



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

**Comprehensive Annual
Financial Report**

**For Fiscal Year Ended
June 30, 2019**



220 East Morris Ave Suite 200 SSLC, UT 84115 (801)483-6000

CITY OF
South Salt Lake

STATE OF UTAH

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

Prepared By:

South Salt Lake Finance Department

TABLE OF CONTENTS

	Page
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INTRODUCTORY SECTION:	
Letter of Transmittal	i-v
GFOA Certificate of Achievement	vi
Principal Officials of the City of South Salt Lake	vii
Organization Chart	viii
FINANCIAL SECTION:	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Notes to Basic Financial Statements	27
Required Supplementary Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	61
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Redevelopment Agency	62
Schedules of the Proportionate Share of Net Pension Liability (Asset)	63
Schedules of Pension Contributions	64
Notes to Required Supplementary Information	65
Other Supplementary Information:	
Combining Fund Statements:	
Combining Statement of Net Position - Nonmajor Proprietary Funds	66
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Nonmajor Proprietary Funds	67

TABLE OF CONTENTS

	Page
Other Supplementary Information (Continued):	
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	68
Schedule of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual - Leased Equipment Tax Debt Service Fund	69
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund	70
STATISTICAL SECTION:	
Net Position by Component	71
Changes in Net Position	72
Governmental Activities Tax Revenues by Source	74
Fund Balances of Governmental Funds	75
Changes in Fund Balances of Governmental Funds	76
General Governmental Tax Revenues by Source	78
Sales Tax Revenue Allocation by Fund	79
Direct and Overlapping Sales Tax Rates	80
Principal Sales Taxpayers	81
Ratios of Outstanding Debt by Type	82
Ratios of General Bonded Debt Outstanding	83
Direct and Overlapping Governmental Activities Debt	84
Legal Debt Margin Information	85
Pledged-Revenue Coverage	86
Demographic and Economic Statistics	88
Full-time Equivalent Employees by Function	90
Operating Indicators by Function	91
Capital Asset Statistics by Function	93
SINGLE AUDIT SECTION:	
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 <i>Government Auditing Standards</i>	94
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	96
Summary Schedule of Findings and Questioned Costs	98
Schedule of Expenditures of Federal Awards	99
Independent Auditor's Report on Compliance and Internal Control over Compliance as Required by the <i>State Compliance Audit Guide</i>	101

Introductory Section



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December 18, 2019

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 Comprehensive Annual Financial Report (CAFR) of the City of South Salt Lake (the City) for the fiscal year ended June 30, 2018.

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, 2019, 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, 2019, 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 require 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 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 25,400. 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 and sewer utility services, and housing services. The City of South Salt Lake has two component units, the Redevelopment Agency of South Salt Lake, established in 1982, and the South Salt Lake Municipal Building Authority, established in 1996. The Municipal Building Authority currently has no assets, transactions, or budget. The Redevelopment Agency is governed by a board that is comprised of the city council, with the mayor serving as chief administrative officer. The Municipal Building Authority is governed by a board consisting of the city council. Additional information on the Redevelopment Agency can be found in Note 11 in the notes to the financial statements.

The annual budget serves as the foundation for the City of South Salt Lake's financial planning and control. The Uniform Fiscal Procedures Act adopted by the State of Utah governs budgetary procedures for the City of South Salt Lake. In compliance with this Act, the mayor presents a tentative budget to the city council for adoption no later than the first regularly scheduled city council meeting in May. The Redevelopment Agency budget is presented to the board as required by state law. The city council is required to hold public hearings on the proposed budget and to adopt a budget by June 30th. The council is required to adopt a final budget by no later than June 30, the close of the City of South Salt Lake'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, 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 By far the largest factor affecting the City of South Salt Lake, as well as the state and federal government, has been the economic recovery. Statistics provided by the Utah Department of Workforce Services indicate the unemployment rate in Utah decreased in the past 12 months to 2.8% in June 2019 as compared to 3.7% in the U.S. In June 2018 Utah's rate was 3.0% and the national rate was 4.0%. The unemployment rate in Salt Lake County decreased to 2.8% in June 2019 from 3.4% in June 2018. The Utah Department of Workforce Services reports that approximately 46,500 jobs were created in the state in the past year but there are more people in the labor force looking for employment. So, generally speaking, enough jobs are being created annually to accommodate more people in the workforce.

Statistics provided by the United States Department of Labor and the Utah Department of Workforce Services indicate that all industry sectors in Utah, other than the natural resources/mining and information, have reported an increase in the number of jobs created. Over 46,500 jobs were created statewide in the past 12 months. Construction, Trade, Transportation, Utilities, Education, and Health Services sectors improved particularly well. The improvement in these sectors benefits South Salt Lake. South Salt Lake is home to several construction supply and manufacturing businesses. The Utah Department of Workforce Services anticipates that unemployment levels will remain constant through the next 12 months. Utah is among the top states for total job growth as well as private sector job growth.

With the state approaching full employment consumer spending will continue to improve. More discretionary income will be available to consumers leading to increased sales. Sales taxes, which are directly influenced by consumer spending, have improved noticeably across the county and state. Local governments, including South Salt Lake, rely on the sales tax to finance essential services. Due to improved economic conditions total sales tax revenue grew in South Salt Lake by 9% when compared to FY 2018. With the continuation of positive economic conditions, and the benefits of economic development efforts, the city anticipates continued increases in sales tax revenue in FY 2020.

Property tax revenue is expected to increase modestly in the coming year. With construction activity improving, an increase in assessed valuation due to new growth is expected. Also, new developments have been proposed, and when completed, will contribute to an increase 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 population. Certain revenue which is 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 some others due to a population increase.

Long-Term Financial Planning Approximately 35% of property within the city is exempt from property taxes. This condition is due to the fact that many county and regional public facilities are located within city boundaries. The Salt Lake County Adult Detention Center (jail), 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.

In November 2019 a new 300 bed homeless resource facility began operations in South Salt Lake.

The users of that facility will require services from the city, particularly police and emergency medical services. Though the city receives financial assistance from the state there are still unfunded costs associated with providing services to, and around, the facility.

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 must be able to provide services for the facilities mentioned above as well as its residents and businesses. Due to the fact that the above public entities do not pay property taxes, the sales tax is used to finance adequate police, public works, and fire services.

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

Annually the city allocates as much sales tax revenue as possible into the capital improvements fund. 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 used to fund large road construction and maintenance projects. Funds are received six times per year and can be carried forward from year to year until projects are undertaken.

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 \$1,400,000 in FY 2019 to partially offset costs incurred to provide public safety services to the homeless center. The city has been authorized to receive approximately \$2,700,000 in FY 2020.

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 2019. 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's share of the net pension liability increased by approximately \$4,230,000 when compared to FY 2018. Based on information from Utah Retirement Systems there was no net pension asset to report in FY 2019.

The city received over \$5,200,000 in grants and assistance from federal, state, county, and private sources. Much of this funding is used to provide afterschool services to South Salt Lake, and neighboring, youth and adults. Programs which provide academic and prevention services are administered from 13 school based and community locations. Approximately 2,700 youth and adults are served through these programs. Other uses of the grant funding include law enforcement (\$1,072,000) and public improvements (\$740,000).

Sales tax revenue increased by approximately \$995,000 when compared to FY 2018. This amount represents an approximate increase of 9%. The city anticipates that sales tax revenue will increase in the ensuing year due to the factors stated earlier.

Approximately 50% of the residents and businesses in South Salt Lake are connected to the city's waste water 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

\$15,000,000. 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 2023. The city will monitor actual costs and determine if subsequent financing is required.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Salt Lake for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the sixteenth consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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,



Kyle Kershaw
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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

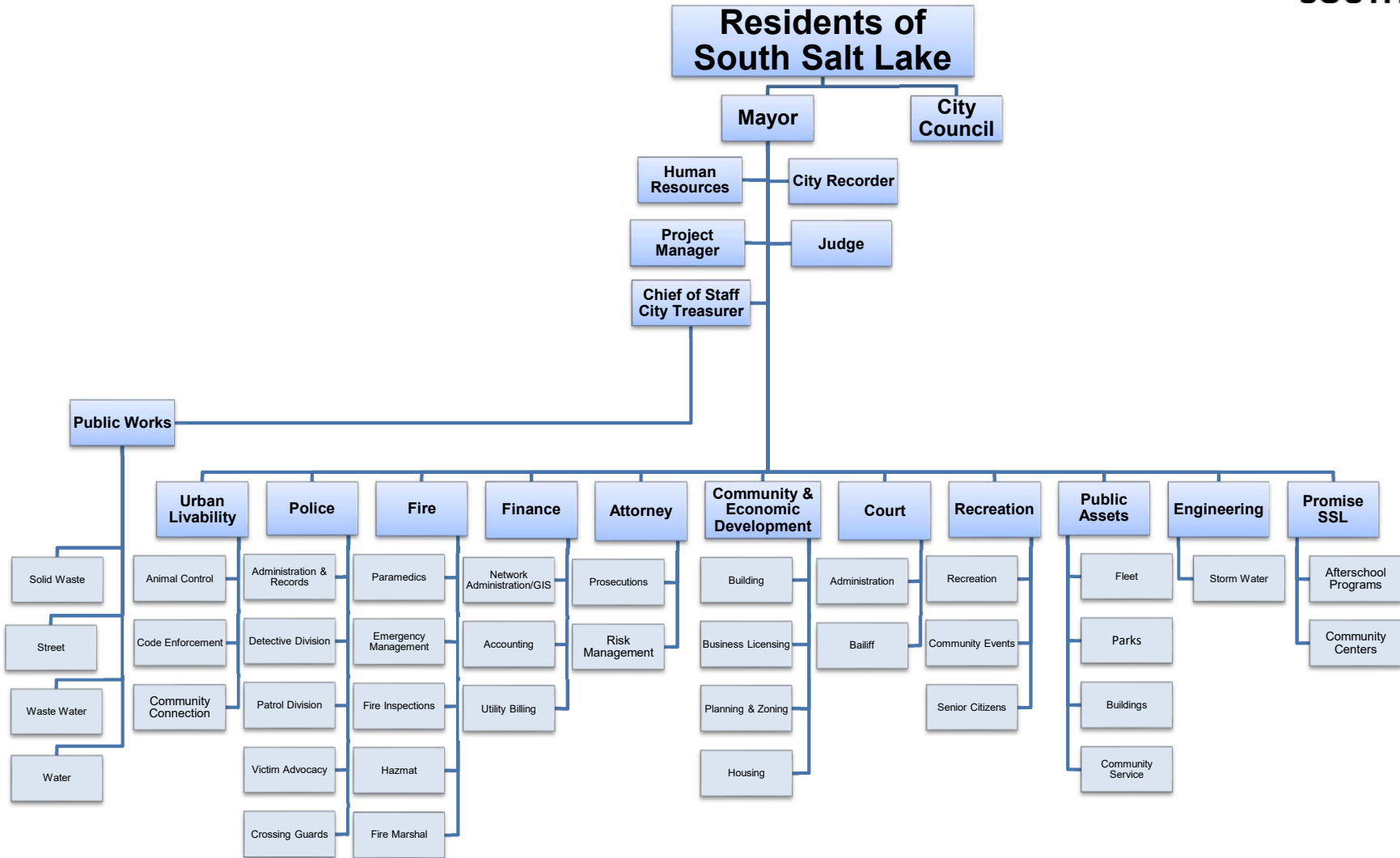
Christopher P. Morill

Executive Director/CEO

**City of South Salt Lake
Principal Officials
June 30, 2019**

Cherie Wood	Mayor
Ray deWolfe	Council Member at Large
Mark Kindred	Council Member at Large
Ben Pender	Council Member District 1
Corey Thomas	Council Member District 2
Sharla Beverly	Council Member District 3
Portia Mila	Council Member District 4
Shane Siwik	Council Member District 5
Jack Carruth	Police Chief
Terry Addison	Acting Fire Chief
Dennis Pay	City Engineer
Hannah Vickery	Deputy City Attorney
Kyle Kershaw	Finance Director
Craig Burton	City Recorder
Charee Peck	City Treasurer/Chief of Staff
Vacant	Community Development Director
Aaron Wiet	Recreation Director
Mont Roosendaal	Public Assets Director

2019 City Organization Chart



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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Salt Lake as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Salt Lake as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through 14, budgetary comparison information on pages 61 through 62, and pension schedules on pages 63 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Salt Lake's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information for nonmajor governmental and capital projects 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 combining and individual nonmajor fund financial statements, budgetary comparison information for sales tax debt service, leased equipment debt service, and capital projects funds, and the schedule of expenditures of federal awards 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 combining and individual nonmajor fund financial statements, budgetary comparison information for sales tax debt service, leased equipment debt service, and capital projects funds, and the schedule of expenditures of federal awards 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 December 18, 2019, 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
December 18, 2019

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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, 2019. 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 of the City of South Salt Lake exceeded its liabilities at the close of the most recent fiscal year by \$81,490,368 (*net position*). Of this amount, \$15,369,654 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 \$4,894,211 mainly due to governmental activities expenditures being less than expected. Also, governmental activity revenue increased during the fiscal year which led to the increase in net position.
- As of the close of the current fiscal year, the City of South Salt Lake's governmental funds reported combined fund balances of \$27,895,091, an increase of \$1,016,486 in comparison with the prior year. Approximately 24.0% of this amount (\$6,797,120) 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 \$6,797,120, or approximately 24.1% of total general fund expenditures.
- Total sales tax revenue increased by approximately \$995,000 in fiscal year 2019 when compared to fiscal year 2018, which represents an increase of approximately 9%.
- The City expended approximately \$3,160,000 in federal grants and awards during the fiscal year. This represents a decrease of approximately \$975,000 (44.6%) when compared to fiscal year 2018. The funding was used for the following purposes: provide afterschool youth programs (\$2,115,000), victim assistance (\$222,000), community development (\$740,000), and other uses (\$83,000).
- The City received approximately \$240,000 in private assistance. These funds were used primarily to provide youth afterschool programs.
- Long-term debt decreased by approximately \$1,354,000 during the fiscal year.
- In fiscal year 2019, the City expended approximately \$1,392,000 to acquire park property and improve various public parks and open spaces.
- During fiscal year 2019, the City was awarded \$11,250,000 in a grant and no interest loan from the Utah State Division of Water Quality to fund its share of costs associated with the upgrading and expanding of the Central Valley Water Reclamation Facility. No grant or loan funds have been received as of June 30, 2019.
- Fiscal year 2019 was the first year the City received funds from the Utah State Department of Workforce Services to partially fund expanded public safety costs associated with the placement of the homeless resource center in the City. Approximately \$1,7621,000 was received and used to acquire equipment and to hire additional police officers and emergency medical personnel.

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 intended to furnish additional detail to support the basic financial statements themselves.

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 expenses 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, ambulance services, 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 four 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, the capital projects fund, and the redevelopment agency, which are considered to be 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 and redevelopment agency. Budgetary comparison schedules have been provided for the general 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 and Sewer Utilities and Solid Waste Collection. *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. Because this service predominantly benefits 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, both of which are considered to be major funds. Data from the other proprietary fund is combined into a single aggregated presentation. Individual data for each of these nonmajor proprietary funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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 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 and the redevelopment agency, as well as net pension liability schedules. Required supplementary information can be found on pages 61-65 of this report.

The combining statements referred to earlier in connection with nonmajor proprietary funds, as well as budgetary comparison schedules for the debt service and capital projects funds, are presented immediately following the required supplementary information. These statements and schedules can be found on pages 66-70 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 \$81,490,368 at the close of the most recent fiscal year.

