)	(416)	1,027	783	(536)	(5,458)	(1,360)	1,824
Total Net Expense	<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>	<u>\$ (34,487)</u>
General Revenues and Transfers										
Governmental Activities:										
Taxes										
Property taxes	\$ 5,551	\$ 5,632	\$ 5,653	\$ 5,723	\$ 5,579	\$ 5,805	\$ 5,934	\$ 12,789	\$ 13,500	\$ 15,708
Sales taxes	13,749	14,291	13,485	14,390	15,717	17,081	19,441	22,515	22,685	21,499
Energy sales and use tax	3,252	3,294	3,200	3,092	3,002	2,929	2,926	3,142	3,631	3,513
Transient room tax	35	39	42	43	39	39	45	41	62	51
Unrestricted investment earnings	90	122	233	391	655	552	165	213	1,764	2,263
Gain on sale of capital assets	71	557	3	59	21	150	111	107	60	1,333
Loss on interfund loan forgiveness	-	(1,544)	-	-	-	-	-	-	-	-
Transfers	(254)	(156)	(36)	(51)	2,151	-	-	-	-	-
Total Governmental Activities	<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>	<u>44,367</u>
Business-type Activities:										
Unrestricted investment earnings	11	15	13	15	20	13	17	12	46	66
Gain (Loss) on sale of capital assets	-	-	-	31	-	-	-	18	(10)	-
Gain on interfund loan forgiveness	-	1,544	-	-	-	-	-	-	-	-
Transfers	254	156	36	51	(2,151)	-	-	-	-	-
Total Business-type Activities	<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>	<u>66</u>
Total General Revenues and Transfers	<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>	<u>\$ 44,433</u>
Change in Net Position										
Governmental activities	\$ (1,634)	\$ 410	\$ (1,432)	\$ 1,891	\$ 5,998	\$ 6,753	\$ 10,423	\$ 16,074	\$ 16,851	\$ 8,056
Business-type activities	(63)	1,799	(218)	(319)	(1,104)	796	(519)	(5,428)	(1,324)	1,890
Total Change in Net Position	<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>	<u>\$ 9,946</u>

Source: South Salt Lake Finance Department

*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)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Energy Sales and Use Tax</u>	<u>Transient Room Tax</u>	<u>Total</u>
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
2024	15,708	21,499	3,513	51	40,771

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)

	<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>	<u>2024</u>
General Fund										
Unassigned	\$ 3,573	\$ 4,085	\$ 4,350	\$ 4,372	\$ 6,797	\$ 8,303	\$ 9,710	\$ 14,385	\$ 17,993	\$ 19,783
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,873</u>	<u>3,088</u>	<u>3,705</u>	<u>3,858</u>	<u>4,527</u>	<u>5,158</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>	<u>\$ 24,941</u>
All other governmental funds										
Assigned	\$ 20,261	\$ 19,063	\$ 16,833	\$ 16,978	\$ 16,934	\$ 18,286	\$ 22,604	\$ 22,464	\$ 24,519	\$ 22,022
Restricted	<u>2,698</u>	<u>1,601</u>	<u>2,349</u>	<u>2,655</u>	<u>1,291</u>	<u>3,354</u>	<u>5,489</u>	<u>5,372</u>	<u>7,121</u>	<u>6,824</u>
Total all other governmental funds	<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>	<u>\$ 28,846</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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 22,564	\$ 23,164	\$ 22,276	\$ 23,050	\$ 24,245	\$ 25,718	\$ 28,329	\$ 32,576	\$ 39,730	\$ 38,079
Licenses and permits	1,301	1,595	1,883	1,690	2,346	2,848	1,994	1,533	3,615	2,264
Intergovernmental	3,543	2,850	3,905	3,527	5,659	7,275	11,473	8,504	11,858	9,898
Charges for services	277	337	639	543	1,883	3,099	2,449	3,061	3,042	3,280
Fines and forfeitures	979	921	937	917	760	700	525	639	669	774
Investment earnings	84	118	227	382	641	532	163	211	1,749	2,231
Miscellaneous	1,016	1,000	666	1,167	1,675	2,079	890	958	1,478	1,764
Total Revenues	<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>	<u>58,290</u>
Expenditures										
Current:										
General government	4,666	4,544	4,662	4,864	4,803	4,436	5,106	5,585	7,089	8,965
Public safety	12,762	12,706	13,039	13,320	15,414	17,595	18,464	20,886	24,616	26,874
Highways and public improvements	3,815	3,547	4,861	4,304	3,992	4,584	5,447	5,560	5,243	6,889
Parks and recreation	2,447	2,926	3,217	3,323	3,350	2,859	2,993	4,047	5,287	6,786
Redevelopment	188	1,804	1,800	-	1,075	1,531	14	403	255	400
Debt service:										
Principal	936	930	642	974	1,021	864	805	760	978	1,035
Interest and fiscal charges	676	653	628	599	563	524	430	349	367	310
Bond issuance costs	-	-	-	-	-	-	191	-	-	-
Capital outlay	<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>	<u>8,711</u>
Total expenditures	<u>28,207</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>	<u>59,970</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ 1,557</u>	<u>\$ (652)</u>	<u>\$ (1,275)</u>	<u>\$ 513</u>	<u>\$ (1,262)</u>	<u>\$ 5,003</u>	<u>\$ 7,385</u>	<u>\$ 4,427</u>	<u>\$ 6,467</u>	<u>\$ (1,680)</u>

