



The City of
South Salt Lake
State of Utah

Comprehensive Annual
Financial Report

For Fiscal Year Ended
June 30, 2020



CITY OF
South Salt Lake

STATE OF UTAH

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2020

Prepared By:

South Salt Lake Finance Department

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Introductory Section

December 9, 2020

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, 2020.

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, 2020, 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, 2020, 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 26,445. 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 Through February 2020 the largest factor affecting the City of South Salt Lake, as well as the state and federal government, had been the economic recovery. Statistics provided by the Utah Department of Workforce Services indicate the unemployment rate in Utah decreased in the 12 months to 2.5% in February 2020 as compared to 3.8% in the U.S. In February 2019 Utah's rate was 2.8% and the national rate was 4.0%. Utah had essentially reached full employment and Utah's economy as well as the national economy was improving monthly and continued economic growth was forecasted for the remainder of 2020.

In March 2020 South Salt Lake, the State of Utah, and the federal government all began to feel the health, societal, and economic impacts of the worldwide COVID-19 pandemic. Due to the required economic shutdowns, by April 2020 the unemployment rate in Utah had increased to 10.4% and 14.7% nationally. When the economy gradually reopened in May 2020 the city's and state's employment situation began to improve. In June 2020 Utah's unemployment rate was 5.3% and the national rate was 11.1%. Utah, and by association, South Salt Lake fared much better than the nation when measuring the impacts of the economic shutdowns associated with the pandemic.

Along with the increasing unemployment rates the city was expecting a sharp decline in revenue during the March 2020 – June 2020 period. City and state estimates indicated that sales tax revenue, the major revenue source of the city, could decline as much as 25% when compared to the prior year. Other revenue sources such as energy taxes, building permits, and business licenses were also expected to decrease. To respond to the anticipated declining revenue situation elected officials determined to reduce costs as much as possible. Beginning in April 2020 department directors were instructed to only acquire goods and services that were deemed essential. Major projects and equipment acquisitions were postponed.

By June 2020 it appeared that the revenue situation was not going to be as bad as anticipated. Sales tax revenue recognized in the last three months of the fiscal year was approximately 5% more when compared to the same period in the prior year. Part of the reason for revenue being larger than estimated was due to the federal stimulus program that taxpayers received. Also, construction projects continued to progress thus creating a demand for construction supplies. South Salt Lake derives sales taxes from the sales of construction supplies. Also, vehicle sales remained strong. South Salt Lake does not derive much revenue from the travel, restaurant, and hospitality sectors which were severely impacted by the pandemic.

Overall, even considering the impact of the pandemic, sales tax revenue grew by approximately 8.5% in fiscal year 2020. Local governments, including South Salt Lake, rely on the sales tax to finance essential services. There is no way to determine with any certainty what to expect economically while still being in the midst of the pandemic. However, the continuation of positive economic conditions and unemployment improvement will enable the city to experience continued increases in sales tax revenue in FY 2021.

Property tax revenue is expected to increase modestly in the coming year. With construction activity remaining robust 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 as a result of the 2020 Census.

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. 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.

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

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

Annually the city allocates 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. In addition, a county option transportation sales tax was implemented in FY 2019. South Salt Lake receives a portion of that levy to use towards road and transportation projects.

Legislation was approved at the state level in 2018 to make funding available to jurisdictions who provide public safety services to homeless resource centers. The city received approximately \$2,700,000 in FY 2020 to partially offset costs incurred to provide public safety services to the homeless center. The city has been authorized to receive approximately \$2,100,000 in FY 2021.

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 2020. 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 decreased by approximately \$188,000 when compared to FY 2019. Based on information from Utah Retirement Systems there was no net pension asset to report in FY 2020.

The city received over \$6,457,000 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 public safety (\$2,799,000) and public improvements (\$1,051,000).

Sales tax revenue increased by approximately \$1,035,000 when compared to FY 2019. This amount represents an approximate increase of 8.5%. 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 \$18,000,000. 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 2024. The city will monitor actual costs and determine if subsequent financing is required.

Awards and acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Salt Lake for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the seventeenth consecutive year that the city has received this prestigious award. In order to be awarded a Certificate of Achievement, the city must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted account principles and applicable legal requirements.

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

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

Respectfully submitted,



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, 2019

Christopher P. Morrill

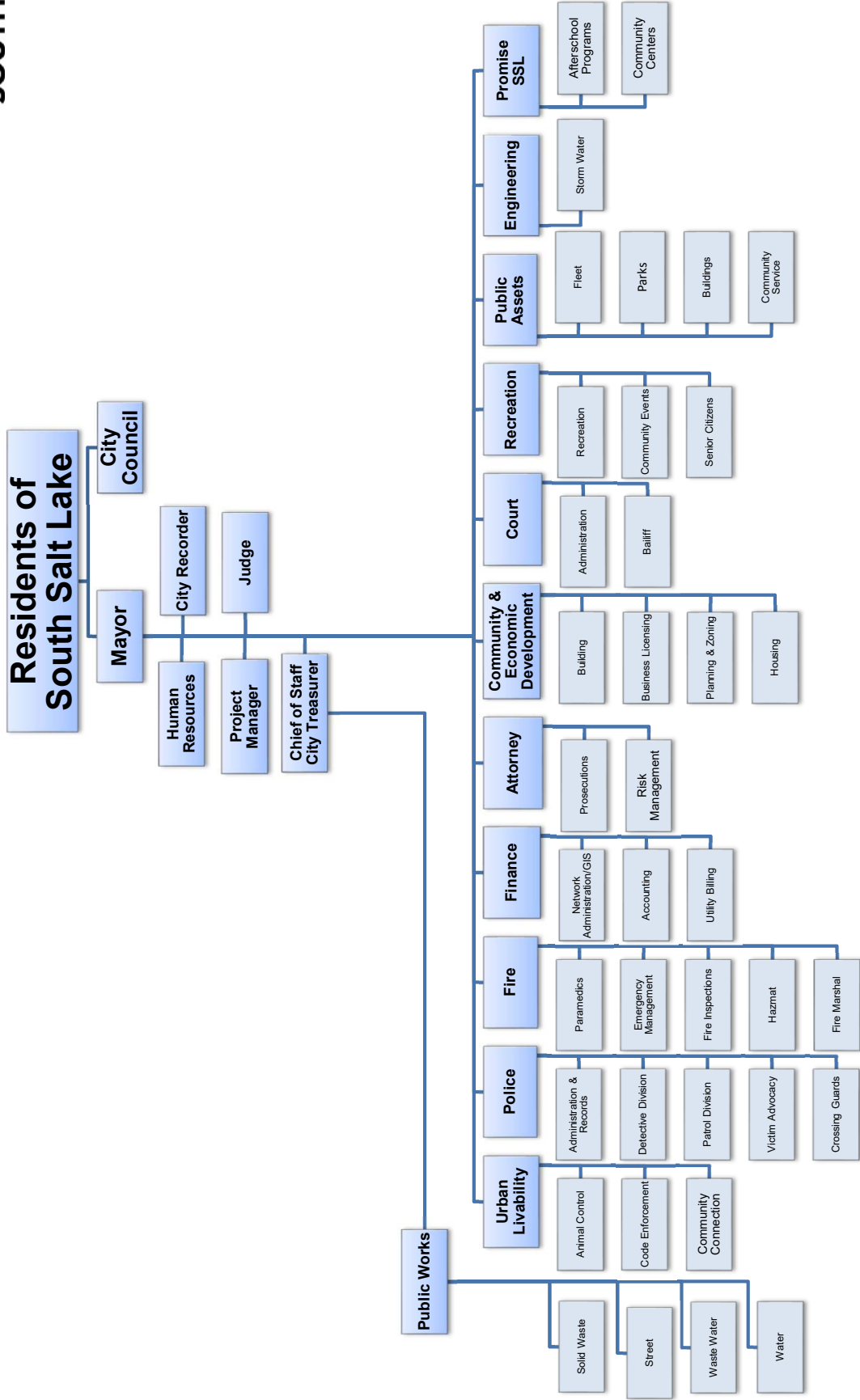
Executive Director/CEO

**City of South Salt Lake
Principal Officials
June 30, 2020**

Cherie Wood	Mayor
Ray deWolfe	Council Member at Large
Natalie Pinkney	Council Member at Large
Leanne Huff	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	Fire Chief
Dennis Pay	City Engineer
Hannah Vickery	City Attorney
Kyle Kershaw	Finance Director
Craig Burton	City Recorder
Charee Peck	City Treasurer/Chief of Staff
Alexandra White	Community Development Director
Aaron Wiet	Recreation Director
Mont Roosendaal	Public Assets Director



2020 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, 2020, 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, 2020, 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 53 through 54, and pension schedules on pages 55 through 57 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 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 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 9, 2020, 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 9, 2020

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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, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the City of South Salt Lake exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$89,039,810 (*net position*). Of this amount, \$19,031,746 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 \$7,549,442 mainly due to governmental activities expenses 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 \$33,031,076, an increase of \$5,135,985 in comparison with the prior year. Approximately 25.1% of this amount (\$8,303,258) 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 \$8,303,258, or approximately 28.1% of total general fund expenditures.
- In spite of the anticipated decrease in sales tax revenue due to the COVID-19 economic shutdowns, total sales tax revenue increased by approximately \$1,364,000 in fiscal year 2020 when compared to fiscal year 2019, which represents an increase of approximately 8.6%.
- The City expended approximately \$2,237,000 in federal grants and awards during the fiscal year. This represents a decrease of approximately \$924,000 (29%) when compared to fiscal year 2019. The reduction is mainly due to the fact that the afterschool programs were suspended in March 2020 due to COVID-19 restrictions.
- The City received approximately \$338,000 in private assistance. These funds were used primarily to provide youth afterschool programs. In addition, the City recognized approximately \$2,149,000 in state and county revenue sharing for transportation projects.
- Long-term debt decreased by approximately \$1,103,000 during the fiscal year.
- The City closed on \$11,248,000 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 the Central Valley Water Reclamation Facility. No funds from these revenue bonds had been drawn down as of year-end.
- During fiscal year 2020, the City received funds from the Utah State Department of Workforce Services to partially fund expanded public safety costs directly related to the placement of the homeless resource center in the City. Approximately \$2,741,000 was received and used to acquire equipment and to retain the required 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 presented as a nonmajor fund.

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

Notes to the Financial Statements

The notes provide additional financial information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found 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 53-57 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 58-62 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 \$89,039,810 at the close of the most recent fiscal year.

City of South Salt Lake's Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 46,146,487	\$ 38,425,869	\$ 9,651,899	\$ 8,586,149	\$ 55,798,386	\$ 47,012,018
Capital assets	50,063,539	49,577,328	11,381,494	11,580,374	61,445,033	61,157,702
Total assets	96,210,026	88,003,197	21,033,393	20,166,523	117,243,419	108,169,720
Total deferred outflows of resources	2,700,887	7,255,217	106,912	288,384	2,807,799	7,543,601
Other liabilities	7,877,577	6,221,981	1,261,839	889,114	9,139,416	7,111,095
Long-term liabilities outstanding	15,743,221	20,338,315	3,155,630	3,638,301	18,898,851	23,976,616
Total liabilities	23,620,798	26,560,296	4,417,469	4,527,415	28,038,267	31,087,711
Total deferred inflows of resources	2,863,192	3,024,165	109,949	111,077	2,973,141	3,135,242
Net position:						
Net investment in capital assets	50,063,539	49,468,468	10,890,494	10,849,874	60,954,033	60,318,342
Restricted	6,442,445	4,163,756	2,611,586	1,638,616	9,054,031	5,802,372
Unrestricted	15,920,939	12,041,729	3,110,807	3,327,925	19,031,746	15,369,654
Total net position	\$ 72,426,923	\$ 65,673,953	\$ 16,612,887	\$ 15,816,415	\$ 89,039,810	\$ 81,490,368

By far the largest portion of the City of South Salt Lake's net position (68.5%) 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 (10.2%) represents resources that are subject to external restrictions on how they may be used. The remaining 21.3% (\$19,031,746) 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.