City of South Salt Lake's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 38,425,869	\$ 35,155,178	\$ 8,586,149	\$ 9,018,614	\$ 47,012,018	\$ 44,173,792
Capital assets	49,577,328	45,112,159	11,580,374	12,558,981	61,157,702	57,671,140
Total assets	88,003,197	80,267,337	20,166,523	21,577,595	108,169,720	101,844,932
Total deferred outflows of resources	7,255,217	4,507,745	288,384	430,024	7,543,601	4,937,769
Other liabilities	6,221,981	3,850,736	889,114	921,143	7,111,095	4,771,879
Long-term liabilities outstanding	20,338,315	17,053,163	3,638,301	3,740,012	23,976,616	20,793,175
Total liabilities	26,560,296	20,903,899	4,527,415	4,661,155	31,087,711	25,565,054
Total deferred inflows of resources	3,024,165	4,195,775	111,077	425,715	3,135,242	4,621,490
Net position:						
Net investment in capital assets	49,468,468	44,687,407	10,849,874	11,592,981	60,318,342	56,280,388
Restricted	4,163,756	5,528,448	1,638,616	1,304,627	5,802,372	6,833,075
Unrestricted	12,041,729	9,459,553	3,327,925	4,023,141	15,369,654	13,482,694
Total net position	\$ 65,673,953	\$ 59,675,408	\$ 15,816,415	\$ 16,920,749	\$ 81,490,368	\$ 76,596,157

By far the largest portion of the City of South Salt Lake's net position (74.0%) 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 (7.1%) represents resources that are subject to external restrictions on how they may be used. The remaining 18.9% (\$15,369,654) 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, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

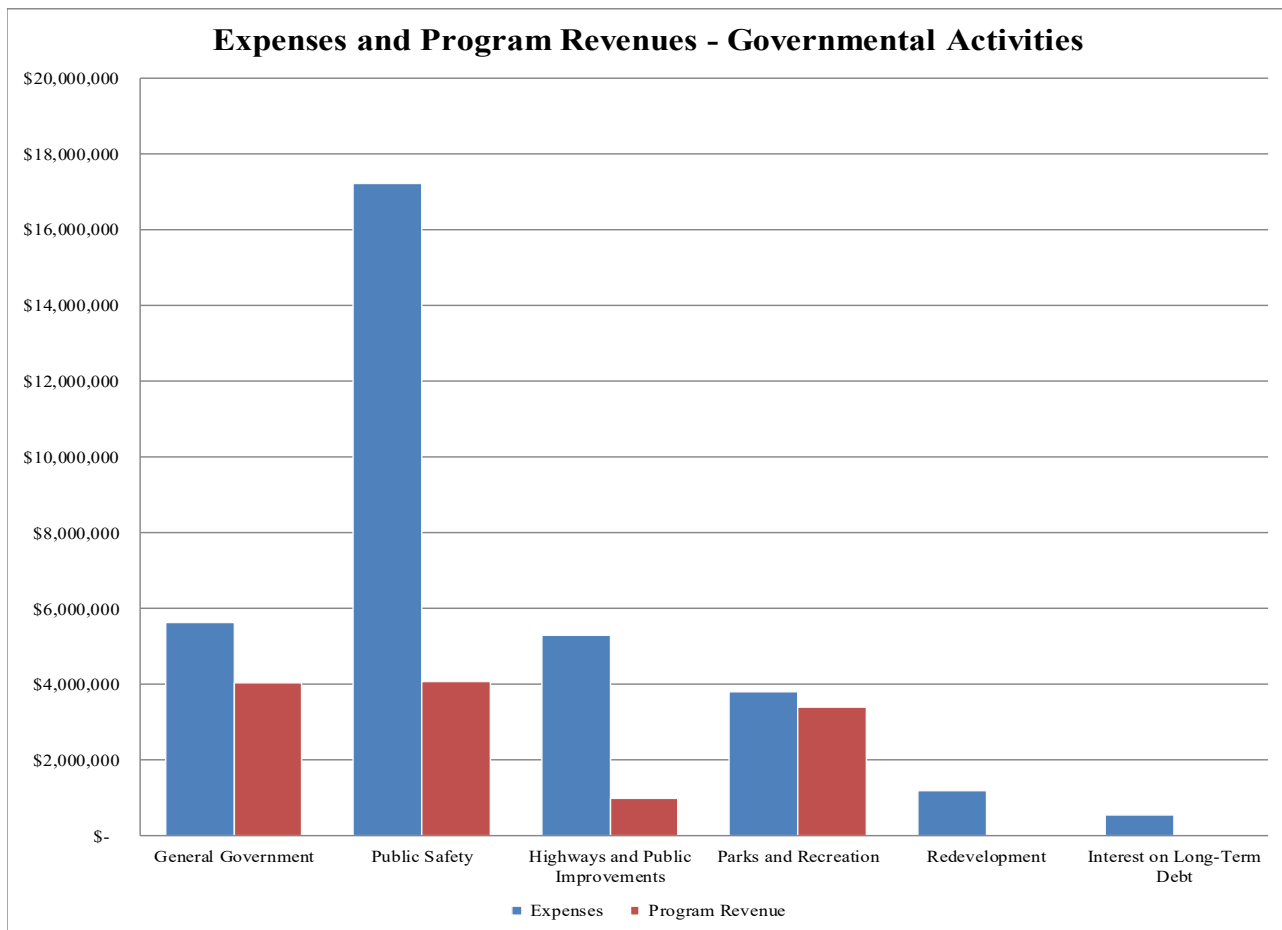
The City of South Salt Lake's overall net position increased \$4,894,211 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities.

During the current fiscal year, net position for governmental activities increased \$5,998,545 from the prior fiscal year for an ending balance of \$65,673,93. The increase in the overall net position of governmental activities is primarily due to an increase in recognized sales tax and building permit revenue. The net assets and liabilities of the ambulance services and housing funds (which were closed on July 1, 2018) were also transferred into governmental activities. Expenditures in the general fund were less than expected. Several capital fund projects were delayed or carried over until the next fiscal year.

City of South Salt Lake's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 5,420,329	\$ 3,542,970	\$ 5,840,358	\$ 5,985,180	\$ 11,260,687	\$ 9,528,150
Operating grants and contributions	5,211,571	3,487,956	-	50,381	5,211,571	3,538,337
Capital grants and contributions	1,868,471	662,161	-	218,917	1,868,471	881,078
General revenues:						
Property taxes	5,579,377	5,723,310	-	-	5,579,377	5,723,310
Sales taxes	15,716,782	14,389,774	-	-	15,716,782	14,389,774
Other taxes	3,040,310	3,135,599	-	-	3,040,310	3,135,599
Other	676,107	449,655	20,263	45,661	696,370	495,316
Total revenues	<u>37,512,947</u>	<u>31,391,425</u>	<u>5,860,621</u>	<u>6,300,139</u>	<u>43,373,568</u>	<u>37,691,564</u>
Expenses:						
General government	5,617,078	5,768,913	-	-	5,617,078	5,768,913
Public safety	17,202,248	14,129,559	-	-	17,202,248	14,129,559
Highways and public improvements	5,299,936	5,375,841	-	-	5,299,936	5,375,841
Parks, recreation and culture	3,803,524	3,544,537	-	-	3,803,524	3,544,537
Redevelopment	1,195,559	196,658	-	-	1,195,559	196,658
Interest on long-term debt	547,642	584,239	-	-	547,642	584,239
Water utility	-	-	2,719,263	2,435,898	2,719,263	2,435,898
Sewer utility	-	-	1,558,001	5,079,482	1,558,001	5,079,482
Solid waste collection	-	-	536,106	452,862	536,106	452,862
Ambulance services	-	-	-	1,359,211	-	1,359,211
Housing	-	-	-	107,736	-	107,736
Total expenses	<u>33,665,987</u>	<u>29,599,747</u>	<u>4,813,370</u>	<u>9,435,189</u>	<u>38,479,357</u>	<u>39,034,936</u>
Increase (decrease) in net position before transfers	3,846,960	1,791,678	1,047,251	(3,135,050)	4,894,211	(1,343,372)
Transfers	2,151,585	(51,000)	(2,151,585)	51,000	-	-
Increase (decrease) in net position	5,998,545	1,740,678	(1,104,334)	(3,084,050)	4,894,211	(1,343,372)
Net position - beginning (as restated)	59,675,408	57,934,730	16,920,749	20,004,799	76,596,157	77,939,529
Net position - ending	<u>\$ 65,673,953</u>	<u>\$ 59,675,408</u>	<u>\$ 15,816,415</u>	<u>\$ 16,920,749</u>	<u>\$ 81,490,368</u>	<u>\$ 76,596,157</u>



Business-type Activities

For the City of South Salt Lake's business-type activities, overall net position decreased to an ending balance of \$16,920,749. The total decrease in net position for business-type activities was \$1,104,334 from the prior fiscal year. This condition is mainly due to the fact that water utility fund revenue was less when compared to the prior year.

Financial Analysis of the Government's Funds

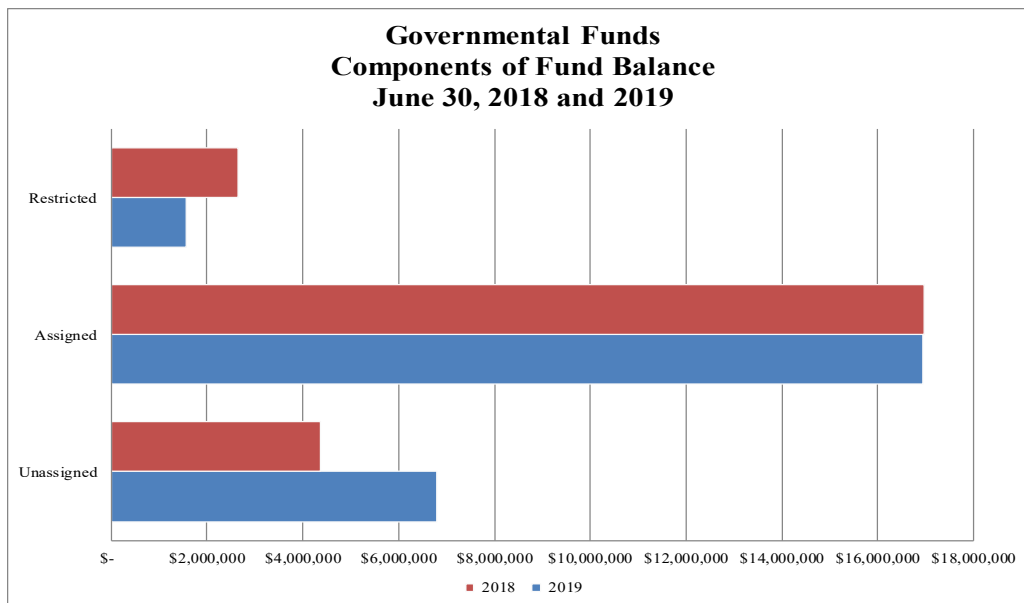
As noted earlier, the City of South Salt Lake uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, 2019, the City of South Salt Lake's governmental funds reported combined fund balances of \$27,895,091, an increase of \$1,016,486 in comparison with the prior year. Approximately 24.4% of this amount (\$6,797,120) 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 (\$4,163,756) or 2) assigned by the city council for particular purposes (\$16,934,215).



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 \$6,797,120 and \$9,385,840, 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 24.1% of total general fund expenditures.

The fund balance of the City of South Salt Lake's general fund increased by \$2,140,221 during the current fiscal year. This increase is primarily due to expenditures being less than expected and sales tax and building permit revenue was significantly greater than expected. It was estimated that fund balance would decrease by approximately \$666,000 at the beginning of the fiscal year, but due to open employee positions and conservative spending, a modest increase in fund balance was experienced.

The capital projects fund, a major governmental fund, had a \$4,283 increase in fund balance during the current fiscal year. At the beginning of fiscal year 2019, the City Council elected to eliminate the ambulance services and housing funds. Assets in these funds, amounting to \$1,018,050, were transferred into the capital projects fund thus impacting the fund balance. Without these transfers the capital projects fund balance would have decreased by approximately \$815,000. Several large road projects and equipment acquisitions were completed during the year resulting in expenditures exceeding revenue. It was estimated at the beginning of the fiscal year that fund balance would have decreased by approximately \$2,200,000.

The redevelopment agency, the remaining major governmental fund, had a decrease in fund balance during the current year of \$(1,128,018) to bring the year end fund balance to \$4,981,735. The decrease is mainly due to a loss on impairment of property held for sale recognized in the current year.

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 at the end of the year was (\$430,133), and for the Sewer Utility Fund was \$3,485,121. Most of the decrease in the Water Utility Fund is due to revenue shortfalls. Water fund revenue was slightly less than expected by approximately \$56,000, while expenditures were slightly higher than anticipated. Most of the increase in the Sewer Utility Fund was due to a net increase in the equity investment in Central Valley.

The South Salt Lake City Council voted in June 2018 to cease recording financial transactions in the Ambulance Services Fund for fiscal year 2019. All assets and liabilities were transferred to governmental funds.

General Fund Budgetary Highlights

Original budget compared to final budget

During the fiscal year, there was an increase in original estimated revenues of approximately \$51,000 and original budgeted appropriations of approximately \$206,000. This increase was mainly due to an expectation that additional sales tax and building permit revenue funds would be available during the fiscal year.

Final budget compared to actual results

Actual recognized revenue was approximately \$2,515,000 less than budgeted. The majority of that shortfall falls with the intergovernmental portion of general fund revenue. Most of the intergovernmental revenue is in the form of grants and state revenue sharing. Generally, intergovernmental revenue is recognized when there is a corresponding qualifying expenditure. Afterschool grant expenditures were less than budgeted, resulting in an over \$389,000 difference between budgeted and actual revenues.

Fines and forfeiture revenue was approximately \$257,000 less than budgeted due to an understaffing condition in the police department for much of the fiscal year. Traffic units were temporarily disbanded, and officers were reassigned to more critical duties. This resulted in a decrease of traffic citations and resulting fines and forfeitures revenue.

During the year, the general fund expenditures were approximately \$3,921,000 less than budgeted. Specifically, the police department was approximately \$337,000 under budget, the fire department was approximately \$348,000 under, streets and highways was approximately \$1,859,000 under budget, and SSL Promise was approximately \$375,000 under budget.

In addition, every department budgeted in the general fund ended the fiscal year under budget. Department directors are very conservative in expending public funds. Generally, expenditures are incurred only if deemed necessary. The net result of general fund activities was the fact that \$2,140,221 was added to the fund balance in the general fund.

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, 2019, amounted to \$61,157,702 (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 6.0%.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,334,448	\$ 5,857,230	\$ 304,414	\$ 762,825	\$ 6,638,862	\$ 6,620,055
Buildings	13,311,610	13,957,502	1,317,607	1,434,290	14,629,217	15,391,792
Improvements	3,525,663	3,358,088	8,673,363	8,588,700	12,199,026	11,946,788
Machinery and equipment	7,804,384	6,514,206	1,284,990	1,773,166	9,089,374	8,287,372
Infrastructure	16,912,686	14,598,274	-	-	16,912,686	14,598,274
Construction in progress	1,688,537	826,859	-	-	1,688,537	826,859
Total	<u>\$ 49,577,328</u>	<u>\$ 45,112,159</u>	<u>\$ 11,580,374</u>	<u>\$ 12,558,981</u>	<u>\$ 61,157,702</u>	<u>\$ 57,671,140</u>

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

- On-going replacement of police vehicles and acquisition of new law enforcement equipment in the approximate amount of \$902,000. This amount includes new vehicles acquired as a result of the demand on public safety services resulting from the relocation of the homeless resource center.
- Acquisition of public works equipment in the amount of \$357,000.
- City facilities improvements and repairs in the amount of \$225,000.
- Approximately \$285,000 for the purchase of computer hardware and software upgrades and replacement.
- Road and intersection improvements in the amount of \$1,924,000.
- Fire and ambulance vehicle and other equipment acquisitions in the amount of \$1,305,000. This amount includes an ambulance acquired to provide services to the homeless resource center.

Additional information on the City of South Salt Lake's capital assets can be found in Note 5.

Long-term Debt

At the end of the current fiscal year, the City of South Salt Lake had total debt outstanding of \$12,984,360. The debt represents bonds secured solely by specified revenue sources and capital leases. The City of South Salt Lake's outstanding debt decreased by \$1,256,392 during the current fiscal year. The decrease is mainly the result of paying down existing debt.

City of South Salt Lake's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Excise tax revenue bonds	\$ 12,145,000	\$ 12,850,000	\$ -	\$ -	\$ 12,145,000	\$ 12,850,000
Water/sewer revenue bonds	-	-	730,500	966,000	730,500	966,000
Capital leases payable	108,860	424,752	-	-	108,860	424,752
Total	<u>\$ 12,253,860</u>	<u>\$ 13,274,752</u>	<u>\$ 730,500</u>	<u>\$ 966,000</u>	<u>\$ 12,984,360</u>	<u>\$ 14,240,752</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 continues to rely on sales tax as the main source of revenue in the general fund. Sales taxes increased approximately 9% (\$995,000) in fiscal year 2019 when compared to the prior year. The increase is due to improved economic conditions both nationally and locally. In addition, economic development projects, which had been the planning process for the past few years, began to materialize. A new grocery store, retail establishments, and housing developments opened during the fiscal year. A new vehicle dealership, retail establishments, and housing developments opened during the fiscal year. National and local trends indicate economic activity, which includes taxable sales, will continue to increase in FY 2020. Additional economic development projects that are envisioned to materialize in the next few years will contribute to the City's tax base.

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. Other tax revenue is also expected to increase due to recently completed construction projects. Among this revenue is the expected increase in energy sales and use taxes. As long as the construction environment remains active the City will realize increased planning and building permit fees.