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)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2,024
Other Financing Sources (Uses)										
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 2,152	\$ -	\$ -	\$ -	\$ 1,346	\$ 1,345
Transfers out	(254)	(156)	(36)	(51)	-	-	-	-	(1,346)	(1,345)
Refunding bonds issued	-	-	-	-	-	-	9,100	-	-	-
Premium on refunding bonds	-	-	-	-	-	-	1,482	-	-	-
Impairment loss on property held for sale	(4,534)	-	-	-	-	-	-	-	-	-
Capital leases	420	-	80	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(10,590)	-	-	-
Loss on forgiveness of Interfund note	-	(1,544)	-	-	-	-	-	-	-	-
Sale of capital assets	122	570	14	73	127	133	123	144	110	1,307
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(4,246)</u>	<u>(1,130)</u>	<u>58</u>	<u>22</u>	<u>2,279</u>	<u>133</u>	<u>115</u>	<u>144</u>	<u>110</u>	<u>1,307</u>
Net change in fund balances	<u>\$ (2,689)</u>	<u>\$ (1,782)</u>	<u>\$ (1,217)</u>	<u>\$ 535</u>	<u>\$ 1,017</u>	<u>\$ 5,136</u>	<u>\$ 7,500</u>	<u>\$ 4,571</u>	<u>\$ 6,577</u>	<u>\$ (373)</u>
Debt service as a percentage of noncapital expenditures	5.3%	5.7%	4.3%	5.6%	4.4%	4.3%	3.7%	3.0%	3.1%	2.6%

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)

<u>Fiscal Year</u>	<u>Property Tax(a)</u>	<u>Sales Tax</u>	<u>Energy Sales and Use Tax</u>	<u>Transient Room Tax</u>	<u>Total</u>
2015	\$ 5,528	\$ 13,749	\$ 3,252	\$ 35	\$ 22,564
2016	5,539	14,291	3,294	39	23,163
2017	5,549	13,485	3,200	43	22,277
2018	5,524	14,390	3,093	43	23,050
2019	5,488	15,717	3,002	39	24,246
2020	5,669	17,081	2,929	39	25,718
2021	5,917	19,441	2,926	45	28,329
2022	6,878	22,515	3,142	41	38,487
2023	13,352	22,685	3,631	62	39,730
2024	13,016	21,499	3,513	51	38,079

(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)

<u>Year</u>	<u>General Fund</u>	<u>Public Safety Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Sales Tax Debt Service Fund</u>	<u>Total</u>
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
2024	7,439	10,782	3,278	-	21,499