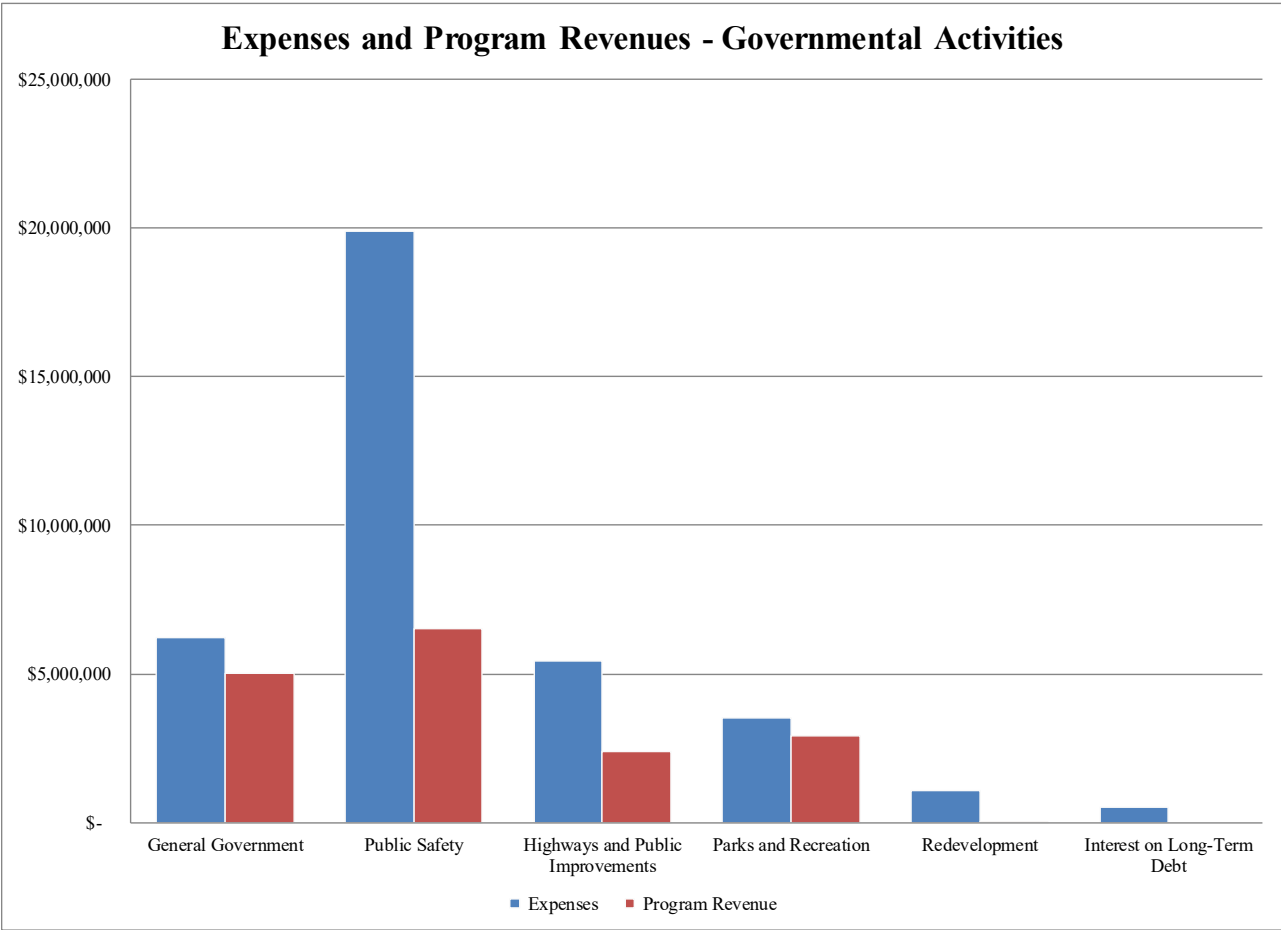
The City of South Salt Lake's overall net position increased \$7,549,442 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities

During the current fiscal year, net position for governmental activities increased \$6,752,970 from the prior fiscal year for an ending balance of \$72,426,923. The increase in the overall net position of governmental activities is primarily due to an unexpected increase in recognized sales tax revenue. Also, building permit revenue increased. In addition, the City received assistance for public safety services. Expenses in the certain activities were less than expected, and several capital fund projects were delayed or carried over until the next fiscal year due to the COVID-19 pandemic.

City of South Salt Lake's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,221,724	\$ 5,420,329	\$ 5,846,420	\$ 5,840,358	\$ 13,068,144	\$ 11,260,687
Operating grants and contributions	7,065,054	5,211,571	-	-	7,065,054	5,211,571
Capital grants and contributions	2,576,925	1,868,471	-	-	2,576,925	1,868,471
General revenues:						
Property taxes	5,805,091	5,579,377	-	-	5,805,091	5,579,377
Sales taxes	17,080,729	15,716,782	-	-	17,080,729	15,716,782
Other taxes	2,968,159	3,040,310	-	-	2,968,159	3,040,310
Other	701,680	676,107	12,756	20,263	714,436	696,370
Total revenues	<u>43,419,362</u>	<u>37,512,947</u>	<u>5,859,176</u>	<u>5,860,621</u>	<u>49,278,538</u>	<u>43,373,568</u>
Expenses:						
General government	6,230,346	5,617,078	-	-	6,230,346	5,617,078
Public safety	19,881,768	17,202,248	-	-	19,881,768	17,202,248
Highways and public improvements	5,438,606	5,299,936	-	-	5,438,606	5,299,936
Parks, recreation and culture	3,530,126	3,803,524	-	-	3,530,126	3,803,524
Redevelopment	1,073,610	1,195,559	-	-	1,073,610	1,195,559
Interest on long-term debt	511,936	547,642	-	-	511,936	547,642
Water utility	-	-	2,695,557	2,719,263	2,695,557	2,719,263
Sewer utility	-	-	1,846,913	1,558,001	1,846,913	1,558,001
Solid waste collection	-	-	520,234	536,106	520,234	536,106
Total expenses	<u>36,666,392</u>	<u>33,665,987</u>	<u>5,062,704</u>	<u>4,813,370</u>	<u>41,729,096</u>	<u>38,479,357</u>
Increase (decrease) in net position before transfers	6,752,970	3,846,960	796,472	1,047,251	7,549,442	4,894,211
Transfers	-	2,151,585	-	(2,151,585)	-	-
Increase (decrease) in net position	6,752,970	5,998,545	796,472	(1,104,334)	7,549,442	4,894,211
Net position - beginning	65,673,953	59,675,408	15,816,415	16,920,749	81,490,368	76,596,157
Net position - ending	<u>\$ 72,426,923</u>	<u>\$ 65,673,953</u>	<u>\$ 16,612,887</u>	<u>\$ 15,816,415</u>	<u>\$ 89,039,810</u>	<u>\$ 81,490,368</u>



Business-type Activities

For the City of South Salt Lake’s business-type activities, overall net position increased to an ending balance of \$16,612,887. The total increase in net position for business-type activities was \$796,472 from the prior fiscal year. Small increases in receivables and other current assets contributed to the increase in net position.

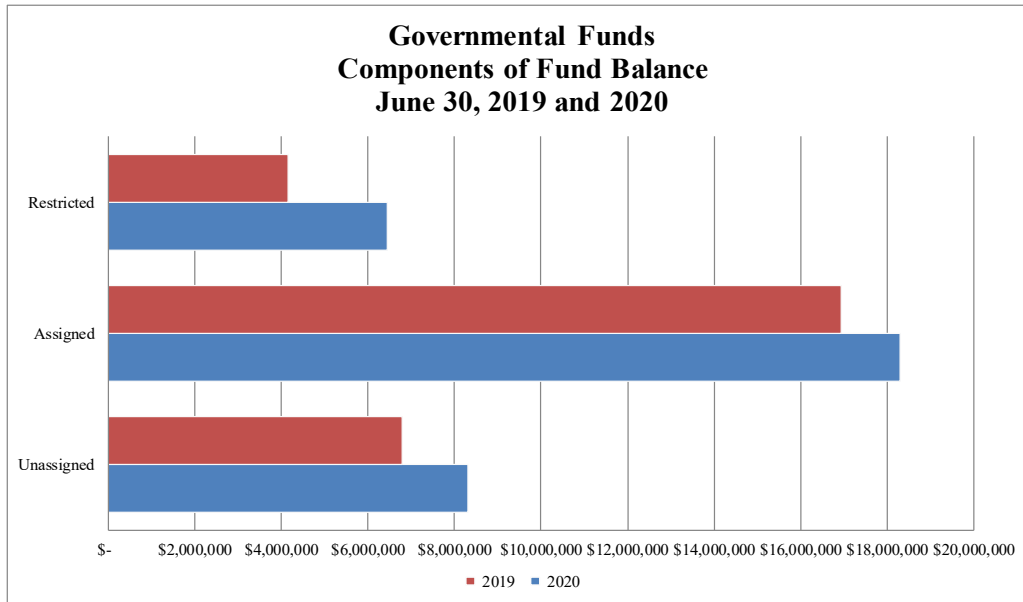
Financial Analysis of the Government’s Funds

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

Governmental Funds

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

At June 30, 2020, the City of South Salt Lake’s governmental funds reported combined fund balances of \$33,031,076, an increase of \$5,135,985 in comparison with the prior year. Approximately 25% of this amount (\$8,303,258) 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 (\$6,442,445) or 2) assigned by the city council for particular purposes (\$18,285,373).



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 \$8,303,258 and \$11,391,412, 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 28.1% of total general fund expenditures.

The fund balance of the City of South Salt Lake’s general fund increased by \$2,005,572 during the current fiscal year. This increase is primarily due to sales tax revenue unexpectedly increasing, in spite of the impact of economic shutdowns due to the COVID-19 pandemic. Building permit revenue was significantly greater than expected. It was estimated that fund balance would decrease by \$845,000 at the beginning of the fiscal year, but due to management’s request to spend only on essential items due to the COVID-19 situation, and an increase in certain revenues, an increase in fund balance was recognized.

The capital projects fund, a major governmental fund, had a \$4,487,452 increase in fund balance during the current fiscal year. Assigned fund balance increased by \$2,708,197 and restricted fund balance increased by \$1,778,255. Projects that had not commenced by March 2020 were postponed due to revenue uncertainty associated with the COVID-19 pandemic and related economic restrictions. This situation, along with an increase in recognized revenue resulted in the fund balance increase. It was estimated at the beginning of the fiscal year that fund balance would have decreased by approximately \$3,386,000.

The redevelopment agency, the remaining major governmental fund, had a decrease in fund balance during the current year of \$(1,357,039) to bring the year end fund balance to \$3,624,696. The decrease is mainly due to a significant soil mitigation project that commenced in fiscal year 2020. Also, a transfer from the general fund to the RDA fund was \$324,000 less in fiscal year 2020 when compared to the previous 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 (\$473,533), and for the Sewer Utility Fund was \$3,331,189. Most of the decrease in the Water Utility Fund is due to higher than expected expenses. Water fund operating revenue increased by approximately \$107,000 when compared to the previous year. This indicates that revenue is on a good trajectory moving forward. It is anticipated that revenue will continue to increase, which will improve the net position of the fund. Combined operating revenue in the Sewer Utility Fund was approximately \$70,000 greater than the prior year.

General Fund Budgetary Highlights

Original budget compared to final budget

During the fiscal year, there was an increase in original estimated revenues of \$329,500 and original budgeted appropriations of \$474,500. This increase was mainly due to an expectation that additional sales tax and building permit revenue funds would be available during the fiscal year to fund personnel needs that arose unexpectedly.

Final budget compared to actual results

Actual recognized revenue was approximately \$2,527,000 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 road funds revenue sharing. Generally, intergovernmental revenue is recognized when there is a corresponding qualifying expenditure. Almost \$1,588,000 in sales tax revenue was recognized in the capital improvements fund rather than the general fund. In addition, afterschool grant expenditures, which are matched by revenue, were less than budgeted, because programs were suspended due to the pandemic.

Fines and forfeiture revenue was approximately \$117,000 less than budgeted due to restricted court activity during the COVID-19 pandemic. New COVID-19 compliant court adjudication procedures had to be devised and implemented. This resulted in a decrease in fines and forfeiture revenue.

During the year, the general fund expenditures were approximately \$5,377,000 less than budgeted. All departmental expenditures were significantly under budget. Elected officials requested that only essential expenditures be made from March 2020 through June 2020 to address an expected decrease in revenue. Every department expenditure budget in the general fund ended the fiscal year under budget. Department directors are careful when expending public funds.

Capital Assets and Debt Administration

Capital Assets

The City of South Salt Lake's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$61,445,033 (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 0.5%.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 6,581,061	\$ 6,334,448	\$ 304,414	\$ 304,414	\$ 6,885,475	\$ 6,638,862
Buildings	12,710,994	13,311,610	1,221,261	1,317,607	13,932,255	14,629,217
Improvements	4,585,779	3,525,663	8,395,018	8,673,363	12,980,797	12,199,026
Machinery and equipment	8,826,186	7,804,384	1,460,801	1,284,990	10,286,987	9,089,374
Infrastructure	16,739,392	16,912,686	-	-	16,739,392	16,912,686
Construction in progress	620,127	1,688,537	-	-	620,127	1,688,537
Total	\$ 50,063,539	\$ 49,577,328	\$ 11,381,494	\$ 11,580,374	\$ 61,445,033	\$ 61,157,702

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 \$1,017,000. This amount includes vehicles and computer equipment rotations.
- Acquisition of public works equipment in the amount of \$417,000.
- City facilities improvements and repairs in the amount of \$225,000.
- Approximately \$340,000 for the purchase of computer hardware and software upgrades and replacement.
- Road and intersection improvements in the amount of \$657,000.
- Fire vehicles and equipment in the amount of \$71,000.
- Parks development and improvements in the amount of \$774,000.