Due to more stringent waste water discharge rules, The Central Valley Water Reclamation Facility (CVWRF) has embarked on a \$240 million plant expansion which is expected to be completed by 2025. South Salt Lake's share of the project will cost at least \$11,250,000. The City has been awarded, by the Utah State Division of Water Quality, approximately \$11,250,000 to fund the City's share of costs. The award is in the form of a \$2,000,000 grant and a \$9,250,000 no interest loan, and is expected to close during fiscal year 2020. It is expected that sewer rates will be required to be increased in the future to fund the debt associated with the new project.

The City of South Salt Lake uses a conservative approach to budgeting. Generally, the City attempts to be conservative when estimating revenue. This approach results in some flexibility when actual revenues do not meet expectations. The City's FY 2020 general fund budget is estimated to increase \$5,921,615 when compared to final FY 2019 actual expenditures. The difference is comprised primarily of an increase of approximately \$2,200,000 for significant public safety employee raises which were authorized by the city council. In addition, approximately \$800,000 was added to fund storm water maintenance activities.

The City continues to be conservative in its expenditure of funds for capital acquisitions. Equipment is generally purchased on a "pay-as-we-go" basis, except for some pieces of large equipment that have extended useful lives. In fiscal year 2019, some budgeted equipment acquisitions and infrastructure projects include:

- \$962,000 to complete street lighting projects
- \$200,000 for curb, gutter, sidewalk, and storm water projects
- \$693,000 for open space and parks development

- \$1,128,000 for routine police vehicle and equipment replacement
- \$1,167,000 for improvements and repairs to various facilities
- \$1,000,000 for roads maintenance and construction projects
- \$777,000 for streets and public works equipment

A decision was made in 2017 by state and county officials to locate a 300 bed homeless resource center in South Salt Lake. The center opened in the fall of 2019 and will have a major impact on South Salt Lake and the public safety services the City provides. Twelve police officers and twelve emergency medical technicians needed to be hired. The City receives funding from state sources for the increase public safety costs, but that funding will not be adequate to finance all new additional costs. The City will have better information on the center's impact after it has been in operation. The city council and administration will continue to evaluate all budget requests and allocate resources appropriately based on need and economic conditions.

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
For the Year Ended June 30, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 17,978,060	\$ 1,979,653	\$ 19,957,713
Taxes receivable	8,521,664	-	8,521,664
Accounts receivable - net	-	647,354	647,354
Miscellaneous receivables	970,451	-	970,451
Internal balances	2,493	(2,493)	-
Intergovernmental receivable	2,267,368	-	2,267,368
Prepaid expenses	577,605	614	578,219
Property acquired for redevelopment	4,404,705	-	4,404,705
Investment in joint venture	-	5,115,069	5,115,069
Restricted cash and cash equivalents	3,703,523	845,952	4,549,475
Capital assets not being depreciated:			
Land	6,334,448	304,414	6,638,862
Construction in progress	1,688,537	-	1,688,537
Capital assets net of accumulated depreciation:			
Buildings	13,311,610	1,317,607	14,629,217
Improvements	3,525,663	8,673,363	12,199,026
Machinery and equipment	7,804,384	1,284,990	9,089,374
Infrastructure	16,912,686	-	16,912,686
Total Assets	<u>88,003,197</u>	<u>20,166,523</u>	<u>108,169,720</u>
Deferred Outflows of Resources:			
Deferred outflows of resources relating to pensions	<u>7,255,217</u>	<u>288,384</u>	<u>7,543,601</u>
Total Deferred Outflows of Resources	<u>7,255,217</u>	<u>288,384</u>	<u>7,543,601</u>

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

CITY OF SOUTH SALT LAKE
STATEMENT OF NET POSITION (CONTINUED)

June 30, 2019

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable and accrued liabilities	2,229,905	590,429	2,820,334
Deposits payable	2,475,376	39,581	2,514,957
Accrued interest payable	178,105	6,552	184,657
Unearned revenues	158,919	-	158,919
Noncurrent liabilities:			
Due within one year	1,179,676	252,552	1,432,228
Due in more than one year	11,704,334	505,145	12,209,479
Obligation under Central Valley bonds	-	2,745,126	2,745,126
Net pension liability	8,633,981	388,030	9,022,011
Total Liabilities	<u>26,560,296</u>	<u>4,527,415</u>	<u>31,087,711</u>
Deferred Inflows of Resources:			
Deferred inflows of resources relating to pensions	<u>3,024,165</u>	<u>111,077</u>	<u>3,135,242</u>
Total Deferred Inflows of Resources	<u>3,024,165</u>	<u>111,077</u>	<u>3,135,242</u>
Net Position:			
Net investment in capital assets	49,468,468	10,849,874	60,318,342
Restricted for:			
Capital projects	4,163,756	1,407,664	5,571,420
Debt service	-	230,952	230,952
Unrestricted	<u>12,041,729</u>	<u>3,327,925</u>	<u>15,369,654</u>
Total Net Position	<u>\$ 65,673,953</u>	<u>\$ 15,816,415</u>	<u>\$ 81,490,368</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, 2019

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	\$ 5,617,078	\$ 3,236,657	\$ 74,266	\$ 740,211	\$ (1,565,944)	\$ -	\$ (1,565,944)
Public safety	17,202,248	2,113,841	1,907,820	33,109	(13,147,478)	-	(13,147,478)
Highways and public improvements	5,299,936	-	905,887	99,151	(4,294,898)	-	(4,294,898)
Parks, recreation and culture	3,803,524	69,831	2,323,598	996,000	(414,095)	-	(414,095)
Redevelopment	1,195,559	-	-	-	(1,195,559)	-	(1,195,559)
Interest on long-term debt	547,642	-	-	-	(547,642)	-	(547,642)
Total Governmental Activities	33,665,987	5,420,329	5,211,571	1,868,471	(21,165,616)	-	(21,165,616)
Business-type activities:							
Water utility	2,719,263	2,493,592	-	-	-	(225,671)	(225,671)
Sewer utility	1,558,001	2,850,421	-	-	-	1,292,420	1,292,420
Solid waste collection	536,106	496,345	-	-	-	(39,761)	(39,761)
Total Business-Type Activities	4,813,370	5,840,358	-	-	-	1,026,988	1,026,988
Total Primary Government	\$ 38,479,357	\$ 11,260,687	\$ 5,211,571	\$ 1,868,471	(21,165,616)	1,026,988	(20,138,628)
General revenues:							
Property taxes					5,579,377	-	5,579,377
Sales taxes					15,716,782	-	15,716,782
Energy sales and use taxes					3,001,664	-	3,001,664
Transient room taxes					38,646	-	38,646
Unrestricted investment earnings					655,214	20,263	675,477
Gain on sale of capital assets					20,893	-	20,893
Transfers					2,151,585	(2,151,585)	-
Total General Revenues and Transfers					27,164,161	(2,131,322)	25,032,839
Change in Net Position					5,998,545	(1,104,334)	4,894,211
Net Position - Beginning (as previously reported)					56,802,270	19,686,059	76,488,329
Adjustment for Class C road revenue					2,873,138	-	2,873,138
Adjustment for obligation under Central Valley bonds					-	(2,765,310)	(2,765,310)
Net Position - Beginning (as restated)					59,675,408	16,920,749	76,596,157
Net Position - Ending					\$ 65,673,953	\$ 15,816,415	\$ 81,490,368

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

CITY OF SOUTH SALT LAKE
BALANCE SHEET
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General Fund	Capital Projects Fund	Redevelopment Agency	Leased Equipment Debt Service Fund (Nonmajor)	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 5,077,683	\$ 11,139,631	\$ 1,779,841	\$ -	\$ 17,997,155
Receivables (net):					
Taxes	7,806,195	715,469	-	-	8,521,664
Miscellaneous	338,934	-	637,664	-	976,598
Due from other funds	-	1,812,609	-	-	1,812,609
Intergovernmental receivable	1,811,601	455,767	-	-	2,267,368
Property acquired for redevelopment	-	-	4,404,705	-	4,404,705
Cash and cash equivalents - restricted	3,703,190	-	333	-	3,703,523
Total Assets	<u>\$ 18,737,603</u>	<u>\$ 14,123,476</u>	<u>\$ 6,822,543</u>	<u>\$ -</u>	<u>\$ 39,683,622</u>
Liabilities, Deferred in Flows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 756,967	\$ 595,960	\$ 20,250	\$ -	\$ 1,373,177
Salaries/payroll payables	842,879	-	7,949	-	850,828
Deposits	2,475,376	-	-	-	2,475,376
Due to other funds	-	-	1,812,609	-	1,812,609
Unearned revenue	158,919	-	-	-	158,919
Total Liabilities	<u>4,234,141</u>	<u>595,960</u>	<u>1,840,808</u>	<u>-</u>	<u>6,670,909</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	5,117,622	-	-	-	5,117,622
Total Deferred Inflows of Resources	<u>5,117,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,117,622</u>
Fund Balances:					
Restricted for:					
Road projects	2,588,720	184,653	-	-	2,773,373
Other capital projects	-	1,390,383	-	-	1,390,383
Assigned to:					
Debt service	-	-	325,156	-	325,156
Redevelopment	-	-	4,656,579	-	4,656,579
Other capital projects	-	11,952,480	-	-	11,952,480
Unassigned	6,797,120	-	-	-	6,797,120
Total Fund Balances	<u>9,385,840</u>	<u>13,527,516</u>	<u>4,981,735</u>	<u>-</u>	<u>27,895,091</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,737,603</u>	<u>\$ 14,123,476</u>	<u>\$ 6,822,543</u>	<u>\$ -</u>	<u>\$ 39,683,622</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, 2019

Total fund balances - governmental funds	\$ 27,895,091
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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.	49,577,328
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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.	(4,402,929)
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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.	5,117,622
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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.	(13,062,115)
--	--------------

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>548,956</u>
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Net position of governmental activities	<u><u>\$ 65,673,953</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, 2019

	General Fund	Capital Projects Fund	Redevelopment Agency	Leased Equipment Debt Service Fund (Nonmajor)	Total Governmental Funds
Revenues:					
Property taxes	\$ 5,345,516	\$ -	\$ 142,421	\$ -	\$ 5,487,937
Sales taxes	12,496,735	3,220,047	-	-	15,716,782
Other taxes	3,040,310	-	-	-	3,040,310
Licenses and permits	2,346,433	-	-	-	2,346,433
Intergovernmental	4,042,046	1,616,523	-	-	5,658,569
Charges for services	1,882,962	-	-	-	1,882,962
Fines	759,943	-	-	-	759,943
Investment earnings	229,139	410,629	1,423	-	641,191
Rental income	348,035	-	-	-	348,035
Impact fees	-	996,000	-	-	996,000
Miscellaneous	282,933	48,202	-	-	331,135
Total Revenues	30,774,052	6,291,401	143,844	-	37,209,297
Expenditures:					
Current:					
General government	4,377,961	-	424,609	-	4,802,570
Public safety	15,414,172	-	-	-	15,414,172
Highways and public improvements	3,878,615	-	113,588	-	3,992,203
Parks, recreation and culture	3,350,066	-	-	-	3,350,066
Redevelopment	-	-	1,074,775	-	1,074,775
Debt service:					
Principal	-	-	705,000	315,892	1,020,892
Interest and fiscal charges	-	-	553,890	9,494	563,384
Capital outlay:					
General government	-	349,435	-	-	349,435
Public safety	-	3,017,733	-	-	3,017,733
Highways and public improvements	1,146,552	2,288,994	-	-	3,435,546
Parks, recreation and culture	-	1,450,711	-	-	1,450,711
Total Expenditures	28,167,366	7,106,873	2,871,862	325,386	38,471,487
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,606,686	(815,472)	(2,728,018)	(325,386)	(1,262,190)
Other Financing Sources (Uses):					
Transfers	(466,465)	692,664	1,600,000	325,386	2,151,585
Sale of capital assets	-	127,091	-	-	127,091
Total Other Financing Sources (Uses)	(466,465)	819,755	1,600,000	325,386	2,278,676
Net Change in Fund Balances	2,140,221	4,283	(1,128,018)	-	1,016,486
Fund Balances - Beginning (as previously reported)	4,372,481	13,523,233	6,109,753	-	24,005,467
Adjustment for Class C road revenue	2,873,138	-	-	-	2,873,138
Fund Balances - Beginning (as restated)	7,245,619	13,523,233	6,109,753	-	26,878,605
Fund Balances - Ending	\$ 9,385,840	\$ 13,527,516	\$ 4,981,735	\$ -	\$ 27,895,091

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, 2019

Net change in fund balances - total governmental funds	\$ 1,016,486
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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.	4,571,367
---	-----------

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.	(106,198)
--	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	268,734
--	---------

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.	1,020,892
--	-----------

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.	(775,694)
---	-----------

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>2,958</u>
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Change in net position of governmental activities	<u><u>\$ 5,998,545</u></u>
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The accompanying notes are an integral part of this financial statement.

CITY OF SOUTH SALT LAKE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2019

	Business-type Activities - Enterprise Funds				Governmental	
	Water Utility Fund	Sewer Utility Fund	Ambulance Services Fund	Total Nonmajor Funds	Total	Activities - Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ -	\$ 1,657,028	\$ -	\$ 322,625	\$ 1,979,653	\$ (19,095)
Accounts receivable, net	388,333	263,078	-	(4,057)	647,354	-
Prepaid expenses	410	204	-	-	614	571,458
Due from other funds	-	81,915	-	-	81,915	-
Total Current Assets	388,743	2,002,225	-	318,568	2,709,536	552,363
Noncurrent assets:						
Restricted cash and cash equivalents	815,202	30,750	-	-	845,952	-
Capital assets:						
Land	302,098	2,316	-	-	304,414	-
Buildings	1,556,618	1,100,528	-	-	2,657,146	-
Improvements	12,930,444	5,341,805	-	-	18,272,249	-
Machinery and equipment	3,591,394	552,510	-	-	4,143,904	-
Less: accumulated depreciation	(10,508,600)	(3,288,739)	-	-	(13,797,339)	-
Equity investment in joint venture	-	5,115,069	-	-	5,115,069	-
Total Noncurrent Assets	8,687,156	8,854,239	-	-	17,541,395	-
Total Assets	9,075,899	10,856,464	-	318,568	20,250,931	552,363
Deferred Outflows of Resources:						
Deferred outflows of resources relating to pensions	191,663	88,504	-	8,217	288,384	-
Total Deferred Outflows of Resources	191,663	88,504	-	8,217	288,384	-

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, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Ambulance Services Fund	Total Nonmajor Funds	Total	
Liabilities:						
Current liabilities:						
Accounts payable	120,346	381,500	-	31,801	533,647	5,900
Salaries payable	37,312	14,943	-	4,025	56,280	-
Due to other funds	81,915	-	-	-	81,915	-
Compensated absences	10,777	2,275	-	502	13,554	-
Accrued interest payable	6,552	-	-	-	6,552	-
Revenue bonds payable - current	178,000	61,500	-	-	239,500	-
Total Current Liabilities	434,902	460,218	-	36,328	931,448	5,900
Noncurrent liabilities:						
Customer deposits payable	37,746	1,835	-	-	39,581	-
Compensated absences	10,632	3,513	-	-	14,145	-
Revenue bonds payable	368,000	123,000	-	-	491,000	-
Obligation under Central Valley bonds	-	2,745,126	-	-	2,745,126	-
Net pension liability	250,220	126,106	-	11,704	388,030	-
Total Noncurrent Liabilities	666,598	2,999,580	-	11,704	3,677,882	-
Total Liabilities	1,101,500	3,459,798	-	48,032	4,609,330	5,900
Deferred Inflows of Resources:						
Deferred inflows of resources relating to pensions	71,946	35,808	-	3,323	111,077	-
Total Deferred Inflows of Resources	71,946	35,808	-	3,323	111,077	-
Net Position:						
Net investment in capital assets	7,325,954	3,523,920	-	-	10,849,874	-
Restricted for capital projects	998,093	409,571	-	-	1,407,664	-
Restricted for debt service	200,202	30,750	-	-	230,952	-
Unrestricted	(430,133)	3,485,121	-	275,430	3,330,418	546,463
Total Net Position	\$ 8,094,116	\$ 7,449,362	\$ -	\$ 275,430	15,818,908	\$ 546,463
Adjustment to Reflect The Consolidation of Internal Service Fund Activities Related to Enterprise Funds					(2,493)	
Net Position of Business-Type Activities					\$ 15,816,415	