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**

<u>Fiscal Year</u>	<u>City of South Salt Lake Local Option (a)</u>	<u>Salt Lake County Option</u>	<u>State of Utah</u>	<u>County Wide Mass Transit</u>	<u>Botanical Cultural, Zoo</u>	<u>Total Sales Tax Rate</u>
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%
2024	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, 2024 and June 30, 2015**

<u>Taxpayer</u>	<u>2024 Rank</u>	<u>Type of Sales</u>
Mountainland Supply	1	Home Improvement Sales/Service
RC Willey Home Furnishings	2	Retail Sales
Mountainland Design	3	Home Improvement Sales/Service
Mark Miller Subaru	4	Auto Sales
Salt Lake Valley Buick GMC	5	Auto Sales
Winco Foods	6	Retail Grocery
Prestman Auto	7	Auto Sales
Utah Power & Light Co	8	Utility Provider
Salt Lake Valley Chrysler Dodge	9	Auto Sales
Roofers Supply/Roofline Supply	10	Construction Supplier

<u>Taxpayer</u>	<u>2015 Rank</u>	<u>Type of Sales</u>
RC Willey Home Furnishings	1	Retail Sales
Mark Miller Subaru	2	Auto Sales
Best Buy Stores	3	Retail Electronics
Low Book Sales	4	Auto Sales
WW Grainger	5	Industrial Supply Sales
Salt Lake Valley Dodge/Chrysler	6	Auto Sales
Salt Lake Valley GMC	7	Auto Sales
Mountainland Design	8	Home Improvement Sales/Service
Roofers Supply	9	Construction Supplies
CJ Prestman	10	Auto 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 amounts)

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			
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	-	-	7,550	1,315	-	3,883	4,513	18,151	3.98%	672
2024	-	-	6,730	1,100	-	4,407	4,207	16,444	3.60%	609

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
2024	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, 2024
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>2024 Taxable Value</u>	<u>South Salt Lake's Portion of Taxable Value</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Governmental Unit's General Obligation Debt</u>	<u>City's Portion of General Obligation Debt</u>
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				<u>2,484,865</u>	<u>50,174</u>
Less: State of Utah(b)				<u>(1,942,911)</u>	<u>(18,178)</u>
Total Overlapping Debt				<u>\$ 541,954</u>	<u>31,996</u>
Direct Debt (c):					
Excise Tax Revenue Bonds					7,420
Financed purchase					<u>1,100</u>
Total Direct Debt					<u>8,520</u>
Total Direct and Overlapping Debt					<u>\$ 40,516</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>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>	<u>2024</u>
Debt Limit	\$ 75,492	\$ 82,037	\$ 95,021	\$ 107,054	\$ 124,041	\$ 136,826	\$ 137,274	\$ 171,272	\$ 188,645	\$ 204,339
Total Net Debt Applicable to Limit (a)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<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>	<u>\$ 204,339</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 2024

Taxable Value All Property	\$ 5,108,472,924
Debt Limit (4% of reasonable fair cash value) (c)	204,338,917
Debt applicable to limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 204,338,917</u>

(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)

Water Revenue Bonds						
<u>Fiscal Year</u>	<u>Water</u>	Less:	Net	<u>Debt Service</u>		<u>Coverage</u>
		<u>Operating</u>	<u>Available</u>	<u>Principal</u>	<u>Interest</u>	
	<u>Charges</u>	<u>Expenses</u>	<u>Revenue</u>			
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	2,678	3,072	(394)	-	-	n/a
2024	2,911	3,458	(547)	-	-	n/a

State Sewer Loan/Central Valley Taxable Bonds						
<u>Fiscal Year</u>	<u>Sewer</u>	Less:	Net	<u>Debt Service</u>		<u>Coverage</u>
		<u>Operating</u>	<u>Available</u>	<u>Principal</u>	<u>Interest</u>	
	<u>Charges</u>	<u>Expenses</u>	<u>Revenue</u>			
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)	145	-	(9.21)
2024	3,576	3,365	211	306	-	0.69