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

Long-term Debt

At the end of the current fiscal year, the City of South Salt Lake had total debt outstanding of \$11,881,000. The debt represents bonds secured solely by specified revenue sources and capital leases. The City of South Salt Lake's outstanding debt decreased by \$1,103,361 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	
	2020	2019	2020	2019	2020	2019
Excise tax revenue bonds	\$ 11,390,000	\$ 12,145,000	\$ -	\$ -	\$ 11,390,000	\$ 12,145,000
Water/sewer revenue bonds	-	-	491,000	730,500	491,000	730,500
Capital leases payable	-	108,861	-	-	-	108,861
Total	\$ 11,390,000	\$ 12,253,861	\$ 491,000	\$ 730,500	\$ 11,881,000	\$ 12,984,361

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

Economic Factors and Next Year's Budgets and Rates

The City of South Salt Lake continues to rely on sales tax as the largest single revenue source in the general fund. Sales tax revenue increased approximately 8.7% (\$1,364,000) in FY 2020 when compared to the prior fiscal year. The increase is due to improved economic conditions both nationally and locally. The increase was not expected when considering much of the economy was shut down due to the COVID-19 situation from March 2020 through June 2020. Economic stimulus programs initiated at the federal level assisted with individuals being able to purchase needed items. National and local trends indicate economic activity, which includes taxable sales, will continue to increase in FY 2020. However, the economic situation will be unsettled until the COVID-19 pandemic is contained. Additional economic development projects that are envisioned to materialize in the next few years will also 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 wastewater discharge rules, the Central Valley Water Reclamation Facility (CVWRF) has embarked on a \$375 million plant expansion which is expected to be completed by 2025. South Salt Lake's share of the project will be approximately \$18,000,000. The City has already paid approximately \$4,000,000 toward the project. 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 \$9,250,000 no-interest revenue bonds. 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 2021 general fund budget is estimated to remain relatively level when compared to final FY 2020 actual expenditures. This is due to the fact that the FY 2021 budget was prepared and adopted during early months of the COVID-19 pandemic. The impact of the virus on the City's revenues was uncertain. A very conservative approach was developed and implemented. Basic services were funded at the prior year's levels. Also, only critical repairs and equipment replacement was approved. By using that approach the City could rely on fund balance appropriations if revenues were significantly impacted.

Due to the pandemic the City was very conservative in its expenditure of funds for capital acquisitions. Only critical equipment acquisitions and repairs were approved. Some capital projects were approved due to the availability of grant funds. Normally the City's policy is to acquire equipment on a "pay-as-we-go" basis, except for some pieces of large equipment that have extended useful lives. In FY 2021, some budgeted equipment acquisitions and infrastructure projects include:

- \$2,000,000 to commence a streetscape project using grant funds.
- \$238,000 for improvements at the Columbus Center.
- \$650,000 for open space and parks development using impact fee revenue.
- \$305,000 for critical police vehicle and equipment replacement
- \$425,000 to complete street lighting projects.
- \$470,000 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 has had a major impact on South Salt Lake and the public safety services the City provides. Twelve police officers and twelve emergency medical technicians were hired to respond to the demand the center created. The City receives funding from state sources for the increased 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 for a full year. The city council and administration will continue to evaluate all budget requests and allocate resources appropriately based on need and economic conditions.

The City and Redevelopment Agency began the process of refinancing the excise tax bonds which were issued in 2010. There was a 10-year call provision which the RDA exercised and the remaining bonds were issued at a lower interest rate. Due to the refinancing, the RDA will pay approximately \$190,000 less per year on debt service.

The biggest economic factor the City will face in FY 2021 is the on-going impact of the COVID-19 pandemic. City revenues rely on a robust economic situation. If the economy continues to recover throughout the fall of 2020 and the winter of 2021 the City should be in a good situation from a financial perspective. However, if the negative impact of the pandemic increases and there are additional shutdowns to address the virus spread then revenues will certainly be impacted for many months.

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, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 26,215,906	\$ 1,366,331	\$ 27,582,237
Taxes receivable	8,991,454	-	8,991,454
Accounts receivable - net	-	723,780	723,780
Miscellaneous receivables	462,398	-	462,398
Internal balances	5,412	(5,412)	-
Intergovernmental receivable	1,730,730	-	1,730,730
Prepaid expenses	8,425	-	8,425
Property acquired for redevelopment	4,404,705	-	4,404,705
Investment in joint venture	-	6,815,822	6,815,822
Restricted cash and cash equivalents	3,415,077	751,378	4,166,455
Net pension asset	912,380	-	912,380
Capital assets not being depreciated:			
Land	6,581,061	304,414	6,885,475
Construction in progress	620,127	-	620,127
Capital assets net of accumulated depreciation:			
Buildings	12,710,994	1,221,261	13,932,255
Improvements	4,585,779	8,395,018	12,980,797
Machinery and equipment	8,826,186	1,460,801	10,286,987
Infrastructure	16,739,392	-	16,739,392
Total assets	<u>96,210,026</u>	<u>21,033,393</u>	<u>117,243,419</u>
Deferred Outflows of Resources:			
Deferred outflows of resources relating to pensions	<u>2,700,887</u>	<u>106,912</u>	<u>2,807,799</u>
Total deferred outflows of resources	<u>2,700,887</u>	<u>106,912</u>	<u>2,807,799</u>

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

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

June 30, 2020

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable and accrued liabilities	2,963,835	955,318	3,919,153
Deposits payable	3,329,177	39,144	3,368,321
Accrued interest	166,204	4,416	170,620
Unearned revenues	120,514	-	120,514
Noncurrent liabilities:			
Due within one year	1,297,847	262,961	1,560,808
Due in more than one year	15,743,221	3,155,630	18,898,851
Total liabilities	<u>23,620,798</u>	<u>4,417,469</u>	<u>28,038,267</u>
Deferred Inflows of Resources:			
Deferred inflows of resources relating to pensions	2,863,192	109,949	2,973,141
Total deferred inflows of resources	<u>2,863,192</u>	<u>109,949</u>	<u>2,973,141</u>
Net Position:			
Net investment in capital assets	50,063,539	10,890,494	60,954,033
Restricted for:			
Capital projects	6,442,445	1,553,193	7,995,638
Debt service	-	1,058,393	1,058,393
Unrestricted	15,920,939	3,110,807	19,031,746
Total net position	<u>\$ 72,426,923</u>	<u>\$ 16,612,887</u>	<u>\$ 89,039,810</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, 2020

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	\$ 6,230,346	\$ 4,589,613	\$ 441,906	\$ -	\$ (1,198,827)	\$ -	\$ (1,198,827)
Public safety	19,881,768	2,540,374	3,916,573	58,154	(13,366,667)	-	(13,366,667)
Highways and public improvements	5,438,606	-	891,744	1,479,446	(3,067,416)	-	(3,067,416)
Parks, recreation and culture	3,530,126	77,691	1,814,831	1,039,325	(598,279)	-	(598,279)
Redevelopment	1,073,610	14,046	-	-	(1,059,564)	-	(1,059,564)
Interest on long-term debt	511,936	-	-	-	(511,936)	-	(511,936)
Total governmental activities	36,666,392	7,221,724	7,065,054	2,576,925	(19,802,689)	-	(19,802,689)
Business-type activities:							
Water utility	2,695,557	2,511,195	-	-	-	(184,362)	(184,362)
Sewer utility	1,846,913	2,831,962	-	-	-	985,049	985,049
Solid waste collection	520,234	503,263	-	-	-	(16,971)	(16,971)
Total business-type activities	5,062,704	5,846,420	-	-	-	783,716	783,716
Total Primary Government	\$41,729,096	\$13,068,144	\$7,065,054	\$2,576,925	(19,802,689)	783,716	(19,018,973)
General revenues:							
Property taxes					5,805,091	-	5,805,091
Sales taxes					17,080,729	-	17,080,729
Energy sales and use taxes					2,928,757	-	2,928,757
Transient room taxes					39,402	-	39,402
Unrestricted investment earnings					551,592	12,756	564,348
Gain on sale of capital assets					150,088	-	150,088
Transfers					-	-	-
Total General Revenues and Transfers					26,555,659	12,756	26,568,415
Change in Net Position					6,752,970	796,472	7,549,442
Net Position - Beginning					65,673,953	15,816,415	81,490,368
Net Position - Ending					\$72,426,923	\$16,612,887	\$89,039,810

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, 2020

	General Fund	Capital Projects Fund	Redevelopment Agency	Leased Equipment Debt Service Fund (Nonmajor)	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 10,799,826	\$ 12,831,077	\$ 2,037,124	\$ -	\$ 25,668,027
Receivables (net):					
Taxes	5,612,407	3,379,047	-	-	8,991,454
Miscellaneous	412,549	58,274	-	-	470,823
Due from other funds	-	1,812,609	-	-	1,812,609
Intergovernmental receivable	1,447,283	283,447	-	-	1,730,730
Property acquired for redevelopment	-	-	4,404,705	-	4,404,705
Cash and cash equivalents - restricted	3,414,924	-	153	-	3,415,077
Total assets	<u>\$ 21,686,989</u>	<u>\$ 18,364,454</u>	<u>\$ 6,441,982</u>	<u>\$ -</u>	<u>\$ 46,493,425</u>
Liabilities, Deferred in Flows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 569,334	\$ 349,486	\$ 1,001,204	\$ -	\$ 1,920,024
Salaries/payroll payables	1,022,535	-	3,473	-	1,026,008
Deposits	3,329,177	-	-	-	3,329,177
Due to other funds	-	-	1,812,609	-	1,812,609
Unearned revenue	120,514	-	-	-	120,514
Total liabilities	<u>5,041,560</u>	<u>349,486</u>	<u>2,817,286</u>	<u>-</u>	<u>8,208,332</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	<u>5,254,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,254,017</u>
Total deferred inflows of resources	<u>5,254,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,254,017</u>
Fund Balances:					
Restricted for:					
Road projects	3,088,154	1,442,343	-	-	4,530,497
Other capital projects	-	1,911,948	-	-	1,911,948
Assigned to:					
Debt service	-	-	352,210	-	352,210
Redevelopment	-	-	3,272,486	-	3,272,486
Other capital projects	-	14,660,677	-	-	14,660,677
Unassigned	<u>8,303,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,303,258</u>
Total fund balances	<u>11,391,412</u>	<u>18,014,968</u>	<u>3,624,696</u>	<u>-</u>	<u>33,031,076</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,686,989</u>	<u>\$ 18,364,454</u>	<u>\$ 6,441,982</u>	<u>\$ -</u>	<u>\$ 46,493,425</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, 2020

Total fund balances – governmental funds	\$ 33,031,076
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.	50,063,539
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.	(4,093,900)
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	5,254,017
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(12,363,297)
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>535,488</u>
Net position of governmental activities	<u><u>\$ 72,426,923</u></u>

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

CITY OF SOUTH SALT LAKE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Redevelopment Agency	Leased Equipment Debt Service Fund (Nonmajor)	Total Governmental Funds
Revenues:					
Property taxes	\$ 5,509,902	\$ -	\$ 158,794	\$ -	\$ 5,668,696
Sales taxes	11,444,367	5,636,362	-	-	17,080,729
Other taxes	2,968,159	-	-	-	2,968,159
Licenses and permits	2,848,470	-	-	-	2,848,470
Intergovernmental	5,333,580	1,940,698	-	-	7,274,278
Charges for services	3,098,827	-	-	-	3,098,827
Fines	699,693	-	-	-	699,693
Investment earnings	167,938	362,953	1,229	-	532,120
Rental income	311,227	-	-	-	311,227
Impact fees	-	1,039,325	-	-	1,039,325
Miscellaneous	409,533	305,433	14,046	-	729,012
Total revenues	32,791,696	9,284,771	174,069	-	42,250,536
Expenditures:					
Current:					
General government	4,436,345	-	484,795	-	4,921,140
Public safety	17,595,000	-	-	-	17,595,000
Highways and public improvements	4,584,381	-	1,045,689	-	5,630,070
Parks, recreation and culture	2,858,218	-	-	-	2,858,218
Debt service:					
Principal	-	-	755,000	108,862	863,862
Interest and fiscal charges	-	-	521,624	2,211	523,835
Capital outlay:					
General government	-	922,242	-	-	922,242
Public safety	-	1,694,278	-	-	1,694,278
Highways and public improvements	36,180	1,164,053	-	-	1,200,233
Parks, recreation and culture	-	1,038,707	-	-	1,038,707
Total expenditures	29,510,124	4,819,280	2,807,108	111,073	37,247,585
Excess of revenues over expenditures	3,281,572	4,465,491	(2,633,039)	(111,073)	5,002,951
Other Financing Sources (Uses):					
Transfers	(1,276,000)	(111,073)	1,276,000	111,073	-
Proceeds from sale of capital assets	-	133,034	-	-	133,034
Total other financing sources	(1,276,000)	21,961	1,276,000	111,073	133,034
Net Change in Fund Balances	2,005,572	4,487,452	(1,357,039)	-	5,135,985
Fund Balances – Beginning	9,385,840	13,527,516	4,981,735	-	27,895,091
Fund Balances – Ending	<u>\$ 11,391,412</u>	<u>\$ 18,014,968</u>	<u>\$ 3,624,696</u>	<u>\$ -</u>	<u>\$ 33,031,076</u>

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

CITY OF SOUTH SALT LAKE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2020

Net change in fund balances – total governmental funds \$ 5,135,985

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. 469,157

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. 17,054

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,008,747

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. 863,860

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. (728,365)

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. (13,468)