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, 2019

	Business-type Activities - Enterprise Funds					Governmental
	Water Utility Fund	Sewer Utility Fund	Ambulance Services Fund	Total Nonmajor Funds	Total	Activities - Internal Service Fund
Operating Revenues:						
Water sales	\$ 2,217,959	\$ -	\$ -	\$ -	\$ 2,217,959	\$ -
Sewer service charges	-	2,516,570	-	-	2,516,570	-
Solid waste collection fees	-	-	-	484,972	484,972	-
Ambulance fees, net	-	-	-	-	-	-
Connection fees	32,557	2,420	-	-	34,977	-
Other services	71,850	159,084	-	11,373	242,307	672,000
Total Operating Revenues	2,322,366	2,678,074	-	496,345	5,496,785	672,000
Operating Expenses:						
Employee salaries	566,808	222,324	-	51,656	840,788	-
Employee benefits	262,247	116,628	-	36,495	415,370	-
Professional services	46,454	18,569	-	-	65,023	-
Supplies	39,761	28,748	-	6,393	74,902	-
Utilities	120,346	26,593	-	-	146,939	-
Equipment supplies and maintenance	269,525	12,179	-	22,936	304,640	-
Repairs and maintenance	102,259	53,475	-	-	155,734	-
Depreciation	548,526	173,993	-	-	722,519	-
Net change in equity investment in joint venture	-	(540,675)	-	-	(540,675)	-
Central Valley sewer treatment costs	-	1,187,511	-	-	1,187,511	-
Water purchases	654,047	-	-	-	654,047	-
Waste collection contract	-	-	-	372,756	372,756	-
Sundry expense	50,571	3,505	-	-	54,076	-
Insurance	31,000	21,000	-	-	52,000	683,993
Furniture and equipment	12,527	11,868	-	45,317	69,712	-
Total Operating Expenses	2,704,071	1,335,718	-	535,553	4,575,342	683,993
Operating Income (Loss)	(381,705)	1,342,356	-	(39,208)	921,443	(11,993)
Nonoperating Revenues (Expenses):						
Interest revenue	16,216	4,047	-	-	20,263	14,023
Interest expense and fiscal charges	(15,192)	(221,908)	-	-	(237,100)	-
Impact fees	171,226	172,347	-	-	343,573	-
Total Nonoperating Revenues (Expenses)	172,250	(45,514)	-	-	126,736	14,023
Income (Loss) Before Transfers	(209,455)	1,296,842	-	(39,208)	1,048,179	2,030
Transfers	-	-	(912,517)	(1,239,068)	(2,151,585)	-
Change in Net Position	(209,455)	1,296,842	(912,517)	(1,278,276)	(1,103,406)	2,030
Net Position - Beginning (as previously reported)	8,303,571	8,917,830	912,517	1,553,706	19,687,624	544,433
Adjustment for obligation under Central Valley bonds	-	(2,765,310)	-	-	(2,765,310)	-
Net Position - Beginning (as restated)	8,303,571	6,152,520	912,517	1,553,706	16,922,314	544,433
Net Position - Ending	\$ 8,094,116	\$ 7,449,362	\$ -	\$ 275,430	\$ (1,104,334)	\$ 546,463
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					(928)	
Changes in Net Position of Business-Type Activities					\$ (1,104,334)	

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, 2019

	Business-type Activities - Enterprise Funds					
	Water Utility Fund	Sewer Utility Fund	Ambulance Services Fund	Total Nonmajor Funds	Total	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities:						
Receipts from customers	\$ 2,352,377	\$ 2,595,719	\$ 412,958	\$ 527,130	\$ 5,888,184	\$ 672,000
Payments to suppliers	(1,262,096)	(1,315,304)	(67,525)	(466,364)	(3,111,289)	(1,249,989)
Payments to employees	(825,137)	(329,795)	25,719	(80,062)	(1,209,275)	-
Purchase of additional investment in joint venture	-	(204,574)	-	-	(204,574)	-
Net Cash Provided by Operating Activities	265,144	746,046	371,152	(19,296)	1,363,046	(577,989)
Cash Flows from Noncapital Financing Activities						
Transfer to other funds	-	-	(912,517)	(1,239,068)	(2,151,585)	-
Net Cash (Used In) Noncapital Financing Activities	-	-	(912,517)	(1,239,068)	(2,151,585)	-
Cash Flows from Capital and Related Financing Activities:						
Impact fees received	171,226	172,347	-	-	343,573	-
Acquisition and construction of capital assets	(459,203)	(302,759)	-	-	(761,962)	-
Proceeds from sale of capital assets	-	-	540,832	477,218	1,018,050	-
Principal paid on capital debt	(174,000)	(61,500)	-	-	(235,500)	-
Interest paid on capital debt	(17,280)	(242,092)	-	-	(259,372)	-
Net Cash Provided by (Used In) Capital and Related Financing Activities	(479,257)	(434,004)	540,832	477,218	104,789	-
Cash Flows from Investing Activities:						
Interest received	16,216	4,047	-	-	20,263	14,023
Net Cash Provided by Investing Activities	16,216	4,047	-	-	20,263	14,023
Net Increase (Decrease) in Cash and Cash Equivalents	(197,897)	316,089	(533)	(781,146)	(663,487)	(563,966)
Cash and Cash Equivalents - Beginning	1,013,099	1,371,689	533	1,103,771	3,489,092	544,871
Cash and Cash Equivalents - Ending	\$ 815,202	\$ 1,687,778	\$ -	\$ 322,625	\$ 2,825,605	\$ (19,095)

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, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Ambulance Services Fund	Total Nonmajor Funds	Total	
Reconciliation of Operating Income						
(Loss) to Net Cash Provided by						
Operating Activities:						
Operating income (loss)	<u>\$ (381,705)</u>	<u>\$ 1,342,356</u>	<u>\$ -</u>	<u>\$ (39,208)</u>	<u>\$ 921,443</u>	<u>\$ (11,993)</u>
Adjustments to reconcile operating income						
(loss) to net cash provided by operating						
activities:						
Depreciation expense	548,526	173,993	-	-	722,519	-
Net pension adjustment	(694)	11,163	83,274	6,810	100,553	-
Changes in operating assets and						
liabilities:						
(Increase) decrease in:						
Accounts receivable	31,223	(84,190)	412,958	18,375	378,366	-
Due from other governments	-	-	-	28,387	28,387	-
Prepaid expenses	(410)	(204)	-	-	(614)	(571,458)
Due from other funds	-	(81,915)	-	-	(81,915)	-
Investment in joint venture, net	-	(745,249)	-	-	(745,249)	-
Increase (decrease) in:						
Accounts payable and accrued						
liabilities	(12,499)	128,257	(125,080)	(17,683)	(27,005)	5,462
Due to other funds	81,915	-	-	-	81,915	-
Unearned revenue	-	-	-	(15,977)	(15,977)	-
Customer deposits	(1,212)	1,835	-	-	623	-
Total Adjustments	<u>646,849</u>	<u>(596,310)</u>	<u>371,152</u>	<u>19,912</u>	<u>441,603</u>	<u>(565,996)</u>
Net Cash Provided by Operating Activities	<u>\$ 265,144</u>	<u>\$ 746,046</u>	<u>\$ 371,152</u>	<u>\$ (19,296)</u>	<u>\$ 1,363,046</u>	<u>\$ (577,989)</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

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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The City of South Salt Lake has no discretely presented component units and is itself not a component unit of any other entity. Each blended component unit has a June 30 year end.

Blended Component Units

The Redevelopment 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.

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

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

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

Joint Ventures

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

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Effective January 1, 2017, the member entities moved to a single ownership percentage. Each member's beneficial ownership interest is recomputed on an annual basis at the end of the calendar year, as outlined in the interlocal agreement. The seven members and their related ownership interest, as of December 31, 2018, are as follows:

	<u>Beginning</u>	<u>Ending</u>
Cottonwood Improvement District	17.03 %	17.32 %
Mt. Olympus Improvement District	24.59	24.10
Granger-Hunter Improvement District	22.11	22.40
Kearns Improvement District	10.54	10.51
Murray City	8.45	8.57
City of South Salt Lake	5.27	5.52
Taylorville-Bennion Improvement District	12.01	11.58
	<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, 2018 and for the year then ended is as follows (in thousands):

Total assets	\$ 134,833
Total net position	94,179
Revenue	18,878
Change in net position	9,534
The City's interest in:	
Equity	5,115
Net loss	541

During the current year, the City contributed \$202,534 for capital enhancements. The net amount of equity interest in Central Valley Water Reclamation Facility at June 30, 2019 is \$5,115,069 and is recorded in the Sewer Utility Fund. Costs associated with the joint venture for the year ended June 30, 2019 were \$646,836, which includes (\$540,675) amortization of the City's investment in Central Valley.

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>
2019	\$1,187,511	6.04%
2018	\$1,025,156	6.21%
2017	\$973,162	6.42%

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 *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.

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 in Note 1.B.), 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.

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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, Capital Projects Funds and Redevelopment Agency 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. Additional budgetary appropriations were necessary during the year ended June 30, 2019 for the Ambulance Services and Housing funds.

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, Solid Waste Collection, Ambulance Services, and Housing 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

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

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.

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

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.

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

The City 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 (including special assessments) 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 March 31. Employees may carry-over up to twelve days of unused sick leave each year. 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

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

delinquent after 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 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 \$5,117,622 at June 30, 2019. 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 ambulance services 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/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

2. Reconciliation of Government-Wide and 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 \$4,402,929 difference are as follows:

Net pension asset	\$ -
Deferred outflows of resources relating to pensions	7,255,217
Net pension liability	(8,633,981)
Deferred inflows of resources relating to pensions	<u>(3,024,165)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (4,402,929)</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 \$13,062,115 difference are as follows:

Bonds payable	\$ 12,145,000
Capital leases payable	108,860
Accrued interest payable	178,105
Compensated absences	<u>630,150</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 13,062,115</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 \$4,571,367 difference are as follows:

Capital outlay	\$ 7,529,307
Depreciation expense	<u>(2,957,940)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	<u>\$ 4,571,367</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 \$775,694 difference are as follows:

Compensated absences	\$ (68,507)
Accrued net pension	(722,929)
Accrued interest	<u>15,742</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>\$ (775,694)</u>

3. Prior Period Adjustment

Management previously classified Class C road funds received as unearned revenue, with revenue being recognized as funds are spent. Because Class C road funds received meet the criteria for recognition as revenue, an adjustment was made to reclassify unearned revenue to restricted fund balance and to properly record current year revenue. The impact on beginning fund balance is as follows:

	General Fund
Fund Balance - Beginning (as previously reported)	\$ 4,372,481
Adjustment for Class C road revenue	<u>2,873,138</u>
Fund Balance - Beginning (as restated)	<u>\$ 7,245,619</u>

The City is obligated to make debt service payments to Central Valley in relation to the Series 2017A sewer revenue bonds issued by Central Valley during the year ended June 30, 2018. The City is billed in proportion to its ownership as a percentage of the total ownership represented by the four member

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

entities participating in the 2017A bonds. The City's portion of the outstanding obligation was not recorded in the prior year. Therefore, an adjustment was made to record the obligation under Central Valley bonds with a corresponding reduction in beginning net position. The impact on beginning net position is as follows:

	Sewer Utility Fund
Net Position - Beginning (as previously reported)	\$ 8,917,830
Adjustment for obligation under Central Valley bonds	<u>(2,765,310)</u>
Net Position - Beginning (as restated)	<u>\$ 6,152,520</u>

The adjustment described above had the following impact on beginning net position in the government-wide financial statements:

	Governmental Activities	Business-type Activities
Net Position - Beginning (as previously reported)	\$ 56,802,270	\$ 19,686,059
Adjustment for Class C road revenue	2,873,138	-
Adjustment for obligation under Central Valley bonds	<u>-</u>	<u>(2,765,310)</u>
Net Position - Beginning (as restated)	<u>\$ 59,675,408</u>	<u>\$ 16,920,749</u>

4. 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.

Deposits

	Bank Balances	Book Balances
Cash on hand	\$ -	\$ 3,562
Cash on deposit	<u>1,371,808</u>	<u>201,106</u>
Total	<u>\$ 1,371,808</u>	<u>\$ 204,668</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

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

credit risk. As of June 30, 2019, \$1,121,808 of the City's bank balances of \$1,371,808 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, one of which must be Moody's Investors Services or Standard & Poor's; 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. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

As of June 30, 2019, 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
State of Utah Public Treasurer's Investment Fund	\$ 24,302,520	\$ 24,302,520	\$ -	\$ -	\$ -

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, 2019, 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

5. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,857,230	\$ 477,218	\$ -	\$ 6,334,448
Construction in progress	826,859	1,543,263	(681,585)	1,688,537
Total capital assets not being depreciated	6,684,089	2,020,481	(681,585)	8,022,985
Capital assets being depreciated:				
Buildings	23,801,443	-	-	23,801,443
Improvements other than buildings	5,157,591	392,870	-	5,550,461
Machinery and equipment	16,210,370	2,821,171	(432,187)	18,599,354
Infrastructure	23,539,386	3,026,626	-	26,566,012
Total capital assets being depreciated	68,708,790	6,240,667	(432,187)	74,517,270
Less accumulated depreciation for:				
Buildings	(9,843,941)	(645,892)	-	(10,489,833)
Improvements other than buildings	(1,799,503)	(225,295)	-	(2,024,798)
Machinery and equipment	(9,696,164)	(1,374,539)	275,733	(10,794,970)
Infrastructure	(8,941,112)	(712,214)	-	(9,653,326)
Total accumulated depreciation	(30,280,720)	(2,957,940)	275,733	(32,962,927)
Total capital assets being depreciated, net	38,428,070	3,282,727	(156,454)	41,554,343
Governmental Activities				
Capital Assets, Net	\$ 45,112,159	\$ 5,303,208	\$ (838,039)	\$ 49,577,328
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 762,825	\$ -	\$ (458,411)	\$ 304,414
Total capital assets not being depreciated	762,825	-	(458,411)	304,414
Capital assets being depreciated:				
Buildings	2,719,837	-	(62,691)	2,657,146
Improvements other than buildings	17,788,679	483,570	-	18,272,249
Machinery and equipment	5,016,007	278,392	(1,150,495)	4,143,904
Total capital assets being depreciated	25,524,523	761,962	(1,213,186)	25,073,299

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	\$ (1,285,547)	\$ (97,877)	\$ 43,885	\$ (1,339,539)
Improvements other than buildings	(9,199,979)	(398,907)	-	(9,598,886)
Machinery and equipment	(3,242,841)	(225,735)	609,662	(2,858,914)
Total accumulated depreciation	<u>(13,728,367)</u>	<u>(722,519)</u>	<u>653,547</u>	<u>(13,797,339)</u>
Total capital assets being depreciated, net	<u>11,796,156</u>	<u>39,443</u>	<u>(559,639)</u>	<u>11,275,960</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 12,558,981</u>	<u>\$ 39,443</u>	<u>\$ (1,018,050)</u>	<u>\$ 11,580,374</u>

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

Governmental Activities:	
General government	\$ 508,764
Public safety	1,128,046
Highways and public improvements	1,123,168
Parks and recreation	197,962
Total Depreciation Expense - Governmental Activities	<u>2,957,940</u>
Business-Type Activities:	
Water	548,526
Sewer	173,993
Total Depreciation Expense - Business-Type Activities	<u>722,519</u>
Total Depreciation Expense	<u>\$ 3,680,459</u>

6. Due from Other Funds, Due to Other Funds, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital projects	Redevelopment agency	<u>\$ 1,812,609</u>

A portion of the interfund payable balance in the Redevelopment Agency reflects the amount due to the capital projects fund for loans made in 1992, 1993, and 1994. The original 1992 loan, which comprises the majority of the total loan amount, was made to finance major housing rehabilitation projects in the Park Creek and Southbrook areas of the City. Debt service on the loan is made with tax increment proceeds received annually by the Redevelopment Agency. An additional loan of \$1,000,000 was made between the Redevelopment Agency and the capital projects fund during the year ended June 30, 2014. This loan was made to help finance the purchase of property in the Market Station development area. Debt service on the loan will be made using the proceeds from the sale of the property purchased.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

<u>Transfer Out:</u>	<u>Transfer In:</u>	<u>Amount</u>
Capital projects fund	Leased equipment debt service fund	\$ 325,386
General fund	Redevelopment agency	1,600,000
Ambulance services fund	General fund and capital projects fund	912,517
Housing fund	General fund and capital projects fund	1,239,068

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. Effective July 1, 2018, the City closed the ambulance services fund and the housing fund. Assets and liabilities in these funds were transferred to the general and capital projects fund, and the remaining net position in these funds was transferred to these funds.

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:

<u>Purpose</u>	<u>Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Amount</u>
Governmental Activities:					
Market Station Urban Renewal	2010	\$ 15,000,000	4.42%	2031	<u>\$ 12,145,000</u>

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 \$15 million in Redevelopment Agency excise tax and tax increment bonds issued in December 2010. 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 \$15,744,537, 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 \$1,258,890 and \$3,001,664, respectively.

The City has pledged future revenues of the City's water system to repay \$3 million in water revenue bonds issued in April 2001. The bonds are payable solely from revenues of the City's water system and are payable through January 2022. The total principal and interest remaining to be paid on the bonds is \$572,400. Principal and interest paid for the current year and total water utility fund operating income (excluding depreciation) were \$191,280 and \$166,821, respectively.