Public Safety Sales Tax Revenue Bonds						
<u>Fiscal Year</u>	<u>Sales Tax</u>	Less:	Net	<u>Debt Service</u>		<u>Coverage</u>
		<u>Expenses</u>	<u>Available</u>	<u>Principal</u>	<u>Interest</u>	
	<u>and Other</u>		<u>Revenue</u>			
	<u>Revenue</u>					
2015	\$ 359	\$ 3	\$ 356	\$ 345	\$ 10	\$ 1.00
2016	343	-	343	340	3	1.00
2017	-	-	-	-	-	n/a

Excise Tax and Tax Increment Revenue Bonds Series 2010						
<u>Fiscal Year</u>	<u>Excise Tax</u>	Less:	Net	<u>Debt Service</u>		<u>Coverage</u>
		<u>Expenses</u>	<u>Available</u>	<u>Principal</u>	<u>Interest</u>	
	<u>Revenue</u>		<u>Revenue</u>			
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
2024	3,513	1	3,512	820	289	3.17

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, 2024 and June 30, 2015

<u>Employer - 2024 Rank</u>	<u>Type of Business</u>	<u>Number of Employees</u>
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

<u>Employer - 2015 Rank</u>	<u>Type of Business</u>	<u>Number of Employees</u>
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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function										
General Government:										
Administration (a)	29.0	26.5	26.5	28.5	28.0	28.0	30.0	32.0	40.0	35.0
Court	8.0	7.5	7.5	7.5	8.0	7.5	8.0	7.0	9.0	9.0
Public Safety:										
Police	77.0	75.0	77.5	76.5	86.0	84.0	85.0	95.0	98.0	99.0
Fire (b)	54.0	55.0	53.0	54.0	60.0	68.0	68.0	65.0	76.0	72.0
Homeless Strategies (g)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.0	1.0	n/a
Code Enforcement	9.0	6.5	7.5	7.5	8.0	7.5	7.5	7.5	6.0	5.0
Highways and Public Improvements:										
Streets & Highways	20.0	21.5	17.0	17.0	19.0	16.0	16.0	11.0	19.0	13.0
Engineering	1.0	2.0	3.0	3.0	5.0	8.0	9.0	8.0	6.0	8.0
Community Develop.	8.0	9.5	10.5	10.5	10.5	12.0	12.0	12.0	17.0	15.0
Public Works (h)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4.0
Parks, Recreation and Culture:										
Neighborhoods (b)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	13.0	31.0	34.0
Parks	3.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Public Assets (d)(f)	N/A	8.5	14.0	14.0	13.0	14.0	13.0	6.0	6.0	6.0
Recreation	4.0	8.0	8.0	8.0	7.0	7.0	7.0	10.0	6.0	14.0
Promise SSL	27.0	63.5	82.0	73.0	68.0	54.0	46.0	55.0	42.0	92.0
Stormwater (c)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7.0	2.0
Water	7.0	8.0	7.0	7.0	7.0	8.0	8.5	9.0	15.0	9.0
Sewer	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.0</u>	<u>3.5</u>	<u>5.0</u>	<u>9.0</u>	<u>4.0</u>
Total	250.0	294.5	316.5	309.5	322.5	317.0	313.5	337.5	388.0	421.0

(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.

(g) In FY 2024 the Homeless Strategies department was dissolved and incorporated into the police department

(h) In FY 2024 the Public Works department was created and contains the administrative staff for all public works divisions.