Change in net position of governmental activities \$ 6,752,970

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

CITY OF SOUTH SALT LAKE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Solid Waste Collection Fund (Nonmajor)	Total	
Assets:					
Current assets:					
Cash and cash equivalents	\$ -	\$ 1,063,358	\$ 302,973	\$ 1,366,331	\$ 547,879
Accounts receivable, net	468,204	255,576	-	723,780	-
Due from other funds	-	97,341	-	97,341	-
Total current assets	468,204	1,416,275	302,973	2,187,452	547,879
Noncurrent assets:					
Restricted cash and cash equivalents	720,628	30,750	-	751,378	-
Capital assets:					
Land	302,098	2,316	-	304,414	-
Buildings	1,556,618	1,100,528	-	2,657,146	-
Improvements	13,071,673	5,341,805	-	18,413,478	-
Machinery and equipment	3,715,045	822,575	-	4,537,620	-
Less: accumulated depreciation	(11,087,684)	(3,443,480)	-	(14,531,164)	-
Equity investment in joint venture	-	6,815,822	-	6,815,822	-
Total noncurrent assets	8,278,378	10,670,316	-	18,948,694	-
Total assets	8,746,582	12,086,591	302,973	21,136,146	547,879
Deferred Outflows of Resources:					
Deferred outflows of resources relating to pensions	76,266	27,739	2,907	106,912	-
Total deferred outflows of resources	76,266	27,739	2,907	106,912	-

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, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Solid Waste Collection Fund (Nonmajor)	Total	
Liabilities:					
Current liabilities:					
Accounts payable	\$ 124,344	\$ 736,509	\$ 32,908	\$ 893,761	\$ 17,803
Salaries payable	39,560	15,897	4,154	59,611	-
Due to other funds	97,341	-	-	97,341	-
Compensated absences	12,958	6,503	1,946	21,407	-
Accrued interest	4,416	-	-	4,416	-
Revenue bonds payable - current	182,000	61,500	-	243,500	-
Total current liabilities	<u>460,619</u>	<u>820,409</u>	<u>39,008</u>	<u>1,320,036</u>	<u>17,803</u>
Noncurrent liabilities:					
Customer deposits payable	39,144	-	-	39,144	-
Compensated absences	9,020	3,757	-	12,777	-
Revenue bonds payable	186,000	61,500	-	247,500	-
Obligation under Central Valley bonds	-	2,691,954	-	2,691,954	-
Net pension liability	133,967	64,008	5,424	203,399	-
Total noncurrent liabilities	<u>368,131</u>	<u>2,821,219</u>	<u>5,424</u>	<u>3,194,774</u>	<u>-</u>
Total liabilities	<u>828,750</u>	<u>3,641,628</u>	<u>44,432</u>	<u>4,514,810</u>	<u>17,803</u>
Deferred inflows of resources:					
Deferred inflows of resources relating to pensions	73,015	34,049	2,885	109,949	-
Total deferred inflows of resources	<u>73,015</u>	<u>34,049</u>	<u>2,885</u>	<u>109,949</u>	<u>-</u>
Net Position:					
Net investment in capital assets	7,189,750	3,700,744	-	10,890,494	-
Restricted for capital projects	1,014,238	538,955	-	1,553,193	-
Restricted for debt service	190,628	867,765	-	1,058,393	-
Unrestricted	(473,533)	3,331,189	258,563	3,116,219	530,076
Total net position	<u>\$ 7,921,083</u>	<u>\$ 8,438,653</u>	<u>\$ 258,563</u>	<u>16,618,299</u>	<u>\$ 530,076</u>
Adjustment to Reflect The Consolidation of Internal Service Fund Activities Related to Enterprise Funds				(5,412)	
Net Position of Business-Type Activities				<u>\$ 16,612,887</u>	

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

CITY OF SOUTH SALT LAKE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Solid Waste Collection Fund (Nonmajor)	Total	
Operating Revenues:					
Water sales	\$ 2,339,695	\$ -	\$ -	\$ 2,339,695	\$ -
Sewer service charges	-	2,481,040	-	2,481,040	-
Solid waste collection fees	-	-	492,095	492,095	-
Ambulance fees, net	-	-	-	-	-
Connection fees	12,484	500	-	12,984	-
Other services	77,027	242,171	11,168	330,366	696,750
Total operating revenues	2,429,206	2,723,711	503,263	5,656,180	696,750
Operating Expenses:					
Employee salaries	594,531	245,592	56,023	896,146	-
Employee benefits	275,505	113,253	20,673	409,431	-
Professional services	48,954	41,511	-	90,465	3,581
Supplies	43,294	30,355	4,786	78,435	-
Utilities	122,777	28,554	-	151,331	-
Equipment supplies and maintenance	373,591	21,428	24,119	419,138	-
Repairs and maintenance	109,828	41,791	-	151,619	-
Depreciation	579,084	180,270	-	759,354	-
Net change in equity investment in joint venture	-	(431,138)	-	(431,138)	-
Central Valley sewer treatment costs	-	1,271,727	-	1,271,727	-
Water purchases	440,764	-	-	440,764	-
Waste collection contract	-	-	387,057	387,057	-
Sundry expense	55,119	3,194	-	58,313	-
Insurance	32,000	22,000	2,000	56,000	720,278
Furniture and equipment	7,474	14,599	25,472	47,545	-
Total operating expenses	2,682,921	1,583,136	520,130	4,786,187	723,859
Operating Income (Loss)	(253,715)	1,140,575	(16,867)	869,993	(27,109)
Nonoperating Revenues (Expenses):					
Interest revenue	9,661	3,095	-	12,756	10,722
Interest expense and fiscal charges	(10,968)	(135,702)	-	(146,670)	-
Bond issuance costs	-	(126,928)	-	(126,928)	-
Impact fees	81,989	108,251	-	190,240	-
Total nonoperating revenues (expenses)	80,682	(151,284)	-	(70,602)	10,722
Income (Loss) Before Transfers	(173,033)	989,291	(16,867)	799,391	(16,387)
Transfers	-	-	-	-	-
Change in Net Position	(173,033)	989,291	(16,867)	799,391	(16,387)
Net Position – Beginning	8,094,116	7,449,362	275,430	15,818,908	546,463
Net Position – Ending	\$ 7,921,083	\$ 8,438,653	\$ 258,563	\$ 16,618,299	\$ 530,076
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				(2,919)	
Changes in Net Position of Business-Type Activities				\$ 796,472	

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, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Utility Fund	Sewer Utility Fund	Solid Waste Collection Fund (Nonmajor)	Total	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 2,350,733	\$ 2,729,378	\$ 499,206	\$ 5,579,317	\$ 696,750
Payments to suppliers	(1,213,967)	(1,135,372)	(442,327)	(2,791,666)	(140,498)
Payments to employees	(867,006)	(356,511)	(76,531)	(1,300,048)	-
Purchase of additional investment in joint venture	-	(1,269,615)	-	(1,269,615)	-
Net cash provided (used) by operating activities	<u>269,760</u>	<u>(32,120)</u>	<u>(19,652)</u>	<u>217,988</u>	<u>556,252</u>
Cash Flows from Noncapital Financing Activities					
Transfer to other funds	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Impact fees received	81,989	108,251	-	190,240	-
Acquisition and construction of capital assets	(264,880)	(295,594)	-	(560,474)	-
Principal paid on capital debt	(178,000)	(61,500)	-	(239,500)	-
Interest paid on capital debt	(13,104)	(188,874)	-	(201,978)	-
Payment of bond issuance costs	-	(126,928)	-	(126,928)	-
Net cash (used) by capital and related financing activities	<u>(373,995)</u>	<u>(564,645)</u>	<u>-</u>	<u>(938,640)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest received	<u>9,661</u>	<u>3,095</u>	<u>-</u>	<u>12,756</u>	<u>10,722</u>
Net cash provided by investing activities	<u>9,661</u>	<u>3,095</u>	<u>-</u>	<u>12,756</u>	<u>10,722</u>
Net Increase (Decrease) in Cash and and Cash Equivalents	(94,574)	(593,670)	(19,652)	(707,896)	566,974
Cash and Cash Equivalents – Beginning	<u>815,202</u>	<u>1,687,778</u>	<u>322,625</u>	<u>2,825,605</u>	<u>(19,095)</u>
Cash and Cash Equivalents – Ending	<u>\$ 720,628</u>	<u>\$ 1,094,108</u>	<u>\$ 302,973</u>	<u>\$ 2,117,709</u>	<u>\$ 547,879</u>

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, 2020

	Business-type Activities - Enterprise Funds				
	Water Utility Fund	Sewer Utility Fund	Solid Waste Collection Fund (Nonmajor)	Total	Governmental Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (253,715)	\$ 1,140,575	\$ (16,867)	\$ 869,993	\$ (27,109)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	579,084	180,270	-	759,354	-
Net pension adjustment	213	(3,092)	(1,408)	(4,287)	-
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(79,871)	7,502	(4,057)	(76,426)	-
Prepaid expenses	410	204	-	614	571,458
Due from other funds	-	(15,426)	-	(15,426)	-
Investment in joint venture, net	-	(1,700,753)	-	(1,700,753)	-
Increase (decrease) in:					
Accounts payable and accrued liabilities	6,815	360,435	2,680	369,930	11,903
Due to other funds	15,426	-	-	15,426	-
Customer deposits	1,398	(1,835)	-	(437)	-
Total adjustments	523,475	(1,172,695)	(2,785)	(652,005)	583,361
Net cash provided (used) by operating activities	\$ 269,760	\$ (32,120)	\$ (19,652)	\$ 217,988	\$ 556,252

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 THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-Wide Financial Statements

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

Reporting Entity

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

Blended Component Units

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

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

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

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

Joint Ventures

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

CITY OF SOUTH SALT LAKE
NOTES TO THE 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, 2019, are as follows:

	<u>Beginning</u>	<u>Ending</u>
Cottonwood Improvement District	17.32 %	17.67 %
Mt. Olympus Improvement District	24.10	23.68
Granger-Hunter Improvement District	22.40	22.53
Kearns Improvement District	10.51	10.50
Murray City	8.57	8.68
City of South Salt Lake	5.52	5.70
Taylorsville-Bennion Improvement District	11.58	11.24
	<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.

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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, 2019 and for the year then ended is as follows (in thousands):

Total assets	\$ 188,191
Total net position	107,964
Revenue	18,777
Change in net position	13,784
The City's interest in:	
Equity	6,816
Net loss	431

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, 2020 is \$6,815,822 and is recorded in the Sewer Utility Fund. Costs associated with the joint venture for the year ended June 30, 2020 were \$840,589, which includes both operations and maintenance and the City's net change in equity investment in joint venture.

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

<u>Year</u>	<u>Operating Costs</u>	<u>Percentage of Plant</u>
2020	\$1,271,727	5.90%
2019	\$1,187,511	6.04%
2018	\$1,025,156	6.21%

CITY OF SOUTH SALT LAKE

NOTES TO THE FINANCIAL STATEMENTS

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

Basis of Presentation – Government-Wide Financial Statements

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

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

Basis of Presentation – Fund Financial Statements

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

The government reports the following major governmental funds:

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

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

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

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.

CITY OF SOUTH SALT LAKE

NOTES TO THE FINANCIAL STATEMENTS

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

Budgetary Procedures and Budgetary Basis of Accounting

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

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

The budgets presented for the General Fund, 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.

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

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, 2020 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 construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current fiscal year.

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

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

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

Property Acquired for Redevelopment

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

CITY OF SOUTH SALT LAKE

NOTES TO THE FINANCIAL STATEMENTS

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

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

Program Revenues

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

Compensated Absences

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

Employees can carry-over up to twenty-one days of unused vacation each year. The vacation year ends on the last day of the last full pay period in March. 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 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.