The City has pledged future sewer revenues, net of specified operation and maintenance expenses, to repay \$1.23 million in sewer revenue bonds issued in August 2002. The bonds are payable solely from the net revenues of the City's sewer utility fund and are payable through February 2022. The total principal and interest remaining to be paid on the sewer revenue bonds is \$184,500. Principal and interest paid for the current year and total sewer utility fund net revenues were \$61,500 and \$733,582, respectively.

Revenue bond debt service requirements to maturity are as follows:

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 755,000	\$ 520,123	\$ 239,500	\$ 13,104
2021	805,000	485,648	243,500	8,832
2022	770,000	450,840	247,500	4,464
2023	825,000	415,590	-	-
2024	880,000	377,910	-	-
2025-2029	5,400,000	1,227,655	-	-
2030-2031	2,710,000	121,771	-	-
Total	<u>\$ 12,145,000</u>	<u>\$ 3,599,537</u>	<u>\$ 730,500</u>	<u>\$ 26,400</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Revenue bonds	\$ 12,850,000	\$ -	\$ (705,000)	\$ 12,145,000	\$ 755,000
Total bonds payable	12,850,000	-	(705,000)	12,145,000	755,000
Capital leases	424,752	-	(315,892)	108,860	108,860
Compensated absences	561,643	722,087	(653,580)	630,150	315,816
Governmental Activities Long-Term Liabilities	<u>\$ 13,836,395</u>	<u>\$ 722,087</u>	<u>\$ (1,674,472)</u>	<u>\$ 12,884,010</u>	<u>\$ 1,179,676</u>
Business-Type Activities:					
Bonds payable:					
2001 taxable water revenue bonds	\$ 720,000	\$ -	\$ (174,000)	\$ 546,000	\$ 178,000
2002 taxable sewer revenue bonds	246,000	-	(61,500)	184,500	61,500
Total bonds payable	966,000	-	(235,500)	730,500	239,500
Compensated absences	47,710	15,842	(36,355)	27,197	13,052
Business-Type Activities Long-Term Liabilities	<u>\$ 1,013,710</u>	<u>\$ 15,842</u>	<u>\$ (271,855)</u>	<u>\$ 757,697</u>	<u>\$ 252,552</u>

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

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

8. Capital Leases

During fiscal year 2015, the City entered into a lease agreement as lessee for financing the acquisition of public works equipment valued at \$418,660. During fiscal year 2017, the City entered into a lease agreement as lessee for financing the acquisition of public works equipment valued at \$80,199. This year, \$82,398 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception dates.

The assets acquired through the capital leases are as follows:

Assets:	
Machinery and equipment	\$ 498,859
Less: accumulated depreciation	<u>(118,845)</u>
Total	<u><u>\$ 380,014</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Year Ending June 30,</u>	
2020	\$ 111,073
Total minimum lease payments	<u>111,073</u>
Less: amount representing interest	<u>(2,213)</u>
Present value of minimum lease payments	<u><u>\$ 108,860</u></u>

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 sewer revenue bonds issued by Central Valley in July 2017. The City is billed monthly in proportion to its ownership as a percentage of the total ownership represented by the four member entities participating in the 2017A bonds. For the year ended June 30, 2019, the City made payments of approximately \$242,000. 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 \$2,745,126 at June 30, 2019, 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 in 2033. The beginning balance of the City's obligation was \$2,765,310. The City's share of principal paid during the fiscal year was \$90,363, which reduced the obligation, offset by an increase of \$75,731 due to an increase in the City's ownership during the current fiscal year.

10. Retirement Systems and Pension Plans

Description of Plans

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

CITY OF SOUTH SALT LAKE

NOTES TO FINANCIAL STATEMENTS

Defined Benefit Plans:

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

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

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

Benefits Provided

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	COLA**
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

	Employee	Employer	Employer 401(k)
Contributory System			
111 - Local Governmental Division Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
Contributory System			
122 - Tier 2 DB Hybrid Public Safety	N/A	24.25%	0.74%
Noncontributory System			
75 - Other Division A with 4% COLA	N/A	35.71%	N/A
Firefighters System			
31 - Other Division A	15.05%	4.61%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	11.34%	0.74%
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 - Public Safety	N/A	12.99%	12.00%
232 - Firefighters	N/A	0.08%	12.00%

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

For the fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 645,311	N/A
Public Safety System	868,849	-
Firefighters System	104,291	340,337
Tier 2 Public Employees System	324,639	-
Tier 2 Public Safety and Firefighters System	276,578	-
Tier 2 DC Only System	50,443	N/A
Tier 2 DC Public Safety and Firefighter System	1,663	N/A
Total contributions	<u>\$ 2,271,774</u>	<u>\$ 340,337</u>

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

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

At June 30, 2019, the City reported a net pension asset of \$-0- and a net pension liability of \$9,022,011.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

	Measurement Date: December 31, 2018			Proportionate	
	Net	Net	Proportionate	Share	
	Pension	Pension	Share	Dec. 31, 2017	Change
	Asset	Liability			
Noncontributory System	\$ -	\$ 3,415,887	0.4638804%	0.4635013%	0.0003791%
Public Safety System	-	4,555,033	1.7706054%	1.7508336%	0.0197718%
Firefighters System	-	961,107	7.4018263%	7.9670752%	-0.5652489%
Tier 2 Public Employees System	-	69,308	0.1618299%	0.1716426%	-0.0098127%
Tier 2 Public Safety and Firefighters System	-	20,676	0.8251895%	0.9508348%	-0.1256453%
Total Net Pension Asset/Liability	\$ -	\$ 9,022,011			

The net pension asset and liability were measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, the City recognized pension expense of \$2,914,520.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257,053	\$ 468,141
Changes in assumptions	1,529,416	113,574
Net difference between projected and actual earnings on pension plan investments	4,447,380	2,412,572
Changes in proportion and differences between contributions and proportionate share of contributions	148,264	140,955
Contributions subsequent to the measurement date	1,161,488	-
Total	\$ 7,543,601	\$ 3,135,242

\$1,161,488 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 1,272,793
2020	395,776
2021	348,314
2022	1,109,219
2023	74,544
Thereafter	46,225

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, we recognized pension expense of \$912,584.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,933	\$ 63,710
Changes in assumptions	457,597	-
Net difference between projected and actual earnings on pension plan investments	1,560,264	849,456
Changes in proportion and differences between contributions and proportionate share of contributions	15,957	56,762
Contributions subsequent to the measurement date	320,263	-
Total	<u>\$ 2,398,014</u>	<u>\$ 969,928</u>

\$320,263 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 486,430
2020	194,565
2021	90,046
2022	336,782
2023	-
Thereafter	-

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, we recognized pension expense of \$1,324,849.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 216,775
Changes in assumptions	523,584	-
Net difference between projected and actual earnings on pension plan investments	1,735,665	949,622
Changes in proportion and differences between contributions and proportionate share of contributions	26,730	78,543
Contributions subsequent to the measurement date	439,508	-
Total	<u>\$ 2,725,487</u>	<u>\$ 1,244,940</u>

\$439,508 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 505,117
2020	69,856
2021	92,943
2022	373,123
2023	-
Thereafter	-

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2019, we recognized pension expense of \$377,865.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 203,134	\$ 173,304
Changes in assumptions	511,192	111,571
Net difference between projected and actual earnings on pension plan investments	1,089,404	588,590
Changes in proportion and differences between contributions and proportionate share of contributions	74,927	907
Contributions subsequent to the measurement date	50,928	-
Total	<u>\$ 1,929,585</u>	<u>\$ 874,372</u>

\$50,928 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 267,806
2020	121,179
2021	154,274
2022	380,546
2023	70,471
Thereafter	10,008

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

For the year ended June 30, 2019, we recognized pension expense of \$179,042.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 486	\$ 14,325
Changes in assumptions	17,372	1,245
Net difference between projected and actual earnings on pension plan investments	38,000	15,430
Changes in proportion and differences between contributions and proportionate share of contributions	19,906	-
Contributions subsequent to the measurement date	191,338	-
Total	<u>\$ 267,102</u>	<u>\$ 31,000</u>

\$191,338 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 7,755
2020	5,624
2021	6,169
2022	10,949
2023	1,982
Thereafter	12,287

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

For the year ended June 30, 2019, we recognized pension expense of \$120,180.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,500	\$ 27
Changes in assumptions	19,671	758
Net difference between projected and actual earnings on pension plan investments	24,047	9,474
Changes in proportion and differences between contributions and proportionate share of contributions	10,744	4,743
Contributions subsequent to the measurement date	159,452	-
Total	<u>\$ 223,414</u>	<u>\$ 15,002</u>

\$159,452 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to its fiscal year end, but subsequent to the measurement date of December 31, 2018.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 5,685
2020	4,552
2021	4,882
2022	7,820
2023	2,092
Thereafter	23,930

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were developed from actual experience and mortality tables, based on 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, 2018, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

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 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:

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

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

Discount Rate

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

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 7,000,725	\$ 3,415,887	\$ 430,664
Public Safety System	8,928,669	4,555,033	1,004,602
Firefighters System	3,586,520	961,107	(1,164,772)
Tier 2 Public Employees System	277,662	69,308	(91,489)
Tier 2 Public Safety and Firefighter	155,948	20,676	(82,842)
Total	<u>\$ 19,949,524</u>	<u>\$ 9,022,011</u>	<u>\$ 96,163</u>

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

The City of South Salt Lake participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

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

	2019	2018	2017
401(k) Plan			
Employer Contributions	\$ 451,193	\$ 426,628	\$ 384,292
Employee Contributions	286,524	281,847	246,546
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	184,842	213,146	207,053
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	67,002	60,725	47,313
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	4,835	8,165	8,600

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 of South Salt Lake 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, 2019, the Insurance Reserve Fund paid \$683,993 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.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

12. Redevelopment 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 2019:

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

<u>Project Area</u>	<u>2019</u>
Metro - Center	\$ 25,412
Westech	117,009
Total	<u>\$ 142,421</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>Project Area</u>	<u>2019</u>
Excise tax and tax increment revenue bonds	\$ 12,145,000
Interfund notes payable	1,812,609
	<u>\$ 13,957,609</u>

D. The actual amount expended for:

<u>Project Area</u>	<u>2019</u>
Administrative costs of the Agency	\$ 424,609
Principal on bonds payable	705,000
Interest and fiscal charges on bonds	553,890
Market Station improvement costs	113,588
Loss on impairment of property held for sale	1,074,775
	<u>\$ 2,871,862</u>

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.

CITY OF SOUTH SALT LAKE
NOTES TO FINANCIAL STATEMENTS

14. Commitments

Central Valley Water Reclamation Facility

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, 2019, the City entered into an agreement with a contractor for the Fitts Park west construction project. As of June 30, 2019, the City had a remaining commitment of approximately \$266,000 under the agreement.

During the year ended June 20, 2019, the City entered into agreements with contractors for the Columbus Teen Tech Center project. As of June 30, 2019, the City had a remaining commitment of approximately \$97,000 under these contracts.

During the year ended June 30, 2019, the City entered into an agreement with a contractor for the Gateway Park project. As of June 30, 2019, the City had a remaining commitment of approximately \$181,000 under the agreement.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SOUTH SALT LAKE
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND

For the year ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 5,386,182	\$ 5,386,182	\$ 5,345,516	\$ (40,666)
Sales taxes	12,600,000	12,600,500	12,496,735	(103,765)
Other taxes	3,333,000	3,333,000	3,040,310	(292,690)
Licenses and permits	1,545,000	1,583,500	2,346,433	762,933
Intergovernmental	6,563,958	6,563,958	4,042,046	(2,521,912)
Charges for services	1,730,000	1,730,000	1,882,962	152,962
Fines and forfeitures	1,017,000	1,017,000	759,943	(257,057)
Investment earnings	110,000	110,000	229,139	119,139
Rental income	324,000	324,000	348,035	24,035
Miscellaneous revenues	362,384	374,384	282,933	(91,451)
Total Revenues	32,971,524	33,022,524	30,774,052	(2,248,472)
Expenditures:				
Current:				
General government:				
Administrative	2,180,500	2,180,500	2,080,324	100,176
City council	337,400	337,400	212,248	125,152
Municipal court	810,600	810,600	689,404	121,196
City attorney	708,800	708,800	604,122	104,678
City hall building	377,000	377,000	366,669	10,331
Public buildings	495,620	507,620	425,194	82,426
Public safety:				
Police department	8,450,003	8,473,503	8,135,771	337,732
Dispatching	524,000	524,500	524,491	9
Urban livability	672,300	672,300	586,381	85,919
Fire department	6,515,900	6,515,900	6,167,529	348,371
Highways and public improvements:				
Streets and highways	2,179,350	2,179,350	1,519,198	660,152
Engineering	746,350	901,350	832,760	68,590
Public assets	622,300	622,300	585,552	36,748
Building and planning services	1,093,425	1,108,425	941,105	167,320
Parks, recreation and culture:				
Recreation	468,150	468,150	458,246	9,904
Parks	483,550	483,550	394,801	88,749
SSL Promise	2,714,341	2,714,341	2,339,775	374,566
Community events	158,000	158,000	157,244	756
Capital outlay: Highways and public improvements - Streets	2,345,000	2,345,000	1,146,552	1,198,448
Total Expenditures	31,882,589	32,088,589	28,167,366	3,921,223
Excess of Revenues Over Expenditures	1,088,935	933,935	2,606,686	1,672,751
Other Financing Sources (Uses):				
Transfers in (out)	(1,600,000)	(1,600,000)	(466,465)	1,133,535
Total Other Financing Sources (Uses)	(1,600,000)	(1,600,000)	(466,465)	1,133,535
Net Change in Fund Balances	(511,065)	(666,065)	2,140,221	2,806,286
Fund Balances - Beginning (as restated)	7,245,619	7,245,619	7,245,619	-
Fund Balances - Ending	\$ 6,734,554	\$ 6,579,554	\$ 9,385,840	\$ 2,806,286

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, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 145,000	\$ 145,000	\$ 142,421	\$ (2,579)
Investment earnings	2,000	2,000	1,423	(577)
Miscellaneous	700,000	700,000	-	(700,000)
Total Revenues	847,000	847,000	143,844	(703,156)
Expenditures:				
Current:				
General government:	536,000	536,000	424,609	111,391
Highways and public improvements	812,000	812,000	113,588	698,412
Redevelopment	75,000	75,000	-	75,000
Debt Service:				
Principal retirement	705,000	705,000	705,000	-
Interest and fiscal charges	539,000	539,000	553,890	(14,890)
Total Expenditures	2,667,000	2,667,000	1,797,087	869,913
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,820,000)	(1,820,000)	(1,653,243)	166,757
Other Financing Sources (Uses):				
Transfers in (out)	1,600,000	1,600,000	1,600,000	-
Total Other Financing Sources (Uses)	1,600,000	1,600,000	1,600,000	-
Net Change in Fund Balances	(220,000)	(220,000)	(53,243)	166,757
Fund Balances - Beginning	6,109,753	6,109,753	6,109,753	-
Fund Balances - Ending	\$ 5,889,753	\$ 5,889,753	\$ 6,056,510	\$ 166,757

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

CITY OF SOUTH SALT LAKE
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Fiscal Years *

	Noncontributory System	Public Safety System	Firefighters System	Employees System	Safety and Firefighter System
2019					
Proportion of the net pension liability (asset)	0.4638804%	0.0177061%	7.4018263%	0.1618299%	0.8251895%
Proportionate share of the net pension liability (asset)	\$ 3,415,887	\$ 4,555,033	\$ 961,107	\$ 69,308	\$ 20,676
Covered payroll	\$ 3,613,013	\$ 2,640,424	\$ 2,454,080	\$ 1,887,985	\$ 1,104,284
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	94.54%	172.51%	39.16%	3.67%	1.87%
Plan fiduciary net position as a percentage of the total pension liability (asset)	87.0%	84.7%	94.3%	90.8%	95.6%
2018					
Proportion of the net pension liability (asset)	0.4635013%	1.7508336%	7.9670752%	0.1716426%	0.9508348%
Proportionate share of the net pension liability (asset)	\$ 2,030,738	\$ 2,746,460	\$ (497,586)	\$ 15,133	\$ (11,002)
Covered payroll	\$ 3,665,873	\$ 2,576,246	\$ 2,483,013	\$ 1,681,204	\$ 1,003,771
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	55.40%	106.61%	-20.04%	0.90%	-1.10%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.9%	90.2%	103.0%	97.4%	103.0%
2017					
Proportion of the net pension liability (asset)	0.4772586%	1.8602397%	9.6015631%	0.1833915%	0.9858136%
Proportionate share of the net pension liability (asset)	\$ 3,064,585	\$ 3,774,940	\$ (75,694)	\$ 20,457	\$ (8,557)
Covered payroll	\$ 3,914,785	\$ 2,734,900	\$ 2,848,274	\$ 1,503,949	\$ 814,504
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	78.28%	138.03%	-2.66%	1.36%	-1.05%
Plan fiduciary net position as a percentage of the total pension liability (asset)	87.3%	86.5%	100.4%	95.1%	103.6%
2016					
Proportion of the net pension liability (asset)	0.4638931%	1.8786968%	9.6025888%	0.1485526%	0.7412166%
Proportionate share of the net pension liability (asset)	\$ 2,624,933	\$ 3,365,218	\$ (173,922)	\$ (324)	\$ (10,829)
Covered payroll	\$ 3,845,815	\$ 2,803,802	\$ 2,726,926	\$ 959,808	\$ 441,213
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	68.25%	120.02%	-6.38%	-0.03%	-2.45%
Plan fiduciary net position as a percentage of the total pension liability (asset)	87.8%	87.1%	101.0%	100.2%	110.7%
2015					
Proportion of the net pension liability (asset)	0.4844024%	1.9929293%	10.1011834%	0.1525036%	0.3347151%
Proportionate share of the net pension liability (asset)	\$ 2,103,389	\$ 2,506,274	\$ (576,412)	\$ (4,622)	\$ (4,952)
Covered payroll	\$ 4,029,647	\$ 3,049,752	\$ 2,789,645	\$ 748,865	\$ 138,515
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	52.20%	82.18%	-20.66%	-0.62%	-3.58%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.2%	90.5%	103.5%	103.5%	120.5%

* GASB 68 was implemented in fiscal year 2015; therefore, there is only information for three prior years available for this schedule.