Source: South Salt Lake Human Resources

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Function										
Police										
Total Calls	47,928	50,628	47,327	48,012	45,527	50,207	48,319	44,277	43,666	43,167
Violent Crimes	868	893	810	861	901	929	987	899	835	833
Property Crimes	2,591	3,081	2,883	2,955	2,705	3,143	3,570	2,850	2,130	2,141
Traffic Citations	4,639	6,377	6,269	5,201	3,270	3,317	1,953	3,353	2,037	3,860
Fire										
Total Calls	5,187	5,453	5,616	5,477	5,633	6,152	7,168	7,351	7,554	7,379
Number of Fires	150	159	158	153	136	147	227	194	1,259	1,255
Medical Calls	4,012	4,337	4,378	4,250	4,563	5,129	6,022	6,186	6,295	6,124
Avg Response Time	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	6.75 minutes
Justice Court										
Total Cases Filed	6,435	6,772	6,821	7,024	6,243	6,167	7,582	6,612	6,200	6,708
Comm Service Hours Levied	12,183	10,935	9,417	3,156	5,525	2,285	395	1,113	1,494	2,232
Building & Zoning										
Building Permits	582	955	1,081	1,103	1,147	734	808	646	536	546
Business Licenses	3,294	3,306	3,275	3,349	3,596	3,388	3,080	3,308	3,213	3,576
Construction Value	\$ 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	\$ 127,685,286
Administration										
A/P Checks	5,904	5,665	5,437	5,701	5,258	5,672	4,554	4,788	5,256	5,759
Payroll Checks	8,579	8,256	10,062	9,188	9,716	8,734	8,832	9,161	10,394	12,111
Utility Billings	47,045	47,239	47,888	48,173	48,030	49,572	48,706	52,442	55,273	70,594

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

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City Attorney										
Traffic Cases Prosecuted (b)	6,352	4,756	5,167	4,946	4,060	4,020	4,775	4,426	3,977	4,534
DUI Cases Prosecuted	375	365	334	290	207	218	236	229	229	246
Criminal Cases Prosecuted	863	1,445	1,077	1,538	1,449	1,758	2,807	1,957	1,585	1,699
Public Works										
Road Improvements	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	1,767,636 sq ft
Concrete Improvements	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	38,258 sq ft
Curbside Cleanup Tons (a)	283 tons	293 tons	302 tons	267 tons	281 tons	288 tons	234 tons	247 tons	225 tons	193 tons
Water										
Gallons Produced	477 million	512 million	490 million	310 million	488 million	534 million	549 million	503 million	518 million	604 million
Gallons Purchased	364 million	332 million	315 million	447 million	429 million	358 million	332 million	332 million	349 million	358 million
Water Connections	3,381	3,390	3,366	3,356	3,370	3,384	3,395	3,366	3,366	3,375
Sewer										
Lines Inspected (c)	3025 ft	75,828 ft	2,735 ft	172,200 ft	-	-	5,865 ft	7,439 ft	-	46,200 ft
Lines Cleaned (c)	3025 ft	75,828 ft	2,735 ft	172,200 ft	-	4,700 ft	5,865 ft	7,065 ft	-	184,800 ft
Total Connections	2,624	2,636	2,606	2,619	2,630	2,625	2,627	2,800	2,800	2,611
Parks, Recreation and Culture										
Rec. Participants	3,981	3,730	3,628	4,096	4,147	3,622	1,058	2,888	3,549	3,778
Number of Programs	23	22	21	23	23	21	15	22	21	24

(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

Function	<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>	<u>2024</u>
Public Safety										
Police:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Officer Vehicles	60	60	60	60	71	71	71	86	95	96
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	7	7	7	7	10	11
Highways and Public Improvements										
Streets & Highways:										
Road Miles	75	75	75	75	75	75	75	77	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	543	545	549	548	547	549	549	549	553	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	3.04	2.98	3.28	3.23	3.72	3.38	2.50	2.26	2.36	2.38
Central Valley Facility (millions gallons/day)										
Parks and Recreation										
Park Acreage	12	12	12	12	13	13	13	21	13	21.38
Sports Fields	1	1	1	1	1	1	1	1	1	2

Source: South Salt Lake Finance Department

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Single Audit Section

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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, 2024, 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 20, 2025.

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 2024-001, 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 20, 2025



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, 2024. 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, 2024.

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 20, 2025

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)

Capitalization Grant for Clean Water State Revolving Funds (66.458)

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 2024-001:

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.