CITY OF SOUTH SALT LAKE

NOTES TO THE FINANCIAL STATEMENTS

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

Property tax revenues in the governmental funds are recognized when they become available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year. Amounts that are measurable but not available are recorded as deferred revenue. An accrual was made for property taxes receivable and an offsetting deferred inflow of resources in the amount of \$5,254,017 at June 30, 2020. 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 payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

Deferred Outflows/Inflows of Resources

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

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “net pension asset, net pension liability, and related deferred outflows and inflows are not available resources or payable in the current period and, therefore, are not reported in the funds”. The details of this \$4,093,900 difference are as follows:

Net pension asset	\$ 912,380
Deferred outflows of resources relating to pensions	2,700,887
Net pension liability	(4,843,975)
Deferred inflows of resources relating to pensions	<u>(2,863,192)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ (4,093,900)</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 \$12,363,297 difference are as follows:

Bonds payable	\$ (11,390,000)
Accrued interest payable	(166,204)
Compensated absences	<u>(807,093)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ (12,363,297)</u>

CITY OF SOUTH SALT LAKE
NOTES TO THE 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 \$469,157 difference are as follows:

Capital outlay	\$ 3,833,446
Depreciation expense	<u>(3,364,289)</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>\$ 469,157</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 \$728,365 difference are as follows:

Compensated absences expense	\$ (176,943)
Pension expense	(563,323)
Interest expense	<u>11,901</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>\$ (728,365)</u>

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

Deposits

	Bank Balances	Book Balances
Cash on hand	\$ -	\$ 3,563
Cash on deposit	<u>1,919,284</u>	<u>1,741,991</u>
Total	<u>\$ 1,919,284</u>	<u>\$ 1,745,554</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. As of June 30, 2020, \$1,669,284 of the City’s bank balances of \$1,919,284 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 THE FINANCIAL STATEMENTS

As of June 30, 2020, 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	\$ 30,003,138	\$ 30,003,138	\$ -	\$ -	\$ -

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, 2020, 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 THE FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,334,448	\$ 246,613	\$ -	\$ 6,581,061
Construction in progress	1,688,537	462,161	(1,530,571)	620,127
Total capital assets not being depreciated	<u>8,022,985</u>	<u>708,774</u>	<u>(1,530,571)</u>	<u>7,201,188</u>
Capital assets being depreciated:				
Buildings	23,801,443	46,646	-	23,848,089
Improvements other than buildings	5,550,461	1,364,876	-	6,915,337
Machinery and equipment	18,599,354	2,760,023	(602,996)	20,756,381
Infrastructure	26,566,012	587,398	-	27,153,410
Total capital assets being depreciated	<u>74,517,270</u>	<u>4,758,943</u>	<u>(602,996)</u>	<u>78,673,217</u>
Less accumulated depreciation for:				
Buildings	(10,489,833)	(647,262)	-	(11,137,095)
Improvements other than buildings	(2,024,798)	(304,760)	-	(2,329,558)
Machinery and equipment	(10,794,970)	(1,651,575)	516,350	(11,930,195)
Infrastructure	(9,653,326)	(760,692)	-	(10,414,018)
Total accumulated depreciation	<u>(32,962,927)</u>	<u>(3,364,289)</u>	<u>516,350</u>	<u>(35,810,866)</u>
Total capital assets being depreciated, net	<u>41,554,343</u>	<u>1,394,654</u>	<u>(86,646)</u>	<u>42,862,351</u>
Governmental Activities Capital Assets, net	<u>\$ 49,577,328</u>	<u>\$ 2,103,428</u>	<u>\$ (1,617,217)</u>	<u>\$ 50,063,539</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 304,414	\$ -	\$ -	\$ 304,414
Total capital assets not being depreciated	<u>304,414</u>	<u>-</u>	<u>-</u>	<u>304,414</u>
Capital assets being depreciated:				
Buildings	2,657,146	-	-	2,657,146
Improvements other than buildings	18,272,249	141,229	-	18,413,478
Machinery and equipment	4,143,904	419,245	(25,529)	4,537,620
Total capital assets being depreciated	<u>25,073,299</u>	<u>560,474</u>	<u>(25,529)</u>	<u>25,608,244</u>

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

Capital asset activity, continued:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	\$ (1,339,539)	\$ (96,346)	\$ -	\$ (1,435,885)
Improvements other than buildings	(9,598,886)	(419,574)	-	(10,018,460)
Machinery and equipment	<u>(2,858,914)</u>	<u>(243,434)</u>	<u>25,529</u>	<u>(3,076,819)</u>
Total accumulated depreciation	<u>(13,797,339)</u>	<u>(759,354)</u>	<u>25,529</u>	<u>(14,531,164)</u>
Total capital assets being depreciated, net	<u>11,275,960</u>	<u>(198,880)</u>	<u>-</u>	<u>11,077,080</u>
Business-Type Activities Capital Assets, net	<u>\$ 11,580,374</u>	<u>\$ (198,880)</u>	<u>\$ -</u>	<u>\$ 11,381,494</u>

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

Governmental Activities:		
General government		\$ 496,239
Public safety		1,349,429
Highways and public improvements		1,237,744
Parks and recreation		<u>280,877</u>
Total depreciation expense – governmental activities		<u>3,364,289</u>
Business-Type Activities:		
Water		579,084
Sewer		<u>180,270</u>
Total depreciation expense – business-type activities		<u>759,354</u>
Total Depreciation Expense		<u>\$ 4,123,643</u>

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

The composition of interfund balances as of June 30, 2020, 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 THE FINANCIAL STATEMENTS

<u>Transfer Out:</u>	<u>Transfer In:</u>	<u>Amount</u>
Capital projects fund	Leased equipment debt service fund	\$ 111,073
General fund	Redevelopment agency	1,276,000

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

NOTE 6 – LONG-TERM DEBT

Revenue Bonds

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

<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	\$ 11,390,000
Business-type Activities:					
Water system improvements	2001	\$ 3,000,000	2.40%	2022	\$ 368,000
Wastewater treatment	2002	1,230,000	0.00%	2022	123,000
Total					\$ 491,000

The City has pledged all future municipal energy sales and use tax and municipal telecommunications license tax revenues, and tax increment revenue from the Market Station project area, to repay \$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 \$14,469,414, 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 \$1,276,624 and \$2,928,757, 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 \$381,296. Principal and interest paid for the current year and total water utility fund operating income (excluding depreciation) were \$191,104 and \$325,369, respectively.

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

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 \$123,000. Principal and interest paid for the current year and total sewer utility fund net revenues were \$61,500 and \$997,958, respectively.

The City issued Series 2020A and 2020B Sewer Revenue Bonds during the year ended June 30, 2020. The Series 2020A bonds were issued for up to \$2,413,000, and the Series 2020B bonds were issued for up to \$6,835,000. These loans will be accounted for in business-type activities of the government-wide financial statements. The purpose of these bonds is to help fund the City’s portion of costs of acquisition and construction of Central Valley Water Reclamation Facility collection system upgrades, expansion and rehabilitation projects. Bond proceeds are advanced to the City as actual costs on the Central Valley project are incurred and submitted for reimbursement. As of June 30, 2020, the City has not received any funds from the Series 2020A or 2020B bonds. As a result, no liability is reported in the accompanying statement of net position and proprietary fund statement of net position.

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

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	940,000	337,688	-	-
2026-2030	5,770,000	980,798	-	-
2031	1,400,000	30,940	-	-
Total	<u>\$ 11,390,000</u>	<u>\$ 3,079,414</u>	<u>\$ 491,000</u>	<u>\$ 13,296</u>

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
Revenue bonds	\$ 12,145,000	\$ -	\$ (755,000)	\$ 11,390,000	\$ 805,000
Total bonds payable	12,145,000	-	(755,000)	11,390,000	805,000
Capital leases	108,860	-	(108,860)	-	-
Compensated absences	630,150	894,897	(717,954)	807,093	492,847
Net pension liability	8,633,981		(3,790,006)	4,843,975	-
Governmental Activities Long-Term Liabilities	<u>\$ 21,517,991</u>	<u>\$ 894,897</u>	<u>\$ (5,371,820)</u>	<u>\$ 17,041,068</u>	<u>\$ 1,297,847</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds payable:					
2001 taxable water revenue bonds	\$ 546,000	\$ -	\$ (178,000)	\$ 368,000	\$ 182,000
2002 taxable sewer revenue bonds	184,500	-	(61,500)	123,000	61,500
Total bonds payable	730,500	-	(239,500)	491,000	243,500
Obligation under CVWRF bonds	2,745,126	-	(53,172)	2,691,954	-
Compensated absences	27,197	40,078	(35,037)	32,238	19,461
Net pension liability	388,030		(184,631)	203,399	-
Business-Type Activities Long-Term Liabilities	<u>\$ 3,890,853</u>	<u>\$ 40,078</u>	<u>\$ (512,340)</u>	<u>\$ 3,418,591</u>	<u>\$ 262,961</u>

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

NOTE 7 – 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, 2020, the City made payments of approximately \$237,000. 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 \$2,691,954 at June 30, 2020, which is reflected

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

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 2037. The beginning balance of the City's obligation was \$2,745,126. The City's share of principal paid during the fiscal year was \$101,790, which reduced the obligation, offset by an increase of \$48,618 due to an increase in the City's ownership during the current fiscal year.

NOTE 8 – RETIREMENT SYSTEMS AND PENSION PLANS

Description of Plans

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

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

- *Public Employees Noncontributory Retirement System* (Tier 1 Noncontributory System)
- *Firefighters Retirement System* (Firefighters System)
- *Public Safety Retirement System* (Public Safety System)
- *Tier 2 Public Employees Contributory Retirement System* (Tier 2 Contributory System)
- *Tier 2 Public Safety and Firefighter Contributory Retirement System* (Tier 2 Public Safety and Firefighters System)

Defined Contribution Plans (individual account plans):

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

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

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

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

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

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

Benefits Provided

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

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

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

Contributions

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

For the year ended June 30, 2020, required contribution rates for the plans were as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>	<u>Totals</u>
Tier 1 Noncontributory System	N/A	18.47%	N/A	18.47 %
Public Safety System	N/A	24.29%	0.70%	24.99 %
Firefighter System	15.05%	4.61%	N/A	19.66 %
Tier 2 Public Employees System	N/A	6.69%	12.00%	18.69 %
Tier 2 Public Safety and Firefighters	N/A	12.99%	12.00%	24.99 %

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

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

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020, City and employee contributions to the plans were as follows:

	<u>City</u> <u>Contributions *</u>	<u>Employee</u> <u>Contributions</u>
Tier 1 Noncontributory System	\$ 637,440	\$ -
Public Safety System	945,583	-
Firefighters System	118,665	385,242
Tier 2 Public Employees System	368,577	-
Tier 2 Public Safety and Firefighters	455,728	-
Tier 2 Defined Contribution Plans	65,234	-
401(k) Plan	551,476	362,829
457 Plan and other individual plans	-	287,815

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

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

At June 30, 2020, the City reported a net pension asset of \$912,380 and a net pension liability of \$5,047,374 for the following plans:

	<u>Net Pension</u> <u>Asset</u>	<u>Net Pension</u> <u>Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 1,771,378
Public Safety System	-	3,127,536
Firefighters System	912,380	-
Tier 2 Public Employees System	-	35,780
Tier 2 Public Safety and Firefighters	-	112,680
Total	<u>\$ 912,380</u>	<u>\$ 5,047,374</u>

The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension liability (asset) is equal to the ratio of the City's actual contributions compared to the total of all employer contributions during the plan year. The following presents the City's proportion (percentage) of the collective net pension liability (asset) at December 31, 2019 and the change in proportion since the prior measurement date for each plan:

	<u>Proportionate Share</u> <u>2019</u>	<u>Change</u>
Tier 1 Noncontributory System	0.4700026 %	0.0061222 %
Public Safety System	1.9478711 %	0.1772657 %
Firefighters System	7.3567202 %	(0.0451061)%
Tier 2 Public Employees System	0.1590859 %	(0.0027440)%
Tier 2 Public Safety and Firefighters	1.1978986 %	0.3727091 %

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020, the City recognized pension expense of \$2,270,868.

At June 30, 2020, the City reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources Related to Pensions					Total
	Tier 1 Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Saftey and Firefighters	
Differences between expected and actual experience	\$ 161,128	\$ 54,392	\$ 177,272	\$ 10,009	\$ 33,688	\$ 436,489
Changes of assumptions	187,610	106,713	389,044	15,278	26,762	725,407
Changes in proportion and differences between City contributions and proportionate share of contributions	23,165	230,062	58,427	24,580	10,102	346,336
Contributions subsequent to the measurement date	313,114	468,700	60,434	221,977	235,342	1,299,567
Total	\$ 685,017	\$ 859,867	\$ 685,177	\$ 271,844	\$ 305,894	\$ 2,807,799

At June 30, 2020, the City reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows of Resources Related to Pensions					Total
	Tier 1 Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Saftey and Firefighters	
Differences between expected and actual experience	\$ 25,445	\$ 66,782	\$ 127,588	\$ 12,279	\$ 37	\$ 232,131
Changes of assumptions	-	-	73,804	1,028	1,017	75,849
Net difference between projected and actual earnings on pension plan investments	895,802	1,067,952	597,525	27,504	27,696	2,616,479
Changes in proportion and differences between City contributions and proportionate share of contributions	21,022	18,917	795	-	7,948	48,682
Total	\$ 942,269	\$ 1,153,651	\$ 799,712	\$ 40,811	\$ 36,698	\$ 2,973,141

The \$1,299,567 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of December 31, 2019 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2021. The other amounts reports as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Saftey and Firefighters	Total
2020	\$ (76,929)	\$ (175,717)	\$ (106,989)	\$ (3,968)	\$ (3,370)	\$ (366,973)
2021	(183,027)	(185,668)	(74,096)	(3,433)	(2,892)	(449,116)
2022	30,160	4,689	150,793	1,266	1,374	188,282
2023	(340,569)	(405,789)	(157,434)	(7,549)	(6,942)	(918,283)
2024	-	-	12,696	3,455	3,967	20,118
Thereafter	-	-	60	19,286	41,718	61,064

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Assumptions remained unchanged that affect measurement of the total pension liability (asset) since the prior measurement date.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	40%	6.15%
Debt securities	20%	0.40%
Real assets	15%	5.75%
Private equity	9%	9.95%
Absolute return	16%	2.85%
Cash and cash equivalents	0%	0.00%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

CITY OF SOUTH SALT LAKE
NOTES TO THE FINANCIAL STATEMENTS

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

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
City's proportionate share of the net pension liability (asset):			
Tier 1 Noncontributory System	\$ 5,532,631	\$ 1,771,378	\$ (1,365,467)
Public Safety System	8,101,533	3,127,536	(914,794)
Firefighters System	1,865,832	(912,380)	(3,166,086)
Tier 2 Public Employees System	308,543	35,780	(175,017)
Tier 2 Public Safety and Firefighters	398,054	112,680	(99,164)
Total	<u>\$ 16,206,593</u>	<u>\$ 4,134,994</u>	<u>\$ (5,720,528)</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.