CITY OF SOUTH SALT LAKE
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years **

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll ***
Noncontributory System	2014	\$ 714,812	\$ 714,812	\$ -	\$ 4,166,753	17.16%
	2015	709,411	709,411	-	3,902,803	18.18%
	2016	682,065	682,065	-	3,804,154	17.93%
	2017	685,959	685,959	-	3,829,211	17.91%
	2018	647,580	647,580	-	3,638,206	17.80%
	2019	645,311	645,311	-	3,654,156	17.66%
Public Safety System	2014	\$ 961,403	\$ 961,403	\$ -	\$ 3,145,760	30.56%
	2015	962,509	962,509	-	2,937,283	32.77%
	2016	877,139	877,139	-	2,692,988	32.57%
	2017	874,983	874,983	-	2,674,697	32.71%
	2018	845,885	845,885	-	2,615,021	32.35%
	2019	868,849	868,849	-	2,691,143	32.29%
Firefighters System	2014	\$ 77,323	\$ 77,323	\$ -	\$ 2,748,282	2.81%
	2015	100,933	100,933	-	2,784,354	3.63%
	2016	106,229	106,229	-	2,807,604	3.78%
	2017	98,315	98,315	-	2,679,155	3.67%
	2018	88,962	88,962	-	2,417,367	3.68%
	2019	104,291	104,291	-	2,366,469	4.41%
Tier 2 Public Employees System *	2014	\$ 81,435	\$ 81,435	\$ -	\$ 583,420	13.96%
	2015	129,757	129,757	-	868,534	14.94%
	2016	175,619	175,619	-	1,177,861	14.91%
	2017	254,533	254,533	-	1,707,553	14.91%
	2018	258,310	258,310	-	1,711,676	15.09%
	2019	324,639	324,639	-	2,089,885	15.53%
Tier 2 Public Safety and Firefighter System *	2014	\$ 23,024	\$ 23,024	\$ -	\$ 117,746	19.55%
	2015	57,347	57,347	-	253,843	22.59%
	2016	129,495	129,495	-	589,487	21.97%
	2017	194,686	194,686	-	989,937	19.67%
	2018	196,256	196,256	-	1,046,369	18.76%
	2019	276,578	276,578	-	1,394,634	19.83%
Tier 2 Public Employees DC Only System *	2014	\$ 2,616	\$ 2,616	\$ -	\$ 46,878	5.58%
	2015	3,507	3,507	-	52,047	6.74%
	2016	8,426	8,426	-	125,949	6.69%
	2017	19,209	19,209	-	287,248	6.69%
	2018	38,185	38,185	-	567,987	6.72%
	2019	50,443	50,443	-	754,152	6.69%
Tier 2 Public Safety and Firefighter System *	2014	\$ 23	\$ 23	\$ -	\$ 21,205	0.11%
DC Only System *	2015	33	33	-	41,347	0.08%
	2016	37	37	-	46,859	0.08%
	2017	1,883	1,883	-	83,584	2.25%
	2018	6,301	6,301	-	214,148	2.94%
	2019	1,663	1,663	-	352,122	0.47%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

Tier 2 systems were created effective July 1, 2011.

** GASB 68 was implemented in fiscal year 2015; therefore, there is only information for four prior years available for this schedule.

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

CITY OF SOUTH SALT LAKE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. General Fund and Redevelopment Agency Budgetary Information

The budgets for the general fund is adopted and presented on a basis consistent with U.S. generally accepted accounting principles. Following is a reconciliation of redevelopment agency fund balance from budgetary to U.S. generally accepted accounting principles:

Ending fund balance - budgetary basis	\$ 6,056,510
Impairment loss on property held for sale, not reported as an expenditure under the budgetary basis	<u>(1,074,775)</u>
Ending fund balance - GAAP basis	<u><u>\$ 4,981,735</u></u>

2. Pension Schedules

Changes in Assumptions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

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OTHER SUPPLEMENTARY INFORMATION

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

June 30, 2019

	Solid Waste Collection Fund	Housing Fund	Total Nonmajor Proprietary Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 322,625	\$ -	\$ 322,625
Accounts receivable, net	(4,057)	-	(4,057)
Total Current Assets	318,568	-	318,568
Total Assets	318,568	-	318,568
Deferred Outflows of Resources:			
Deferred outflows of resources relating to pensions	8,217	-	8,217
Total Deferred Outflows of Resources	8,217	-	8,217
	Solid Waste Collection Fund	Housing Fund	Total Nonmajor Proprietary Funds
Liabilities:			
Current liabilities:			
Accounts payable	31,801	-	31,801
Salaries payable	4,025	-	4,025
Compensated absences	502	-	502
Total Current Liabilities	36,328	-	36,328
Noncurrent liabilities:			
Net pension liability	11,704	-	11,704
Total Noncurrent Liabilities	11,704	-	11,704
Total Liabilities	48,032	-	48,032
Deferred Inflows of Resources:			
Deferred inflows of resources relating to pensions	3,323	-	3,323
Total Deferred Inflows of Resources	3,323	-	3,323
Net Position:			
Unrestricted	275,430	-	275,430
Total Net Position	\$ 275,430	\$ -	\$ 275,430

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

CITY OF SOUTH SALT LAKE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
POSITION – NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Solid Waste Collection Fund	Housing Fund	Total Nonmajor Proprietary Funds
Operating Revenues:			
Solid waste collection fees	\$ 484,972	\$ -	\$ 484,972
Other services	11,373	-	11,373
Total Operating Revenues	496,345	-	496,345
Operating Expenses:			
Employee salaries	51,656	-	51,656
Employee benefits	36,495	-	36,495
Supplies	6,393	-	6,393
Equipment supplies and maintenance	22,936	-	22,936
Waste collection contract	372,756	-	372,756
Furniture and equipment	45,317	-	45,317
Total Operating Expenses	535,553	-	535,553
Operating Income	(39,208)	-	(39,208)
Income (Loss) Before Transfers	(39,208)	-	(39,208)
Transfers	-	(1,239,068)	(1,239,068)
Change in Net Position	(39,208)	(1,239,068)	(1,278,276)
Net Position - Beginning	314,638	1,239,068	1,553,706
Net Position - Ending	\$ 275,430	\$ -	\$ 275,430

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

CITY OF SOUTH SALT LAKE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended June 30, 2019

	Solid Waste Collection Fund	Housing Fund	Total Nonmajor Proprietary Funds
Cash Flows From Operating Activities:			
Receipts from customers	\$ 500,402	\$ 26,728	\$ 527,130
Payments to suppliers	(447,434)	(18,930)	(466,364)
Payments to employers	(80,062)	-	(80,062)
Net Cash Provided by Operating Activities	<u>(27,094)</u>	<u>7,798</u>	<u>(19,296)</u>
Cash Flows from Noncapital Financing Activities:			
Transfer from other funds	-	(1,239,068)	(1,239,068)
Net Cash (Used In) Noncapital Financing Activities:	<u>-</u>	<u>(1,239,068)</u>	<u>(1,239,068)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	477,218	477,218
Net Cash Provided By Capital and Related Financing Activities:	<u>-</u>	<u>477,218</u>	<u>477,218</u>
Net Decrease in Cash and Cash Equivalents	(27,094)	(754,052)	(781,146)
Cash and Cash Equivalents - Beginning	<u>349,719</u>	<u>754,052</u>	<u>1,103,771</u>
Cash and Cash Equivalents - Ending	<u>\$ 322,625</u>	<u>\$ -</u>	<u>\$ 322,625</u>
Reconciliation of Operating Income to net cash provided by Operating Activities:			
Operating income	<u>\$ (39,208)</u>	<u>\$ -</u>	<u>\$ (39,208)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Net pension adjustment	6,810	-	6,810
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	4,057	14,318	18,375
Due from other governments	-	28,387	28,387
Increase (decrease) in:			
Accounts payable and accrued liabilities	<u>1,247</u>	<u>(18,930)</u>	<u>(17,683)</u>
Unearned revenue	<u>-</u>	<u>(15,977)</u>	<u>(15,977)</u>
Total Adjustments	<u>12,114</u>	<u>7,798</u>	<u>19,912</u>
Net Cash Provided by Operating Activities	<u>\$ (27,094)</u>	<u>\$ 7,798</u>	<u>\$ (19,296)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SOUTH SALT LAKE

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

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Debt Service:				
Principal retirement	310,400	310,400	315,892	(5,492)
Interest and fiscal charges	20,600	20,600	9,494	11,106
Total Expenditures	331,000	331,000	325,386	5,614
(Deficiency) of Revenues (Under) Expenditures	(331,000)	(331,000)	(325,386)	5,614
Other Financing Sources (Uses):				
Transfers in (out)	331,000	331,000	325,386	(5,614)
Total Other Financing Sources (Uses)	331,000	331,000	325,386	(5,614)
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ -	\$ -

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

CITY OF SOUTH SALT LAKE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Sales taxes	\$ 2,183,000	\$ 2,183,000	\$ 3,220,047	\$ 1,037,047
Intergovernmental	2,446,500	2,579,500	1,616,523	(962,977)
Impact fees	165,000	515,000	996,000	481,000
Investment earnings	150,000	170,000	410,629	240,629
Miscellaneous revenues	40,000	156,519	48,202	(108,317)
Total Revenues	4,984,500	5,604,019	6,291,401	687,382
Expenditures:				
Capital outlay:				
General government	661,000	756,000	349,435	406,565
Public safety	2,712,300	3,056,300	3,017,733	38,567
Highways and public improvements	4,298,800	4,298,800	2,288,994	2,009,806
Parks and recreation	1,462,600	1,820,600	1,450,711	369,889
Total Expenditures	9,134,700	9,931,700	7,106,873	2,824,827
Excess(Deficiency) of Revenues Over (Under) Expenditures	(4,150,200)	(4,327,681)	(815,472)	3,512,209
Other Financing Sources (Uses):				
Transfers (out)	(331,000)	(331,000)	692,664	1,023,664
Capital leases	650,000	650,000	-	(650,000)
Sale of capital assets	100,000	100,000	127,091	27,091
Total Other Financing Sources (Uses)	419,000	419,000	819,755	400,755
Net Change in Fund Balances	(3,731,200)	(3,908,681)	4,283	3,912,964
Fund Balances - Beginning	13,523,233	13,523,233	13,523,233	-
Fund Balances - Ending	\$ 9,792,033	\$ 9,614,552	\$13,527,516	\$ 3,912,964

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

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Statistical Section

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CITY OF SOUTH SALT LAKE
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities										
Net investment in capital assets	\$ 40,522	\$ 42,309	\$ 43,342	\$ 43,908	\$ 43,243	\$ 43,232	\$ 44,489	\$ 44,327	\$ 44,687	\$ 49,468
Restricted	1,064	4,343	3,170	2,461	3,011	2,698	1,601	2,349	2,655	4,164
Unrestricted	<u>22,984</u>	<u>18,475</u>	<u>18,581</u>	<u>15,698</u>	<u>16,106</u>	<u>10,002</u>	<u>10,252</u>	<u>8,234</u>	<u>9,460</u>	<u>12,042</u>
Total governmental activities net position	<u>\$ 64,570</u>	<u>\$ 65,127</u>	<u>\$ 65,093</u>	<u>\$ 62,067</u>	<u>\$ 62,360</u>	<u>\$ 55,932</u>	<u>\$ 56,342</u>	<u>\$ 54,910</u>	<u>\$ 56,802</u>	<u>\$ 65,674</u>
Business-type activities										
Net investment in capital assets	\$ 10,450	\$ 10,214	\$ 10,269	\$ 10,752	\$ 10,826	\$ 10,513	\$ 10,809	\$ 11,132	\$ 11,593	\$ 10,850
Restricted	807	808	894	978	1,064	1,147	748	1,001	1,305	1,638
Unrestricted	<u>7,483</u>	<u>7,452</u>	<u>7,442</u>	<u>7,638</u>	<u>7,464</u>	<u>7,323</u>	<u>8,666</u>	<u>7,872</u>	<u>6,788</u>	<u>3,328</u>
Total business-type activities net position	<u>\$ 18,740</u>	<u>\$ 18,474</u>	<u>\$ 18,605</u>	<u>\$ 19,368</u>	<u>\$ 19,354</u>	<u>\$ 18,983</u>	<u>\$ 20,223</u>	<u>\$ 20,005</u>	<u>\$ 19,686</u>	<u>\$ 15,816</u>
Primary government										
Net investment in capital assets	\$ 50,972	\$ 52,523	\$ 53,611	\$ 54,660	\$ 54,069	\$ 53,745	\$ 55,298	\$ 55,459	\$ 56,280	\$ 60,318
Restricted	1,871	5,151	4,064	3,439	4,075	3,845	2,349	3,350	3,960	5,802
Unrestricted	<u>30,467</u>	<u>25,927</u>	<u>26,023</u>	<u>23,336</u>	<u>23,570</u>	<u>17,325</u>	<u>18,918</u>	<u>16,106</u>	<u>16,248</u>	<u>15,370</u>
Total primary government net position	<u>\$ 83,310</u>	<u>\$ 83,601</u>	<u>\$ 83,698</u>	<u>\$ 81,435</u>	<u>\$ 81,714</u>	<u>\$ 74,915</u>	<u>\$ 76,565</u>	<u>\$ 74,915</u>	<u>\$ 76,488</u>	<u>\$ 81,490</u>