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 continue to 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, 2024

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Community Development Block Grants/Entitlement Grants	14.218	HCD21057CH	\$ 200,000
U.S. Department of Justice:			
Passed Through Utah Commission on Criminal and Juvenile Justice:			
Juvenile Justice and Delinquency Prevention	16.540	20J24	12,902
Crime Victim Assistance	16.575	23VOCA039	137,905
Violence Against Women Formula Grant (Note C)	16.588	23VAWA17	52,489
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS-22-GG-04512-PPSE	49,002
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Various	41,026
U.S. Department of Treasury			
Passed Through Salt Lake County:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	21ARPS	99,734
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	CS49000119	35,418
U.S. Department of Education:			
Passed Through Utah State Department of Education:			
Twenty-First Century Community Learning Centers	84.287	Various	1,354,883
Education Stabilization Fund	84.425	23DWS0246	531,742
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-0301	326,310
<i>CCDF Cluster:</i>			
Child Care and Development Block Grant (Note D)	93.575	Various	551,762
Passed Through Salt Lake County:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HLT22SUDSSL	99,333
Total Expenditures of Federal Awards			<u>\$ 3,492,506</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, 2024. 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, 2024.

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, 2024.



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, 2024:

Budgetary Compliance
Fund Balance
Justice Courts
Restricted Taxes and Other Related Restricted Revenue
Fraud Risk Assessment
Government Fees
Cash Management
Impact Fees

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, 2024.

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 instances of noncompliance, which are 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.

Instances of noncompliance:

We noted during our audit that the City's general fund balance at June 30, 2024 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, utility funds, or another appropriate fund to reduce the general fund balance to within allowable legal limits.

We also noted during our audit that as of June 30, 2024, the City had deficits in unrestricted net position in both its water utility fund and sewer utility fund. In accordance with the Uniform Fiscal Procedures Act for Utah Cities, if there is a deficit fund balance in a fund at the close of the last completed fiscal year, the governing body of a city shall include an item of appropriation for the deficit in the current budget of the fund equal to 1) at least 5% of the total revenue of the fund in the last completed fiscal year, or 2) if the deficit is equal to or less than 5% of the total revenue of the fund in the last completed fiscal year, the entire amount of the deficit. We recommend that the City amend its fiscal year 2025 budget to include transfers from the general fund to its water and sewer utility funds in a sufficient amount to reduce the deficits in unrestricted fund balance by 5% of the total revenue within its respective fund for fiscal year 2024.

Additionally, we noted during our audit that summary financial reports were not consistently presented to the governing body on at least a monthly basis. In accordance with the Uniform Procedures Act for Utah Cities, the city recorder or other delegated person in each city of the third, fourth, or fifth class shall prepare and present to the governing body monthly summary financial reports and quarterly detail financial reports, prepared in the manner prescribed in the Uniform Accounting Manual for Utah Cities. We recommend that a formal presentation of financial reports be presented to the City Council during Council meetings monthly and quarterly as outlined above.

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. Management will also amend the fiscal year 2025 budget to include transfers from the general fund to the water and sewer utility funds in a sufficient amount to reduce the deficits in unrestricted fund balance by 5% of the total revenue within each respective fund for fiscal year 2024.

Additionally, Management will ensure that summary financial reports are consistently presented to the governing body on at least a monthly basis, in accordance with statutory requirements.

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 findings and recommendations:

As noted in the *Other Matters* section above, we noted that the City's general fund balance at June 30, 2024 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.

As noted in the *Other Matters* section above, we also noted that as of June 30, 2024, the City had deficits in unrestricted net position in both its water utility fund and sewer utility fund. We recommend that the City enhance controls in its budgetary process to ensure that funds are adequately reviewed for deficits in unassigned or unrestricted fund balances, and that the subsequent year budget includes an adequate appropriation for the reduction of these deficits as required by State law.

Additionally, as noted in the *Other Matters* section above, we noted that summary financial reports were not always being consistently presented to the governing body on at least a monthly basis. We recommend that controls be enhanced to ensure that a formal presentation of the required summary financial reports be incorporated into City Council meetings at least monthly.

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. Management will also amend the fiscal year 2025 budget to include transfers from the general fund to the water and sewer utility funds in a sufficient amount to reduce the deficits in unrestricted fund balance by 5% of the total revenue within each respective fund for fiscal year 2024.

Additionally, Management will ensure that summary financial reports are consistently presented to the governing body on at least a monthly basis, in accordance with statutory requirements.

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 20, 2025