NOTE 9 – RISK MANAGEMENT

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

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

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

For the year ended June 30, 2020, the Insurance Reserve Fund paid \$723,859 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 THE FINANCIAL STATEMENTS

NOTE 10 – REDVELOPMENT AGENCY

In accordance with Utah Code Section 17C-1-605(2), the City’s Redevelopment Agency is required to disclose the following information for fiscal year 2020:

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

<u>Project Area</u>	<u>2020</u>
Westech	\$ 158,794
Total	<u>\$ 158,794</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>2020</u>
Excise tax and tax increment revenue bonds	\$ 11,390,000
Due to other funds	1,812,609
	<u>\$ 13,202,609</u>

The actual amount expended for:

	<u>2020</u>
Administrative costs of the Agency	\$ 484,795
Principal on bonds payable	755,000
Interest and fiscal charges on bonds	521,624
Market Station improvement costs	1,045,689
	<u>\$ 2,807,108</u>

NOTE 11 – 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 THE FINANCIAL STATEMENTS

NOTE 12 – 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.

The City has entered into agreements with contractors for improvements to Columbus Park. As of June 30, 2020, the City had remaining commitments of approximately \$412,000 under these agreements.

The City has entered into various contracts for the purchase of vehicles. As of June 30, 2020, the City had remaining commitments of approximately \$200,000 under these contracts.

The City has entered into an agreement with a contractor for the remediation of the Bello Terra property. As of June 30, 2020, the City had remaining commitments of approximately \$381,000 in connection with this agreement.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to June 30, 2020, the Redevelopment Agency issued Excise Tax and Tax Increment Revenue Refunding Bonds with a par amount of \$9,100,000, which in turn refund the City's Series 2020 Excise Tax Bonds. Total proceeds from the bond amounted to \$10,780,757. The first principal payment is due November 1, 2021, with principal payments falling due each November 1 thereafter through 2030. Interest payments are due semi-annually, beginning on May 1, 2021, and the bonds carry a coupon rate of 4%. \$10,590,198 of the bond proceeds were deposited in the Series 2010 Bond Account to pay and cancel the Series 2010 bonds, along with accrued interest. A total of \$157,890 was incurred in issuance costs in connection with these bonds. As a result of the refunding, future debt service payments will decrease by approximately \$2,200,000 over the next ten years.

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 5,497,622	\$ 5,497,622	\$ 5,509,902	\$ 12,280
Sales taxes	13,804,583	13,804,583	11,444,367	(2,360,216)
Other taxes	3,333,000	3,333,000	2,968,159	(364,841)
Licenses and permits	1,910,000	2,225,000	2,848,470	623,470
Intergovernmental	6,788,884	6,788,884	5,333,580	(1,455,304)
Charges for services	1,950,000	1,950,000	3,098,827	1,148,827
Fines and forfeitures	817,000	817,000	699,693	(117,307)
Investment earnings	150,000	150,000	167,938	17,938
Rental income	312,000	312,000	311,227	(773)
Miscellaneous revenues	425,891	440,391	409,533	(30,858)
Total revenues	34,988,980	35,318,480	32,791,696	(2,526,784)
Expenditures:				
Current:				
General government:				
Administrative	2,227,700	2,357,200	2,166,189	191,011
City council	186,900	186,900	165,278	21,622
Municipal court	802,200	802,200	682,356	119,844
City attorney	685,800	685,800	615,290	70,510
City hall building	377,000	377,000	349,994	27,006
Public buildings	510,900	512,900	457,238	55,662
Public safety:				
Police department	10,083,000	10,168,000	9,397,513	770,487
Dispatching	492,000	492,000	487,456	4,544
Urban livability	660,300	660,300	569,487	90,813
Fire department	7,963,900	8,023,900	7,140,544	883,356
Highways and public improvements:				
Streets and highways	2,206,350	2,206,350	1,669,993	536,357
Engineering	1,501,350	1,596,350	1,226,954	369,396
Public assets	638,440	638,440	623,086	15,354
Building and planning services	1,162,325	1,262,825	1,064,348	198,477
Parks, recreation and culture:				
Recreation	492,650	492,650	442,782	49,868
Parks	473,890	476,390	428,333	48,057
SSL Promise	3,748,775	3,748,775	1,869,477	1,879,298
Community events	199,500	199,500	117,626	81,874
Capital outlay: Highways and public improvements - Streets	-	-	36,180	(36,180)
Total expenditures	34,412,980	34,887,480	29,510,124	5,377,356
Excess of Revenues Over Expenditures	576,000	431,000	3,281,572	2,850,572
Other Financing Sources (Uses):				
Transfers in (out)	(1,276,000)	(1,276,000)	(1,276,000)	-
Total other financing sources (uses)	(1,276,000)	(1,276,000)	(1,276,000)	-
Net Change in Fund Balances	(700,000)	(845,000)	2,005,572	2,850,572
Fund Balances – Beginning (as restated)	9,385,840	9,385,840	9,385,840	-
Fund Balances – Ending	\$ 8,685,840	\$ 8,540,840	\$ 11,391,412	\$ 2,850,572

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, 2020

	Budgeted Amount:		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 115,000	\$ 115,000	\$ 158,794	\$ 43,794
Investment earnings	1,000	1,000	1,229	229
Miscellaneous	608,000	608,000	14,046	(593,954)
Total revenues	<u>724,000</u>	<u>724,000</u>	<u>174,069</u>	<u>(549,931)</u>
Expenditures:				
Current:				
General government:	389,500	389,500	484,795	(95,295)
Highways and public improvements	243,376	1,643,376	1,045,689	597,687
Redevelopment	90,000	90,000	-	90,000
Debt Service:				
Principal retirement	755,000	1,755,000	755,000	1,000,000
Interest and fiscal charges	522,124	612,124	521,624	90,500
Total expenditures	<u>2,000,000</u>	<u>4,490,000</u>	<u>2,807,108</u>	<u>1,682,892</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,276,000)</u>	<u>(3,766,000)</u>	<u>(2,633,039)</u>	<u>1,132,961</u>
Other Financing Sources (Uses):				
Transfers in (out)	1,276,000	1,276,000	1,276,000	-
Proceeds from sale of property acquired for redevelopment	-	4,570,000	-	(4,570,000)
Total other financing sources (uses)	<u>1,276,000</u>	<u>5,846,000</u>	<u>1,276,000</u>	<u>(4,570,000)</u>
Net Change in Fund Balances	-	2,080,000	(1,357,039)	(3,437,039)
Fund Balances – Beginning	<u>4,981,735</u>	<u>4,981,735</u>	<u>4,981,735</u>	-
Fund Balances – Ending	<u>\$ 4,981,735</u>	<u>\$ 7,061,735</u>	<u>\$ 3,624,696</u>	<u>\$(3,437,039)</u>

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

CITY OF SOUTH SALT LAKE

**Schedules of the City's Proportionate Share of the Net Pension Liability (Asset) –
Utah Retirement Systems**

Last Six Plan (Calendar) Years

Plan Year	City's Proportion of Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Tier 1 Noncontributory System:					
2020	0.4700026 %	\$ 1,771,378	\$ 3,657,925	48.43 %	93.7 %
2019	0.4638804 %	3,415,887	3,613,013	94.54 %	87.0 %
2018	0.4635013 %	2,030,738	3,665,873	55.40 %	91.9 %
2017	0.4772586 %	3,064,585	3,914,785	78.28 %	87.3 %
2016	0.4638931 %	2,624,933	3,845,815	68.25 %	87.8 %
2015	0.4844024 %	2,103,389	4,029,647	52.20 %	90.2 %
Public Safety System:					
2020	1.9478711 %	\$ 3,127,536	\$ 2,807,164	111.41 %	90.9 %
2019	0.0177061 %	4,555,033	2,640,424	172.51 %	84.7 %
2018	1.7508336 %	2,746,460	2,576,246	106.61 %	90.2 %
2017	1.8602397 %	3,774,940	2,734,900	138.03 %	86.5 %
2016	1.8786968 %	3,365,218	2,803,802	120.02 %	87.1 %
2015	1.9929293 %	2,506,274	3,049,752	82.18 %	90.5 %
Firefighters System:					
2020	7.3567202 %	\$ (912,380)	\$ 2,380,149	(38.33)%	105.0 %
2019	0.2742852 %	117,470	3,225,660	3.64 %	90.8 %
2018	0.2692763 %	23,741	2,644,111	0.90 %	97.4 %
2017	0.2647474 %	29,532	2,171,140	1.36 %	95.1 %
2016	0.2453760 %	(536)	1,584,600	(0.03)%	100.2 %
2015	0.2161573 %	(6,551)	1,057,666	(0.62)%	103.5 %
Tier 2 Public Employees System:					
2020	0.1590859 %	\$ 35,780	\$ 2,211,000	1.62 %	96.5 %
2019	7.4018263 %	961,107	2,454,080	39.16 %	94.3 %
2018	7.9670752 %	(497,586)	2,483,013	(20.04)%	103.0 %
2017	9.6015631 %	(75,694)	2,848,274	(2.66)%	100.4 %
2016	9.6025888 %	(173,922)	2,726,926	(6.38)%	101.0 %
2015	10.1011834 %	(576,412)	2,789,645	(20.66)%	103.5 %
Tier 2 Public Safety and Firefighters:					
2020	1.1978986 %	\$ 112,680	\$ 1,973,975	5.71 %	89.6 %
2019	0.8251895 %	20,676	1,104,284	1.87 %	95.6 %
2018	0.9508348 %	(11,002)	1,003,771	(1.10)%	103.0 %
2017	0.9858136 %	(8,557)	814,504	(1.05)%	103.6 %
2016	0.7412166 %	(10,829)	441,213	(2.45)%	110.7 %
2015	0.3347151 %	(4,952)	138,515	(3.58)%	120.5 %

The accompanying notes are an integral part of this schedule.

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

Last Seven Reporting (Fiscal) Years

Reporting Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Tier 1 Noncontributory System:					
2020	\$ 637,440	\$ 637,440	\$ -	\$ 3,598,499	17.71 %
2019	645,311	645,311	-	3,654,156	17.66 %
2018	647,580	647,580	-	3,638,206	17.80 %
2017	685,959	685,959	-	3,829,211	17.91 %
2016	682,065	682,065	-	3,804,154	17.93 %
2015	709,411	709,411	-	3,902,803	18.18 %
2014	714,812	714,812	-	4,166,753	17.16 %
Public Safety System:					
2020	\$ 945,583	\$ 945,583	\$ -	\$ 2,905,685	32.54 %
2019	868,849	868,849	-	2,691,143	32.29 %
2018	845,885	845,885	-	2,615,021	32.35 %
2017	874,983	874,983	-	2,674,697	32.71 %
2016	877,139	877,139	-	2,692,988	32.57 %
2015	962,509	962,509	-	2,937,283	32.77 %
2014	961,403	961,403	-	3,145,760	30.56 %
Firefighters System:					
2020	\$ 118,665	\$ 118,665	\$ -	\$ 2,563,095	4.63 %
2019	104,291	104,291	-	2,366,469	4.41 %
2018	88,962	88,962	-	2,417,367	3.68 %
2017	98,315	98,315	-	2,679,155	3.67 %
2016	106,229	106,229	-	2,807,604	3.78 %
2015	100,933	100,933	-	2,784,354	3.63 %
2014	77,323	77,323	-	2,748,282	2.81 %
Tier 2 Public Employees System					
2020	\$ 368,577	\$ 368,577	\$ -	\$ 2,357,085	15.64 %
2019	324,639	324,639	-	2,089,885	15.53 %
2018	258,310	258,310	-	1,711,676	15.09 %
2017	254,533	254,533	-	1,707,553	14.91 %
2016	175,619	175,619	-	1,177,861	14.91 %
2015	129,757	129,757	-	868,354	14.94 %
2014	81,435	81,435	-	583,420	13.96 %
Tier 2 Public Safety and Firefighter System					
2020	\$ 455,728	\$ 455,728	\$ -	\$ 2,388,891	19.08 %
2019	276,578	276,578	-	1,394,634	19.83 %
2018	196,256	196,256	-	1,046,369	18.76 %
2017	194,686	194,686	-	989,937	19.67 %
2016	129,495	129,495	-	589,487	21.97 %
2015	57,347	57,347	-	253,843	22.59 %
2014	23,024	23,024	-	117,746	19.55 %
Tier 2 Public Employee DC Only System					
2020	\$ 64,423	\$ 64,423	\$ -	\$ 962,075	6.70 %
2019	50,443	50,443	-	754,152	6.69 %
2018	38,185	38,185	-	567,987	6.72 %
2017	19,209	19,209	-	287,248	6.69 %
2016	8,426	8,426	-	125,949	6.69 %
2015	3,507	3,507	-	52,047	6.74 %
2014	2,616	2,616	-	46,878	5.58 %
Tier 2 Public Safety and Firefighter System - DC Only System					
2020	\$ 811	\$ 811	\$ -	\$ 569,615	0.14 %
2019	1,663	1,663	-	352,122	0.47 %
2018	6,301	6,301	-	214,148	2.94 %
2017	1,883	1,883	-	83,584	2.25 %
2016	37	37	-	46,859	0.08 %
2015	33	33	-	41,347	0.08 %
2014	23	23	-	21,205	0.11 %

The accompanying notes are an integral part of this schedule.