* GASB 68 implemented in FY 2015

Source: South Salt Lake Finance Department

CITY OF SOUTH SALT LAKE
CHANGES IN NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
General government	\$ 4,538	\$ 5,823	\$ 5,386	\$ 5,430	\$ 6,489	\$ 5,224	\$ 5,122	\$ 5,367	\$ 5,769	\$ 5,617
Public safety	13,103	13,238	13,445	13,721	13,683	13,418	13,639	14,444	14,130	17,202
Highways and public improvements	4,233	4,131	4,505	8,332	6,493	4,722	3,994	4,464	5,376	5,300
Parks, recreation and culture	1,771	2,124	2,133	1,881	2,175	2,546	3,010	4,123	3,544	3,803
Redevelopment	312	685	901	506	665	4,820	2,268	3,198	197	1,196
Interest on long-term debt	183	626	968	801	948	669	641	618	584	548
Total Governmental Activities	24,140	26,627	27,338	30,671	30,453	31,399	28,674	32,214	29,600	33,666
Business-type Activities:										
Water utility	1,815	1,907	1,831	2,014	2,104	2,194	2,219	2,204	2,436	2,719
Sewer utility	1,340	1,102	1,320	1,297	1,483	1,478	1,594	1,871	2,314	1,558
Solid waste collection *	n/a	n/a	n/a	n/a	n/a	443	407	408	453	536
Housing	178	209	196	198	222	353	70	837	108	-
Ambulance services **	1,159	1,235	1,165	1,205	1,178	1,205	1,365	1,388	1,359	-
Total Business-type Activities	4,492	4,453	4,512	4,714	4,987	5,673	5,655	6,708	6,670	4,813
Total Expenses	\$ 28,632	\$ 31,080	\$ 31,850	\$ 35,385	\$ 35,440	\$ 37,072	\$ 34,329	\$ 38,922	\$ 36,270	\$ 38,479
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 1,704	\$ 1,617	\$ 1,780	\$ 2,094	\$ 2,138	\$ 2,068	\$ 2,301	\$ 2,751	\$ 2,501	\$ 3,236
Public Safety	1,674	1,486	1,426	1,282	1,136	1,042	1,049	980	997	2,114
Highways and public improvements	-	-	-	-	-	-	-	-	-	-
Parks and recreation	62	58	65	34	29	31	35	64	45	70
Operating grants and contributions	2,609	2,515	2,035	1,362	1,745	2,692	3,236	3,284	3,639	5,212
Capital grants and contributions	232	608	57	719	3,249	1,438	228	1,123	662	1,868
Total Governmental Activities	6,281	6,284	5,363	5,491	8,297	7,271	6,849	8,202	7,844	12,500
Business-type Activities:										
Charges for services:										
Water utility	1,768	1,794	1,804	2,427	2,317	2,283	2,259	2,265	2,221	2,494
Sewer utility	1,238	1,234	1,229	1,242	1,292	1,290	1,613	2,002	1,954	2,850
Solid waste collection *	n/a	n/a	n/a	n/a	n/a	495	504	500	503	496
Housing	92	111	147	214	103	66	52	46	59	-
Ambulance services **	821	897	1,002	862	957	965	1,201	1,284	1,248	-
Operating grants and contributions	75	138	111	89	59	246	110	92	50	-
Capital grants and contributions	-	-	176	291	-	-	-	252	219	-
Total Business-type Activities	3,994	4,174	4,469	5,125	4,728	5,345	5,739	6,441	6,254	5,840
Total Program Revenues	\$ 10,275	\$ 10,458	\$ 9,832	\$ 10,616	\$ 13,025	\$ 12,616	\$ 12,588	\$ 14,643	\$ 14,098	\$ 18,340

CITY OF SOUTH SALT LAKE
CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental Activities	\$ (17,859)	\$ (20,343)	\$ (21,975)	\$ (25,180)	\$ (22,156)	\$ (24,128)	\$ (21,825)	\$ (24,012)	\$ (21,756)	\$ (21,166)
Business-type Activities	(498)	(279)	(43)	411	(259)	(328)	84	(267)	(416)	1,027
Total Net Expense	<u>\$ (18,357)</u>	<u>\$ (20,622)</u>	<u>\$ (22,018)</u>	<u>\$ (24,769)</u>	<u>\$ (22,415)</u>	<u>\$ (24,456)</u>	<u>\$ (21,741)</u>	<u>\$ (24,279)</u>	<u>\$ (22,172)</u>	<u>\$ (20,139)</u>
General Revenues and Transfers										
Governmental Activities:										
Taxes										
Property taxes	\$ 5,681	\$ 5,556	\$ 5,461	\$ 5,775	\$ 5,685	\$ 5,551	\$ 5,632	\$ 5,653	\$ 5,723	\$ 5,579
Sales taxes	10,754	12,110	13,314	13,307	13,557	13,749	14,291	13,485	14,390	15,717
Energy sales and use tax	3,009	3,074	3,086	3,232	3,296	3,252	3,294	3,200	3,092	3,002
Transient room tax	25	27	30	30	32	35	39	42	43	39
Unrestricted investment earnings	146	110	152	135	93	90	122	233	391	655
Gain on sale of capital assets	1,033	23	61	18	6	71	557	3	59	21
Loss on forgiveness of interfund note	-	-	-	-	-	-	(1,544)	-	-	-
Transfers	-	-	(163)	(343)	(220)	(254)	(156)	(36)	(51)	2,151
Total Governmental Activities	<u>20,648</u>	<u>20,900</u>	<u>21,941</u>	<u>22,154</u>	<u>22,449</u>	<u>22,494</u>	<u>22,235</u>	<u>22,580</u>	<u>23,647</u>	<u>27,164</u>
Business-type Activities:										
Unrestricted investment earnings	12	13	11	9	25	11	15	13	15	20
Gain on sale of capital assets	-	-	-	-	-	-	-	-	31	-
Gain on forgiveness of interfund note	-	-	-	-	-	-	1,544	-	-	-
Transfers	-	-	163	343	220	254	156	36	51	(2,151)
Total Business-type Activities	<u>12</u>	<u>13</u>	<u>174</u>	<u>352</u>	<u>245</u>	<u>265</u>	<u>1,715</u>	<u>49</u>	<u>97</u>	<u>(2,131)</u>
Total General Revenues and Transfers	<u>\$ 20,660</u>	<u>\$ 20,913</u>	<u>\$ 22,115</u>	<u>\$ 22,506</u>	<u>\$ 22,694</u>	<u>\$ 22,759</u>	<u>\$ 23,950</u>	<u>\$ 22,629</u>	<u>\$ 23,744</u>	<u>\$ 25,033</u>
Change in Net Position										
Governmental activities	\$ 2,789	\$ 557	\$ (34)	\$ (3,026)	\$ 293	\$ (1,634)	\$ 410	\$ (1,432)	\$ 1,891	\$ 5,998
Business-type activities	(486)	(266)	131	763	(14)	(63)	1,799	(218)	(319)	(1,104)
Total Change in Net Position	<u>\$ 2,303</u>	<u>\$ 291</u>	<u>\$ 97</u>	<u>\$ (2,263)</u>	<u>\$ 279</u>	<u>\$ (1,697)</u>	<u>\$ 2,209</u>	<u>\$ (1,650)</u>	<u>\$ 1,572</u>	<u>\$ 4,894</u>

Source: South Salt Lake Finance Department

* n/a - Not applicable, Solid Waste Collection program began July 1, 2014

** n/a - Not applicable, Ambulance Services program began May 1, 2009

CITY OF SOUTH SALT LAKE
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Energy Sales and Use Tax	Transient Room Tax	Total
2010	\$ 5,681	\$ 10,754	\$ 3,009	\$ 25	\$ 19,469
2011	5,556	12,110	3,074	27	20,767
2012	5,461	13,314	3,086	30	21,891
2013	5,775	13,307	3,232	30	22,344
2014	5,685	13,557	3,296	32	22,570
2015	5,551	13,749	3,252	35	22,587
2016	5,632	14,291	3,294	39	23,256
2017	5,653	13,485	3,200	42	22,380
2018	5,723	14,390	3,092	43	23,248
2019	5,579	15,717	3,002	39	24,337

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>2010</u>
General Fund	
Unreserved	<u>\$ 3,553</u>
Total general fund	<u><u>\$ 3,553</u></u>
 All other governmental funds	
Reserved	\$ 4,996
Unreserved, reported in:	
Special revenue funds	124
Capital projects funds	<u>10,703</u>
Total all other governmental funds	<u><u>\$ 15,823</u></u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund									
Unassigned	<u>\$ 3,659</u>	<u>\$ 3,502</u>	<u>\$ 3,606</u>	<u>\$ 3,573</u>	<u>\$ 3,573</u>	<u>\$ 4,085</u>	<u>\$ 4,350</u>	<u>\$ 4,372</u>	<u>\$ 6,797</u>
 All other governmental funds									
Assigned	\$ 25,632	\$ 25,401	\$ 22,180	\$ 22,636	\$ 20,261	\$ 19,063	\$ 16,771	\$ 16,978	\$ 16,934
Restricted	<u>4,465</u>	<u>3,205</u>	<u>2,461</u>	<u>3,011</u>	<u>2,698</u>	<u>1,601</u>	<u>2,349</u>	<u>2,655</u>	<u>4,164</u>
Total all other governmental funds	<u><u>\$ 30,097</u></u>	<u><u>\$ 28,606</u></u>	<u><u>\$ 24,641</u></u>	<u><u>\$ 25,647</u></u>	<u><u>\$ 22,959</u></u>	<u><u>\$ 20,664</u></u>	<u><u>\$ 19,120</u></u>	<u><u>\$ 19,633</u></u>	<u><u>\$ 21,098</u></u>

Source: South Salt Lake Finance Department

GASB 54 was implemented June 30, 2011

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 19,456	\$ 20,782	\$ 21,919	\$ 22,328	\$ 22,521	\$ 22,564	\$ 23,164	\$ 22,276	\$ 23,050	\$ 24,245
Licenses and permits	906	832	902	933	1,067	1,301	1,595	1,883	1,690	2,346
Intergovernmental	2,745	2,899	1,847	1,786	4,490	3,543	2,850	3,905	3,527	5,659
Charges for services	325	426	441	540	592	277	337	639	543	1,883
Fines and forfeitures	1,546	1,427	1,383	1,234	1,086	979	921	937	917	760
Investment earnings	142	107	148	132	90	84	118	227	382	641
Miscellaneous	759	700	790	997	842	1,016	1,000	666	1,167	1,675
Total Revenues	<u>25,879</u>	<u>27,173</u>	<u>27,430</u>	<u>27,950</u>	<u>30,688</u>	<u>29,764</u>	<u>29,985</u>	<u>30,533</u>	<u>31,276</u>	<u>37,209</u>
Expenditures										
Current:										
General government	3,951	4,483	4,175	4,566	4,538	4,666	4,544	4,662	4,864	4,803
Public safety	12,000	12,258	12,627	12,782	12,705	12,762	12,706	13,039	13,320	15,414
Highways and public improvements	3,293	3,561	4,470	3,695	3,813	3,815	3,547	4,861	4,304	3,992
Parks, recreation and culture	1,643	2,027	2,015	1,728	2,024	2,447	2,926	3,217	3,323	3,350
Redevelopment	244	649	232	314	242	4,722	1,804	1,863	-	1,075
Debt service:										
Principal	826	791	916	693	712	936	930	642	974	1,021
Interest and fiscal charges	181	117	1,270	791	895	676	653	628	599	563
Bond issuance costs	-	234	69	-	-	-	-	-	-	-
Capital outlay	5,871	3,710	3,206	6,926	5,888	2,717	3,527	2,959	3,379	8,253
Total expenditures	<u>28,009</u>	<u>27,830</u>	<u>28,980</u>	<u>31,495</u>	<u>30,817</u>	<u>32,741</u>	<u>30,637</u>	<u>31,871</u>	<u>30,763</u>	<u>38,471</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>\$ (2,130)</u>	<u>\$ (657)</u>	<u>\$ (1,550)</u>	<u>\$ (3,545)</u>	<u>\$ (129)</u>	<u>\$ (2,977)</u>	<u>\$ (652)</u>	<u>\$ (1,338)</u>	<u>\$ 513</u>	<u>\$ (1,262)</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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other Financing Sources (Uses)										
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,152
Transfers out	-	-	(163)	(343)	(220)	(254)	(156)	(36)	(51)	-
Proceeds from loans/bonds	500	16,702	-	-	-	-	-	-	-	-
Capital leases	583	503	-	-	997	420	-	80	-	-
Loss on forgiveness of interfund note	-	-	-	-	-	-	(1,544)	-	-	-
Sale of capital assets	1,312	105	65	27	326	122	570	14	73	127
Payment to refunded bond escrow agent	-	(2,273)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>2,395</u>	<u>15,037</u>	<u>(98)</u>	<u>(316)</u>	<u>1,103</u>	<u>288</u>	<u>(1,130)</u>	<u>58</u>	<u>22</u>	<u>2,279</u>
Net change in fund balances	<u>\$ 265</u>	<u>\$ 14,380</u>	<u>\$ (1,648)</u>	<u>\$ (3,861)</u>	<u>\$ 974</u>	<u>\$ (2,689)</u>	<u>\$ (1,782)</u>	<u>\$ (1,280)</u>	<u>\$ 535</u>	<u>\$ 1,017</u>
Debt service as a percentage of noncapital expenditures	4.4%	3.6%	8.2%	5.1%	5.6%	5.3%	5.7%	4.3%	5.6%	4.4%

Source: South Salt Lake Finance Department

CITY OF SOUTH SALT LAKE
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Property Tax (a)	Sales Tax	Energy Sales and Use Tax	Transient Room Tax	Total
2010	\$ 5,668	\$ 10,753	\$ 3,009	\$ 25	\$ 19,455
2011	5,570	12,111	3,074	27	20,782
2012	5,489	13,314	3,086	30	21,919
2013	5,759	13,307	3,232	30	22,328
2014	5,635	13,557	3,297	32	22,521
2015	5,528	13,749	3,252	35	22,564
2016	5,540	14,291	3,294	39	23,164
2017	5,549	13,485	3,200	42	22,276
2018	5,524	14,390	3,093	43	23,050
2019	5,488	15,717	3,002	39	24,246

(a) Includes delinquent collections and motor vehicle apportionment.

Source: South Salt Lake Finance Department

CITY OF SOUTH SALT LAKE
SALES TAX REVENUE ALLOCATION BY FUND

Last Ten Fiscal Years

(in thousands of dollars)

Year	General Fund	Capital Improvements Fund	Sales Tax Debt Service Fund	Total
2010	\$ 7,921	\$ 2,319	\$ 513	\$ 10,753
2011	8,897	2,860	354	12,111
2012	10,352	2,609	353	13,314
2013	10,267	2,993	47	13,307
2014	10,336	2,866	355	13,557
2015	10,651	2,739	359	13,749
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

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.

Prior to fiscal year 2007 the City of South Salt Lake received 75% of the 1% local option with the remaining 25% allocated to other cities and towns based on their percentage of statewide population. In 2007 state law changed the method of distribution resulting in the City of South Salt Lake receiving 50% of the 1% local option and being allocated an additional amount based on the City's share of the State's population.

CITY OF SOUTH SALT LAKE
DIRECT AND OVERLAPPING SALES TAX RATES
 Last Ten Fiscal Years

Fiscal Year	City of South Salt Lake Local Option (a)	Salt Lake County Option	State of Utah	County Wide Mass Transit	Botanical Cultural, Zoo	Total Sales Tax Rate
2010	1.00%	0.50%	4.75%	0.50%	0.10%	6.85%
2011 (b)	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2012	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2013	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2014	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2015	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2016	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2017	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2018	1.20%	0.50%	4.75%	0.50%	0.10%	7.05%
2019	1.20%	0.50%	4.85%	0.80%	0.10%	7.45%

Source: Utah State Tax Commission

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

(b) In January 2011 the City of South Salt Lake imposed the 0.2% city option sales tax.

CITY OF SOUTH SALT LAKE
PRINCIPAL SALES TAXPAYERS

June 30, 2019 and June 30, 2010

<u>Taxpayer</u>	<u>2019 Rank</u>	<u>Type of Sales</u>
RC Willey Home Furnishings	1	Retail Sales
Mark Miller Subaru	2	Auto Sales
Tesla Motors	3	Auto Sales
Best Buy Stores	4	Retail Electronics
Mountainland Design	5	Home Improvement Sales/Service
Salt Lake Valley Buick/GMC	6	Auto Sales
Salt Lake Valley Chrysler/Jeep	7	Auto Sales
Pacificorp	8	Public Utility
Winco	9	Retail Food/Groceries
Roofers Supply	10	Construction Supplies

<u>Taxpayer</u>	<u>2010 Rank</u>	<u>Type of Sales</u>
RC Willey Home Furnishings	1	Retail Sales
Best Buy Stores	2	Retail Electronics
Mark Miller Subaru	3	Auto Sales
Hinckley Dodge	4	Auto Sales
Roofers Supply	5	Construction Supply
WW Grainger	6	Industrial Supply Sales
Rocky Mt. Power	7	Public Utility
Valcom Computers	8	Computer/Technology Equipment
Contractors HVAC	9	Construction Supplies
Salt Lake Valley GMC	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	Notes Payable		Water Revenue Bonds	Sewer Revenue Bonds			
2010	\$ -	\$ 2,575	\$ -	\$ 386	\$ 400		\$ 1,968	\$ 1,134	\$ 6,463	3.10%	\$ 281
2011	-	1,680	15,000	598	300		1,825	1,052	20,455	6.48%	852
2012	-	1,365	15,000	306	-		1,678	969	19,318	6.12%	805
2013	-	1,026	14,740	208	-		1,528	885	18,387	7.23%	766
2014	-	687	14,465	1,103	-		1,374	801	18,430	7.25%	768
2015	-	340	14,170	1,230	-		1,216	716	17,672	6.95%	736
2016	-	-	13,855	955	-		1,054	631	16,495	5.80%	660
2017	-	-	13,515	734	-		889	308	15,446	5.43%	618
2018	-	-	12,850	425	-		720	246	14,241	5.01%	570
2019	-	-	12,145	109	-		546	185	12,985	4.57%	519

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
2019	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, 2019