CITY OF SOUTH SALT LAKE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE A – GENERAL FUND AND REDEVELOPMENT AGENCY BUDGETARY INFORMATION

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

NOTE B – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

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

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

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

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

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

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

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

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

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

NOTE D – SCHEDULES OF CITY CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

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

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

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OTHER SUPPLEMENTARY INFORMATION

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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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Debt Service:				
Principal retirement	110,200	110,200	108,862	1,338
Interest and fiscal charges	4,500	4,500	2,211	2,289
Total expenditures	114,700	114,700	111,073	3,627
(Deficiency) of Revenues (Under) Expenditures	(114,700)	(114,700)	(111,073)	3,627
Other Financing Sources (Uses):				
Transfers in (out)	114,700	114,700	111,073	(3,627)
Total other financing sources (uses)	114,700	114,700	111,073	(3,627)
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, 2020

	Budgeted Amount:		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 1,919,000	\$ 2,024,000	\$ 5,636,362	\$ 3,612,362
Intergovernmental	175,000	741,000	1,940,698	1,199,698
Impact fees	300,000	790,000	1,039,325	249,325
Investment earnings	320,000	320,000	362,953	42,953
Miscellaneous revenues	-	113,000	305,433	192,433
Total revenues	<u>2,714,000</u>	<u>3,988,000</u>	<u>9,284,771</u>	<u>5,296,771</u>
Expenditures:				
Capital outlay:				
General government	425,000	983,000	922,242	60,758
Public safety	1,886,000	1,915,000	1,694,278	220,722
Highways and public improvements	2,978,200	3,048,200	1,164,053	1,884,147
Parks and recreation	1,352,400	2,252,400	1,038,707	1,213,693
Total expenditures	<u>6,641,600</u>	<u>8,198,600</u>	<u>4,819,280</u>	<u>3,379,320</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,927,600)</u>	<u>(4,210,600)</u>	<u>4,465,491</u>	<u>8,676,091</u>
Other Financing Sources (Uses):				
Transfers (out)	(114,700)	(114,700)	(111,073)	3,627
Sale of capital assets	100,000	230,000	133,034	(96,966)
Total other financing sources (uses)	<u>(14,700)</u>	<u>115,300</u>	<u>21,961</u>	<u>(93,339)</u>
Net Change in Fund Balances	<u>(3,942,300)</u>	<u>(4,095,300)</u>	<u>4,487,452</u>	<u>8,582,752</u>
Fund Balances – Beginning	<u>13,527,516</u>	<u>13,527,516</u>	<u>13,527,516</u>	<u>-</u>
Fund Balances – Ending	<u>\$ 9,585,216</u>	<u>\$ 9,432,216</u>	<u>\$ 18,014,968</u>	<u>\$ 8,582,752</u>

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

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Statistical Section

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	60-66
Revenue Capacity These schedules contain information to help the reader assess one of the City's revenue sources, sales taxes.	67-70
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	71-76
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	77-79
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	80-82

CITY OF SOUTH SALT LAKE
NET POSITION BY COMPONENT

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

	2011	2012	2013	2014	2015*	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 42,309	\$ 43,342	\$ 43,908	\$ 43,243	\$ 43,232	\$ 44,489	\$ 44,327	\$ 44,687	\$ 49,468	\$ 50,064
Restricted	4,343	3,170	2,461	3,011	2,698	1,601	2,349	2,655	4,164	6,442
Unrestricted	18,475	18,581	15,698	16,106	10,002	10,252	8,234	9,460	12,042	15,921
Total governmental activities net position	<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>	<u>\$ 72,427</u>
Business-type activities										
Net investment in capital assets	\$ 10,214	\$ 10,269	\$ 10,752	\$ 10,826	\$ 10,513	\$ 10,809	\$ 11,132	\$ 11,593	\$ 10,850	\$ 10,890
Restricted	808	894	978	1,064	1,147	748	1,001	1,305	1,638	2,612
Unrestricted	7,452	7,442	7,638	7,464	7,323	8,666	7,872	6,788	3,328	3,111
Total business-type activities net position	<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>	<u>\$ 16,613</u>
Primary government										
Net investment in capital assets	\$ 52,523	\$ 53,611	\$ 54,660	\$ 54,069	\$ 53,745	\$ 55,298	\$ 55,459	\$ 56,280	\$ 60,318	\$ 60,954
Restricted	5,151	4,064	3,439	4,075	3,845	2,349	3,350	3,960	5,802	9,054
Unrestricted	25,927	26,023	23,336	23,570	17,325	18,918	16,106	16,248	15,370	19,032
Total primary government net position	<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>	<u>\$ 89,040</u>

* GASB 68 implemented in FY 2015

**CITY OF SOUTH SALT LAKE
CHANGES IN NET POSITION**

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
General government	\$ 5,823	\$ 5,386	\$ 5,430	\$ 6,489	\$ 5,224	\$ 5,122	\$ 5,367	\$ 5,769	\$ 5,617	\$ 6,230
Public safety	13,238	13,445	13,721	13,683	13,418	13,639	14,444	14,130	17,202	19,882
Highways and public improvements	4,131	4,505	8,332	6,493	4,722	3,994	4,464	5,376	5,300	5,439
Parks, recreation and culture	2,124	2,133	1,881	2,175	2,546	3,010	4,123	3,544	3,803	3,530
Redevelopment	685	901	506	665	4,820	2,268	3,198	197	1,196	1,074
Interest on long-term debt	626	968	801	948	669	641	618	584	548	512
Total governmental activities	26,627	27,338	30,671	30,453	31,399	28,674	32,214	29,600	33,666	36,667
Business-type Activities:										
Water utility	1,907	1,831	2,014	2,104	2,194	2,219	2,204	2,436	2,719	2,696
Sewer utility	1,102	1,320	1,297	1,483	1,478	1,594	1,871	2,314	1,558	1,847
Solid waste collection *	n/a	n/a	n/a	n/a	443	407	408	453	536	520
Housing	209	196	198	222	353	70	837	108	-	-
Ambulance services	1,235	1,165	1,205	1,178	1,205	1,365	1,388	1,359	-	-
Total business-type activities	4,453	4,512	4,714	4,987	5,673	5,655	6,708	6,670	4,813	5,063
Total expenses	\$ 31,080	\$ 31,850	\$ 35,385	\$ 35,440	\$ 37,072	\$ 34,329	\$ 38,922	\$ 36,270	\$ 38,479	\$ 41,730
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 1,617	\$ 1,780	\$ 2,094	\$ 2,138	\$ 2,068	\$ 2,301	\$ 2,751	\$ 2,501	\$ 3,236	\$ 4,590
Public Safety	1,486	1,426	1,282	1,136	1,042	1,049	980	997	2,114	2,540
Highways and public improvements	-	-	-	-	-	-	-	-	-	-
Parks and recreation	58	65	34	29	31	35	64	45	70	78
Redevelopment	-	-	-	-	-	-	-	-	-	14
Operating grants and contributions	2,515	2,035	1,362	1,745	2,692	3,236	3,284	3,639	5,212	7,065
Capital grants and contributions	608	57	719	3,249	1,438	228	1,123	662	1,868	2,577
Total governmental activities	6,284	5,363	5,491	8,297	7,271	6,849	8,202	7,844	12,500	16,864
Business-type Activities:										
Charges for services:										
Water utility	1,794	1,804	2,427	2,317	2,283	2,259	2,265	2,221	2,494	2,511
Sewer utility	1,234	1,229	1,242	1,292	1,290	1,613	2,002	1,954	2,850	2,832
Solid waste collection *	n/a	n/a	n/a	n/a	495	504	500	503	496	503
Housing	111	147	214	103	66	52	46	59	-	-
Ambulance services	897	1,002	862	957	965	1,201	1,284	1,248	-	-
Operating grants and contributions	138	111	89	59	246	110	92	50	-	-
Capital grants and contributions	-	176	291	-	-	-	252	219	-	-
Total business-type activities	4,174	4,469	5,125	4,728	5,345	5,739	6,441	6,254	5,840	5,846
Total program revenues	\$ 10,458	\$ 9,832	\$ 10,616	\$ 13,025	\$ 12,616	\$ 12,588	\$ 14,643	\$ 14,098	\$ 18,340	\$ 22,710

**CITY OF SOUTH SALT LAKE
CHANGES IN NET POSITION**

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental Activities	\$ (20,343)	\$ (21,975)	\$ (25,180)	\$ (22,156)	\$ (24,128)	\$ (21,825)	\$ (24,012)	\$ (21,756)	\$ (21,166)	\$ (19,803)
Business-type Activities	(279)	(43)	411	(259)	(328)	84	(267)	(416)	1,027	783
Total net expense	<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>	<u>\$ (19,020)</u>
General Revenues and Transfers										
Governmental Activities:										
Taxes										
Property taxes	\$ 5,556	\$ 5,461	\$ 5,775	\$ 5,685	\$ 5,551	\$ 5,632	\$ 5,653	\$ 5,723	\$ 5,579	\$ 5,805
Sales taxes	12,110	13,314	13,307	13,557	13,749	14,291	13,485	14,390	15,717	17,081
Energy sales and use tax	3,074	3,086	3,232	3,296	3,252	3,294	3,200	3,092	3,002	2,929
Transient room tax	27	30	30	32	35	39	42	43	39	39
Unrestricted investment earnings	110	152	135	93	90	122	233	391	655	552
Gain on sale of capital assets	23	61	18	6	71	557	3	59	21	150
Loss on forgiveness of interfund note	-	-	-	-	-	(1,544)	-	-	-	-
Transfers	-	(163)	(343)	(220)	(254)	(156)	(36)	(51)	2,151	-
Total governmental activities	<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>	<u>26,556</u>
Business-type Activities:										
Unrestricted investment earnings	13	11	9	25	11	15	13	15	20	13
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>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>	<u>13</u>
Total general revenues and transfers	<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>	<u>\$ 26,569</u>
Change in Net Position										
Governmental activities	\$ 557	\$ (34)	\$ (3,026)	\$ 293	\$ (1,634)	\$ 410	\$ (1,432)	\$ 1,891	\$ 5,998	\$ 6,753
Business-type activities	(266)	131	763	(14)	(63)	1,799	(218)	(319)	(1,104)	796
Total change in net position	<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>	<u>\$ 7,549</u>

Source: South Salt Lake Finance Department

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

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
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
2020	5,805	17,081	2,929	39	25,854

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Unassigned	\$ 3,659	\$ 3,502	\$ 3,606	\$ 3,573	\$ 3,573	\$ 4,085	\$ 4,350	\$ 4,372	\$ 6,797	\$ 8,303
All other governmental funds										
Assigned	\$ 25,632	\$ 25,401	\$ 22,180	\$ 22,636	\$ 20,261	\$ 19,063	\$ 16,771	\$ 16,978	\$ 16,934	\$ 18,286
Restricted	4,465	3,205	2,461	3,011	2,698	1,601	2,349	2,655	4,164	6,442
Total all other governmental funds	\$ 30,097	\$ 28,606	\$ 24,641	\$ 25,647	\$ 22,959	\$ 20,664	\$ 19,120	\$ 19,633	\$ 21,098	\$ 24,728

Source: South Salt Lake Finance Department

CITY OF SOUTH SALT LAKE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 20,782	\$ 21,919	\$ 22,328	\$ 22,521	\$ 22,564	\$ 23,164	\$ 22,276	\$ 23,050	\$ 24,245	\$ 25,718
Licenses and permits	832	902	933	1,067	1,301	1,595	1,883	1,690	2,346	2,848
Intergovernmental	2,899	1,847	1,786	4,490	3,543	2,850	3,905	3,527	5,659	7,275
Charges for services	426	441	540	592	277	337	639	543	1,883	3,099
Fines and forfeitures	1,427	1,383	1,234	1,086	979	921	937	917	760	700
Investment earnings	107	148	132	90	84	118	227	382	641	532
Miscellaneous	700	790	997	842	1,016	1,000	666	1,167	1,675	2,079
Total revenues	27,173	27,430	27,950	30,688	29,764	29,985	30,533	31,276	37,209	42,251
Expenditures										
Current:										
General government	4,483	4,175	4,566	4,538	4,666	4,544	4,662	4,864	4,803	4,436
Public safety	12,258	12,627	12,782	12,705	12,762	12,706	13,039	13,320	15,414	17,595
Highways and public improvements	3,561	4,470	3,695	3,813	3,815	3,547	4,861	4,304	3,992	4,584
Parks, recreation and culture	2,027	2,015	1,728	2,024	2,447	2,926	3,217	3,323	3,350	2,859
Redevelopment	649	232	314	242	4,722	1,804	1,863	-	1,075	1,531
Debt service:										
Principal	791	916	693	712	936	930	642	974	1,021	864
Interest and fiscal charges	117	1,270	791	895	676	653	628	599	563	524
Bond issuance costs	234	69	-	-	-	-	-	-	-	-
Capital outlay	3,710	3,206	6,926	5,888	2,717	3,527	2,959	3,379	8,253	4,855
Total expenditures	27,830	28,980	31,495	30,817	32,741	30,637	31,871	30,763	38,471	37,248
Excess (Deficiency) of Revenues over (under) Expenditures	(657)	(1,550)	(3,545)	(129)	(2,977)	(652)	(1,338)	513	(1,262)	5,003

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses)										
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,152	\$ -
Transfers out	-	(163)	(343)	(220)	(254)	(1,700)	(36)	(51)	-	-
Proceeds from loans/bonds	16,702	-	-	-	-	-	-	-	-	-
Capital leases	503	-	-	997	420	-	80	-	-	-
Sale of capital assets	105	65	27	326	122	570	14	73	127	133
Payment to refunded bond escrow agent	(2,273)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	15,037	(98)	(316)	1,103	288	(1,130)	58	22	2,279	133
Net change in fund balances	\$ 14,380	\$ (1,648)	\$ (3,861)	\$ 974	\$ (2,689)	\$ (1,782)	\$ (1,280)	\$ 535	\$ 1,017	\$ 5,136
Debt service as a percentage of noncapital expenditures	3.8%	8.5%	6.0%	6.4%	5.4%	5.8%	4.4%	5.7%	5.2%	4.3%

Source: South Salt Lake Finance Department

CITY OF SOUTH SALT LAKE
GENERAL GOVERNMENTAL FUND 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
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
2020	5,669	17,081	2,929	39	25,718

(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
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
2020	11,444	5,637	-	17,081

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.