(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>2018 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	\$ 285,970,117	\$ 2,802,026	0.98%	\$ 2,145,560	\$ 21,023
Central Utah Water Conservancy District	168,739,037	2,802,026	1.66%	206,900	3,436
Salt Lake County	186,755,000	2,802,026	1.50%	186,755	2,802
Granite School District	29,704,807	2,802,026	9.43%	284,295	26,817
Total				2,823,510	54,078
Less: State of Utah (b)				(2,145,560)	(21,023)
Total Overlapping Debt				<u>\$ 677,950</u>	<u>\$ 33,055</u>
Direct Debt (c):					
Excise Tax Revenue Bonds					\$ 12,145
Capital Leases Payable					109
Total Direct Debt					<u>12,254</u>
Total Direct and Overlapping Debt					<u>\$ 45,309</u>

(a) South Salt Lake's estimated percentage applicable is determined by calculating the percentage of the City's taxable 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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 72,390	\$ 71,376	\$ 69,543	\$ 70,592	\$ 75,487	\$ 75,492	\$ 82,037	\$ 95,021	\$ 107,054	\$ 124,041
Total Net Debt Applicable to Limit (a)	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 72,390</u>	<u>\$ 71,376</u>	<u>\$ 69,543</u>	<u>\$ 70,592</u>	<u>\$ 75,487</u>	<u>\$ 75,492</u>	<u>\$ 82,037</u>	<u>\$ 95,021</u>	<u>\$ 107,054</u>	<u>\$ 124,041</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 2019

Taxable Value All Property	\$ 3,101,014
Debt Limit (4% of reasonable fair cash value) (c)	124,041
Debt applicable to limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 124,041</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 Charges</u>	Less:	Net	<u>Debt Service</u>		<u>Coverage</u>
		<u>Operating Expenses</u>	<u>Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 1,776	\$ 1,319	\$ 457	\$ 140	\$ 49	2.42
2011	1,794	1,459	335	143	46	1.77
2012	1,804	1,375	429	147	42	2.27
2013	2,427	1,551	876	150	38	4.66
2014	2,340	1,613	727	154	35	3.85
2015	2,291	1,712	579	158	31	3.06
2016	2,270	1,683	587	162	27	3.11
2017	2,401	1,649	752	165	23	4.00
2018	2,335	1,871	464	169	19	2.47
2019	2,510	2,171	339	174	15	1.79

State Sewer Loan/Central Valley Taxable Bonds						
<u>Fiscal Year</u>	<u>Sewer Charges</u>	Less:	Net	<u>Debt Service</u>		<u>Coverage</u>
		<u>Operating Expenses</u>	<u>Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 1,242	\$ 990	\$ 252	\$ 82	\$ 12	2.68
2011	1,233	976	257	83	12	2.71
2012	1,229	967	262	83	11	2.79
2013	1,242	946	296	83	11	3.15
2014	1,294	1,128	166	85	10	1.75
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	2,854	1,944	910	61	-	14.92

Public Safety Sales Tax Revenue Bonds						
<u>Fiscal Year</u>	<u>Sales Tax and Other Revenue</u>	Less:	Net	<u>Debt Service</u>		<u>Coverage</u>
		<u>Expenses</u>	<u>Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 517	\$ 3	\$ 514	\$ 530	\$ 131	0.78
2011(b)	355	3	352	400	73	0.74
2012	354	5	349	325	28	0.99
2013(c)	47	3	44	335	23	0.12
2014	355	3	352	335	17	1.00
2015	359	3	356	345	10	1.00
2016	343	-	343	340	3	1.00
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-

CITY OF SOUTH SALT LAKE
PLEDGED-REVENUE COVERAGE (CONTINUED)

Last Ten Fiscal Years

(amounts expressed in thousands)

Excise Tax and Tax Increment Revenue Bonds Series 2010						
<u>Fiscal Year</u>	<u>Excise Tax Revenue</u>	<u>Less: Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2011(d)	\$ -	\$ -	\$ -	\$ -	\$ -	-
2012	3,086	-	3,086	-	1,212	2.55
2013	3,232	1	3,231	260	657	3.52
2014	3,296	1	3,295	275	645	3.58
2015	3,252	1	3,251	295	633	3.50
2016	3,294	1	3,293	315	619	3.53
2017	3,200	1	3,199	340	605	3.39
2018	3,093	1	3,092	665	583	2.48
2019	3,002	1	3,001	705	552	2.39

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.
- (b) The City refinanced the bonds in 2010 resulting in an amended debt service schedule
- (c) In FY 2013, approximately \$314,000 of fund balance was utilized for debt service.
- (d) Excise Tax and Tax Increment Revenue Bonds were issued in December 2010 but no debt service was required in fiscal year 2011.

CITY OF SOUTH SALT LAKE
DEMOGRAPHIC AND ECONOMIC STATISTICS

<u>Year</u>	<u>1990</u>	<u>1994</u>	<u>2000(a)</u>	<u>2010</u>	<u>2018</u>	<u>2020 Est.</u>	
Population	10,129	10,693	22,038	23,617	25,365	26,445	
Population Breakdown	Female	Male	White	African American	Native American	Pacific Islander/Asian	Hispanic or Other
2018	48.9%	51.1%	52.4%	8.3%	2.5%	13.5%	23.3%

2018 Number of households - 8,844

2018 Average household size - 2.65

2018 Median household income - \$41,457

2018 Percentage of South Salt Lake households living in poverty - 22.5%

2018 Share of Salt Lake County Residents that live in South Salt Lake - 2.2%

2018 Share of Utah residents that live in South Salt Lake - .8%

2018 Estimated ratio of police officers per South Salt Lake resident - 1:362

2018 Unemployment rate in Salt Lake County was 2.8%

(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
South Salt Lake Chamber of Commerce

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, 2019 and June 30, 2010

<u>Employer - 2019 Rank</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Salt Lake County - Sheriff's Office	Public Safety Office	500-999
MVW US Services, LLC	Professional	500-999
Seaboard Foods	Food Processing	250-499
RC Willey Home Furnishings	Retail Home Furnishings	250-499
Bimbo Bakeries USA, Inc.	Wholesale Bakery	250-499
Westech Engineering Inc.	Machinery Manufacturing	250-499
Mondi Bags USA, Inc.	Manufacturing	250-499
Granite School District	Public Education Office	250-499
Taylor Electric	Construction	99-249
Salt Lake Behavioral Health, LLC	Professional	99-249

<u>Employer - 2010 Rank</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Marriott Ownership Resorts	Reservation Center	500-999
Utah Transit Authority	Public Transportation	500-999
Salt Lake County Sheriff's Office	Public Safety Office	500-999
Seaboard Foods	Food Processing	250-499
RC Willey Home Furnishings	Retail Home Furnishings	250-499
Westech Engineering	Machinery Manufacturing	250-499
Granite School District	Public Education Office	250-499
Pacific Flyway Wholesale	Sporting/Recreational Dist.	250-499
American Building Maintenance	Janitorial Services	250-499
Marriott Rewards	Customer Service Center	250-499

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

CITY OF SOUTH SALT LAKE
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
Administration (a)	27.5	29.5	31	30.5	30.5	29	26.5	26.5	28.5	28
Court	8	8	8	8	8	8	7.5	7.5	7.5	8
Public Safety:										
Police	73	73	75	73	70	77	75	77.5	76.5	86
Fire (b)	50	50	51	51	51	54	55	53	54	60
Urban Livability	8	8	9	8	8	9	6.5	7.5	7.5	8
Highways and Public Improvements:										
Streets & Highways	20	21	21	20	20	20	21.5	17	17	19
Engineering	1	1	1	1	1	1	2	3	3	5
Building & Planning	7	7	7	8	8	8	9.5	10.5	10.5	-
Parks, Recreation and Culture:										
Parks	3	3	3	4	4	3	N/A	N/A	N/A	N/A
Public Assets (e)	N/A	N/A	N/A	N/A	N/A	N/A	8.5	14	14	13
Recreation (c)	15	17	27.5	33	5	4	8	8	8	7
Promise SSL (d)	-	-	-	-	26	27	63.5	82	73	68
Water	7	7	7	7	7	7	8	7	7	7
Sewer	3	3	3	3	3	3	3	3	3	3
Total	222.5	227.5	243.5	246.5	241.5	250.0	294.5	316.5	309.5	312.0

(a) Includes Administration, City Council, City Attorney

(b) In 2009, the City began providing ambulance service and hired 9 paramedics

(c) Beginning in 2010, additional federal afterschool program grants were received which resulted in FTE increases.

(d) In 2014, the Promise SSL program was split from the Recreation Department. Promise SSL manages the afterschool programs that are financed primarily by federal and private grants. Most of the employees are part-time, which have been converted to FTE's for this report.

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

Source: South Salt Lake Human Resources

CITY OF SOUTH SALT LAKE
OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
Police										
Total Calls	43,902	43,137	46,850	46,710	44,706	47,928	50,628	47,327	48,012	45,527
Violent Crimes	1,006	938	847	908	1,045	868	893	810	861	901
Property Crimes	3,207	2,831	2,653	2,640	2,801	2,591	3,081	2,883	2,955	2,705
Traffic Citations	7,209	8,965	7,681	6,664	4,558	4,639	6,377	6,269	5,201	3,270
Fire										
Total Calls	4,451	4,270	4,419	4,990	4,858	5,187	5,453	5,616	5,477	5,633
Number of Fires	62	50	73	71	64	150	159	158	153	136
Medical Calls	3,469	3,168	3,762	3,931	3,778	4,012	4,337	4,378	4,250	4,563
Avg Response Time	5.6 minutes	4.1 minutes	3.9 minutes	3.9 minutes	4.1 minutes	4.1 minutes	4.3 minutes	4.4 minutes	5.0 minutes	5.0 minutes
Justice Court										
Total Cases Filed	9,390	9,764	9,997	8,316	6,897	6,435	6,772	6,821	7,024	6,243
Comm Service Hours Levied	22,080	20,781	18,955	20,694	13,530	12,183	10,935	9,417	3,156	5,525
Building & Zoning										
Building Permits	357	470	532	492	540	582	955	1,081	1,103	1,147
Business Licenses	3,108	2,938	2,930	2,850	3,028	3,294	3,306	3,275	3,349	3,596
Construction Value	\$ 53,811,539	\$ 17,131,910	\$ 20,805,126	\$ 17,769,113	\$ 19,594,621	\$ 44,460,032	\$ 60,198,705	\$ 91,819,843	\$ 74,207,323	\$ 75,194,358
Administration										
A/P Checks	6,353	6,457	6,238	5,680	5,345	5,904	5,665	5,437	5,701	5,258
Payroll Checks	7,700	8,535	8,816	8,026	8,387	8,579	8,256	10,062	9,188	9,716
Utility Billings	42,302	44,946	46,244	46,779	46,631	47,045	47,239	47,888	48,173	48,030

CITY OF SOUTH SALT LAKE
OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
City Attorney										
Traffic Cases Prosecuted (b)	707	691	674	207	2,159	6,352	4,756	5,167	4,946	4,060
DUI Cases Prosecuted	n/a	n/a	642	163	405	375	365	334	290	207
Criminal Cases Prosecuted	1,353	1,285	602	287	1,762	863	1,445	1,077	1,538	1,449
Public Works										
Road Improvements	3,647,945 sq ft	4,543,319 sq ft	2,977,130 sq ft	1,645,010 sq ft	2,545,249 sq ft	4,827,146 sq ft	3,678,883 sq ft	2,078,568 sq ft	4,816,309 sq ft	3,267,385 sq ft
Concrete Improvements	5,155 sq ft	4,509 sq ft	6,350 sq ft	9,128 sq ft	5,731 sq ft	9,260 sq ft	12,372 sq ft	22,368 sq ft	16,234 sq ft	11,294 sq ft
Curbside Cleanup Tons (a)	711 tons	744 tons	331 tons	142 tons	261 tons	283 tons	293 tons	302 tons	267 tons	281 tons
Water										
Gallons Produced	661 million	483 million	458 million	495 million	483 million	477 million	512 million	490 million	310 million	488 million
Gallons Purchased	297 million	356 million	411 million	421 million	488 million	364 million	332 million	315 million	447 million	429 million
Water Connections	3,323	3,323	3,325	3,332	3,334	3,381	3,390	3,366	3,356	3,370
Sewer										
Lines Inspected (c)	48,580 ft	60,500 ft	2,324 ft	5,280 ft	-	3,025 ft	75,828 ft	2,735 ft	172,200 ft	-
Lines Cleaned (c)	48,580 ft	60,500 ft	2,324 ft	5,280 ft	161,000 ft	3,025 ft	75,828 ft	2,735 ft	172,200 ft	-
Total Connections	2,582	2,586	2,584	2,584	2,597	2,624	2,636	2,606	2,619	2,630
Parks, Recreation and Culture										
Rec. Participants	4,250	4,810	4,625	5,250	4,752	3,981	3,730	3,628	4,096	4,147
Number of Programs	22	25	24	20	21	23	22	21	23	23

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

(b) In fiscal year 2015 a change in software necessitated a change in the way prosecutions are 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

CITY OF SOUTH SALT LAKE
CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Officer Vehicles	62	63	62	62	59	60	60	60	60	71
Animal Shelter	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire Stations	3	3	3	3	3	3	3	3	3	3
Fire Apparatus (Medium and Heavy)	6	6	6	6	6	6	6	6	6	7
Highways and Public Improvements										
Streets & Highways:										
Road Miles	75	75	75	75	75	75	75	75	75	75
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	541	540	542	542	542	543	545	549	548	547
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	2.91	2.91	2.75	2.90	2.96	3.04	2.98	3.28	3.23	3.72
Central Valley Facility (millions gallons/day)										
Parks and Recreation										
Park Acreage	10	11	11	12	12	12	12	12	12	13
Sports Fields	1	1	1	1	1	1	1	1	1	1

Source: South Salt Lake Finance Department

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Single Audit Section

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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, 2019, 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 December 18, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 not identify any deficiencies in internal control 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*.

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
December 18, 2019



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by 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

We have audited the City of South Salt Lake's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of South Salt Lake's major federal programs for the year ended June 30, 2019. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of South Salt Lake complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Squire & Company, PC

Salt Lake City, Utah
December 18, 2019

CITY OF SOUTH SALT LAKE
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of South Salt Lake.
2. One material weakness disclosed during the audit of the financial statements is reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City of South Salt Lake, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.
5. The auditor's report on compliance for the major federal award programs for the City of South Salt Lake expresses an unmodified opinion for all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were:
 - Temporary Assistance for Needy Families, CFDA number 93.558
 - Child Care and Development Block Grant, CFDA number 93.575
8. The threshold used for distinguishing between Types A and B programs was \$750,000.
9. The City of South Salt Lake was determined not to be a low-risk auditee.

B. Findings – Financial Statements Audit

We noted no findings related to financial statements during the course of our audit.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

We noted no findings or questioned costs related to major programs during the course of our audit.

CITY OF SOUTH SALT LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Passed Through Salt Lake County:			
<i>CDBG - Entitlement Grants Cluster</i>			
Community Development Block Grants/Entitlement Grants	14.218	Various	\$ 740,211
U.S. Department of Justice:			
Passed Through Utah Commission on Criminal and Juvenile Justice:			
Crime Victim Assistance (Note C)	16.575	16V17060	169,962
Violence Against Women Formula Grant (Note D)	16.588	Various	52,107
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0680	29,922
Equitable Sharing Program	16.922		53,306
U.S. Department of Education:			
Passed Through Utah State Office of Education:			
Twenty-First Century Community Learning Centers	84.287c	Various	848,315
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	Various	539,668
<i>CCDF Cluster:</i>			
Child Care and Development Block Grant (Note E)	93.575	18DWS0065	584,666
Passed Through Salt Lake County:			
<i>CCDF Cluster</i>			
Child Care and Development Block Grant	93.575	BJ17151	49,000
Social Services Block Grant	93.667	BJ12152	49,014
Block Grants for Prevention and Treatment of Substance Abuse	93.959	AL16531C	44,759
Total federal awards			<u>\$ 3,160,930</u>

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

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, 2019. 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.

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.

C. Crime Victim Assistance

In accordance with the grant agreement, the City of South Salt Lake has expended matching contributions totaling \$79,359 during the year ended June 30, 2019.

D. Violence Against Women Formula Grant

In accordance with the grant agreement, the City of South Salt Lake has expended matching contributions totaling \$18,517 during the year ended June 30, 2019.

E. Child Care and Development Block Grant

In accordance with the grant agreement, the City of South Salt Lake has expended matching contributions totaling \$512,500 during the year ended June 30, 2019.



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

We have audited the City of South Salt Lake's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

Budgetary Compliance
Fund Balance
Justice Courts
Utah Retirements Systems

Restricted Taxes and Related Revenues
Open and Public Meetings Act
Public Treasurer's Bond
Enterprise Fund Transfers, Reimbursements,
Loans, and Services

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance

In our opinion, the City of South Salt Lake complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Squire & Company, PC

Salt Lake City, Utah
December 18, 2019