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
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%
2020	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, 2020 and June 30, 2011

<u>Taxpayer</u>	<u>2020 Rank</u>	<u>Type of Sales</u>
RC Willey Home Furnishings	1	Retail Sales
Tesla Motors	2	Auto Sales
Mark Miller Subaru	3	Auto Sales
Salt Lake Valley Buick/GMC	4	Auto Sales
Winco	5	Retail Food/Groceries
Mountainland Design	6	Interior Design/Sales
Salt Lake Valley Chrysler/Jeep	7	Auto Sales
Pacificorp	8	Public Utility
Best Buy Stores	9	Electronics Sales/Service
Roofers Supply	10	Construction Supply

<u>Taxpayer</u>	<u>2011 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
WW Grainger	5	Industrial Supply Sales
Roofers Supply	6	Construction Supply
Murdock Hyundai	7	Auto Sales
Valcom Computers	8	Computer/Technology Equipment
Rocky Mt. Power	9	Public Utility
Low Book Sales	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			
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
2020	-	-	11,390	-	-	368	124	11,882	3.01%	457

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value</u>	<u>Per Capita</u>
2020	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, 2020

(amounts expressed in thousands)

Governmental Unit	2019 Taxable Value	South Salt Lake's Portion of Taxable Value	Estimated Percentage Applicable (a)	Governmental Unit's General Obligation Debt	City's Portion of General Obligation Debt
State of Utah	\$ 315,456,865	\$ 3,420,653	1.08%	\$ 2,003,625	\$ 21,726
Central Utah Water					
Conservancy District	185,917,515	3,420,653	1.84%	193,540	3,561
Salt Lake County	119,390,251	3,420,653	2.87%	172,205	4,934
Granite School District	31,913,668	3,420,653	10.72%	334,680	35,873
Total				2,704,050	66,094
Less: State of Utah (b)				(2,003,625)	(21,726)
Total overlapping debt				<u>\$ 700,425</u>	<u>\$ 44,368</u>
Direct Debt (c):					
Excise Tax Revenue Bonds					<u>\$ 11,390</u>
Total direct debt					<u>11,390</u>
Total direct and overlapping debt					<u><u>\$ 55,758</u></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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 71,376	\$ 69,543	\$ 70,592	\$ 75,487	\$ 75,492	\$ 82,037	\$ 95,021	\$ 107,054	\$ 124,041	\$ 136,826
Total Net Debt Applicable to Limit (a)	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<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>	<u>\$ 136,826</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 2020

Taxable Value All Property	\$ 3,420,653
Debt Limit (4% of reasonable fair cash value) (c)	136,826
Debt applicable to limit: General Obligation Bonds	<u>-</u>
Legal Debt Margin	<u>\$ 136,826</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

Fiscal Year	Water Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2020	2,521	2,115	406	178	11	2.15

State Sewer Loan/Central Valley Taxable Bonds

Fiscal Year	Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2020	2,835	2,097	738	61	-	12.10

Public Safety Sales Tax Revenue Bonds

Fiscal Year	Sales Tax and Other Revenue	Less: Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	-	-	-	-	-	-
2020	-	-	-	-	-	-

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

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Excise Tax and Tax Increment Revenue Bonds Series 2010					
	Excise Tax Revenue	Less: Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2020	2,929	1	2,928	755	522	2.29

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>2019</u>	<u>2020 Est.</u>	
Population	10,129	10,693	22,038	23,617	25,582	26,445	
Population Breakdown	Female	Male	White	African American	Native American	Pacific Islander/Asian	Hispanic or Other
2019	50.0%	50.0%	56.2%	10.5%	2.5%	12.8%	18.0%

2019 Number of households - 9,245

2019 Average household size - 2.55

2019 Median household income - \$42,749

2019 Percentage of South Salt Lake households living in poverty - 21.8%

2019 Share of Salt Lake County Residents that live in South Salt Lake - 2.2%

2019 Share of Utah residents that live in South Salt Lake - .8%

2019 Estimated ratio of police officers per South Salt Lake resident - 1:365

June 2020 Estimated unemployment rate in Utah was 10.4%

(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, 2020 and June 30, 2011

<u>Employer - 2020 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
Daily's Premium Meats	Food Processing	250-499
RC Willey Home Furnishings	Retail Home Furnishings	250-499
Bimbo Bakeries USA, Inc.	Food Processing	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	Professional	99-249

<u>Employer - 2011 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government:										
Administration (a)	29.5	31	30.5	30.5	29	26.5	26.5	28.5	28	28
Court	8	8	8	8	8	7.5	7.5	7.5	8	7.5
Public Safety:										
Police	73	75	73	70	77	75	77.5	76.5	86	84
Fire (b)	50	51	51	51	54	55	53	54	60	68
Urban Livability	8	9	8	8	9	6.5	7.5	7.5	8	7.5
Highways and Public Improvements:										
Streets & Highways	21	21	20	20	20	21.5	17	17	19	16
Engineering	1	1	1	1	1	2	3	3	5	8
Community Develop.	7	7	8	8	8	9.5	10.5	10.5	10.5	12
Parks, Recreation and Culture:										
Parks	3	3	4	4	3	N/A	N/A	N/A	N/A	N/A
Public Assets (e)	N/A	N/A	N/A	N/A	N/A	8.5	14	14	13	14
Recreation (c)	17	27.5	33	5	4	8	8	8	7	7
Promise SSL (d)	-	-	-	26	27	63.5	82	73	68	54
Water	7	7	7	7	7	8	7	7	7	8
Sewer	3	3	3	3	3	3	3	3	3	3
Total	227.5	243.5	246.5	241.5	250.0	294.5	316.5	309.5	322.5	317.0

(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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Total Calls	43,137	46,850	46,710	44,706	47,928	50,628	47,327	48,012	45,527	50,207
Violent Crimes	938	847	908	1,045	868	893	810	861	901	929
Property Crimes	2,831	2,653	2,640	2,801	2,591	3,081	2,883	2,955	2,705	3,143
Traffic Citations	8,965	7,681	6,664	4,558	4,639	6,377	6,269	5,201	3,270	3,317
Fire										
Total Calls	4,270	4,419	4,990	4,858	5,187	5,453	5,616	5,477	5,633	6,152
Number of Fires	50	73	71	64	150	159	158	153	136	147
Medical Calls	3,168	3,762	3,931	3,778	4,012	4,337	4,378	4,250	4,563	5,129
Avg Response Time	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	5.8 minutes
Justice Court										
Total Cases Filed	9,764	9,997	8,316	6,897	6,435	6,772	6,821	7,024	6,243	6,167
Comm Service Hours Levied	20,781	18,955	20,694	13,530	12,183	10,935	9,417	3,156	5,525	2,285
Building & Zoning										
Building Permits	470	532	492	540	582	955	1,081	1,103	1,147	734
Business Licenses	2,938	2,930	2,850	3,028	3,294	3,306	3,275	3,349	3,596	3,388
Construction Value	\$ 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	\$ 196,580,682
Administration										
A/P Checks	6,457	6,238	5,680	5,345	5,904	5,665	5,437	5,701	5,258	5,672
Payroll Checks	8,535	8,816	8,026	8,387	8,579	8,256	10,062	9,188	9,716	8,734
Utility Billings	44,946	46,244	46,779	46,631	47,045	47,239	47,888	48,173	48,030	49,572

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

Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City Attorney										
Traffic Cases Prosecuted (b)	691	674	207	2,159	6,352	4,756	5,167	4,946	4,060	4,020
DUI Cases Prosecuted	n/a	642	163	405	375	365	334	290	207	218
Criminal Cases Prosecuted	1,285	602	287	1,762	863	1,445	1,077	1,538	1,449	1,758
Public Works										
Road Improvements	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	2,347,035 sq ft
Concrete Improvements	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	7,468 sq ft
Curbside Cleanup Tons (a)	744 tons	331 tons	142 tons	261 tons	283 tons	293 tons	302 tons	267 tons	281 tons	288 tons
Water										
Gallons Produced	483 million	458 million	495 million	483 million	477 million	512 million	490 million	310 million	488 million	534 million
Gallons Purchased	356 million	411 million	421 million	488 million	364 million	332 million	315 million	447 million	429 million	358 million
Water Connections	3,323	3,325	3,332	3,334	3,381	3,390	3,366	3,356	3,370	3,384
Sewer										
Lines Inspected (c)	60,500 ft	2,324 ft	5,280 ft	-	3,025 ft	75,828 ft	2,735 ft	172,200 ft	-	-
Lines Cleaned (c)	60,500 ft	2,324 ft	5,280 ft	161,000 ft	3,025 ft	75,828 ft	2,735 ft	172,200 ft	-	4,700 ft
Total Connections	2,586	2,584	2,584	2,597	2,624	2,636	2,606	2,619	2,630	2,625
Parks, Recreation and Culture										
Rec. Participants	4,810	4,625	5,250	4,752	3,981	3,730	3,628	4,096	4,147	3,622
Number of Programs	25	24	20	21	23	22	21	23	23	21

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

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

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

Source: South Salt Lake Finance Department

CITY OF SOUTH SALT LAKE
CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Officer Vehicles	63	62	62	59	60	60	60	60	71	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	7	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	540	542	542	542	543	545	549	548	547	549
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	2.75	2.90	2.96	3.04	2.98	3.28	3.23	3.72	3.38
Central Valley Facility (millions gallons/day)										
Parks and Recreation										
Park Acreage	11	11	12	12	12	12	12	12	13	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, 2020, 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 9, 2020.

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 9, 2020



Independent Auditor's Report on Compliance for Each Major Federal
Program and Report on Internal Control Over Compliance
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, 2020. 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, 2020.

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 9, 2020

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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Federal Awards

Internal control over major federal programs:	
Material weakness identified	No
Significant deficiency identified	None Reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of Major Federal Programs

Name of Federal Program (CFDA Number)

Twenty-First Century Community Learning Centers (84.287)

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

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

CITY OF SOUTH SALT LAKE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2020

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures
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	\$ 160,289
U.S. Department of Justice:			
Passed Through Utah Commission on Criminal and Juvenile Justice:			
Crime Victim Assistance (Note C)	16.575	19VOCA059	154,678
Violence Against Women Formula Grant (Note D)	16.588	Various	68,214
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Various	58,154
U.S. Department of Treasury			
Passed Through Salt Lake County:			
Coronavirus Relief Fund	21.019	2558	240,773
Environmental Protection Agency			
Passed Through Utah State Department of Environmental Quality:			
<i>Clean Water State Revolving Fund Cluster:</i>			
Capitalization Grant for Clean Water State Revolving Funds	66.458	Various	79,614
U.S. Department of Education:			
Passed Through Utah State Department of Education:			
Twenty-First Century Community Learning Centers	84.287	Various	973,120
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	167,848
<i>CCDF Cluster:</i>			
Child Care and Development Block Grant (Note E)	93.575	20DWS0037	270,952
Passed Through National Alliance on Mental Illness-Utah:			
Block Grants for Community Mental Health Services	93.958	Various	15,192
Passed Through Salt Lake County:			
<i>CCDF Cluster</i>			
Child Care and Development Block Grant	93.575	BJ17151	36,520
Block Grants for Prevention and Treatment of Substance Abuse	93.959	HLT19SUDSSL	71,474
U.S. Department of Homeland Security:			
Passed Through Utah Department of Public Safety:			
Emergency Management Performance Grants	97.042	19SOSL	8,000
Homeland Security Grant Program	97.067	SoSLSHSP17	11,467
Total Expenditures of Federal Awards			\$ 2,316,295

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

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of South Salt Lake under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity identifying numbers are presented where available.

NOTE C – CRIME VICTIM ASSISTANCE

In accordance with the grant agreement, the City of South Salt Lake has expended matching contributions totaling \$38,670 during the year ended June 30, 2020.

NOTE D – VIOLENCE AGAINST WOMEN FORMULA GRANT

In accordance with the grant agreement, the City of South Salt Lake has expended matching contributions totaling \$15,477 during the year ended June 30, 2020.

NOTE E – CHILD CARE AND DEVELOPMENT BLOCK GRANT

In accordance with the grant agreement, the City of South Salt Lake has expended matching contributions totaling \$600,000 during the year ended June 30, 2020.



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, 2020.

State compliance requirements were tested for the year ended June 30, 2020 in the following areas:

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

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, 2020.

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 9, 2020