

**GREATER SALT LAKE
MUNICIPAL SERVICES DISTRICT**

Financial Statements

Year Ended December 31, 2023

DRAFT

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Table of Contents
Year Ended December 31, 2023

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
<i>General Fund</i>	16
<i>Intergovernmental Salt Lake County Fund</i>	17
<i>Capital Projects Fund</i>	18
Notes to the Basic Financial Statements	19
Required Supplementary Information:	
Schedules of the County's Proportionate Share of Net Pension Liability (Asset) - Utah Retirement Systems	35
Schedules of County Contributions - Utah Retirement Systems	36
Notes to the Required Supplementary Information	37
Other Information:	
Combining Statement of Net Position - Component Units	38
Combining Statement of Activities - Component Units	39
Combining Balance Sheet - Component Units	40
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Component Units	41

Board of Trustees
Greater Salt Lake Municipal Services District

Report on the Basic Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of Greater Salt Lake Municipal Services District (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and each major fund of Greater Salt Lake Municipal Services District as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules of the District's proportionate share of the net pension liability (asset) – Utah Retirement Systems, the schedules of District contributions – Utah Retirement Systems, and the related notes to the required supplementary information 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the combining statement of net position–component units, the combining statement of activities–component units, the balance sheet–component units, and the combining statement of revenues, expenditures, and changes in fund balances–component units but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2024, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Squin & Company, PC

Orem, Utah
June 3, 2024

Management's Discussion and Analysis

As management of Greater Salt Lake Municipal Services District (the District), we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the years ended December 31, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows resources at December 31, 2023 by \$34.8 million (net position).
- The District's total net position increased during 2023 by \$4.1 million. In comparing 2023 activities with those in 2022, revenues increased by \$4.6 million, while expenses decreased by \$5.2 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise government-wide and fund financial statements and related notes to the basic financial statements.

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the assets and liabilities of the District, with the difference being 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 District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District 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.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund – *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 the District's near-term financing requirements.

The District maintains three 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 balance for the *General Fund*, *Unincorporated Salt Lake County Fund*, and *Capital Projects Fund*, which are considered to be a major funds.

The District adopts an annual appropriated budget for its major funds. A budgetary comparison statement is provided for the *General Fund*, *Unincorporated Salt Lake County Fund*, and *Capital Projects Fund* to demonstrate compliance with these budget.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$34.8 million at the close of the most recent fiscal year.

	Governmental Activities		Change
	2023	2022	2023-2022
Current and other assets	\$ 56,579,370	\$ 53,840,300	2,739,070
Capital assets	97,439	-	97,439
Net pension asset	-	1,177,303	(1,177,303)
Total assets	56,676,809	55,017,603	1,659,206
Total deferred outflows of resources	1,071,423	1,082,396	(10,973)
Current and other liabilities	5,940,613	7,246,365	(1,305,752)
Long-term liabilities outstanding	16,994,201	16,515,442	478,759
Total liabilities	22,934,814	23,761,807	(826,993)
Total deferred inflows of resources	16,163	1,622,247	(1,606,084)
Net position:			
Net investment in capital assets	20,212	-	20,212
Restricted	12,783,615	10,367,419	2,416,196
Unrestricted	21,993,428	20,348,526	1,644,902
Total net position	\$ 34,797,255	30,715,945	4,081,310

A portion of the District's net position (\$0.1 million) reflects its investment in capital assets, net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide a variety of services. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (\$12.7 million) is restricted. Restricted fund balance is reported to comply with provisions in contract and agreements with outside entities which dictate these

amounts must be used for specific purposes or to comply with other legal requirements. The remaining balance of net position is unrestricted (\$22.0 million). Unrestricted net position may be used to meet the District's ongoing obligations and to honor next year District's budget.

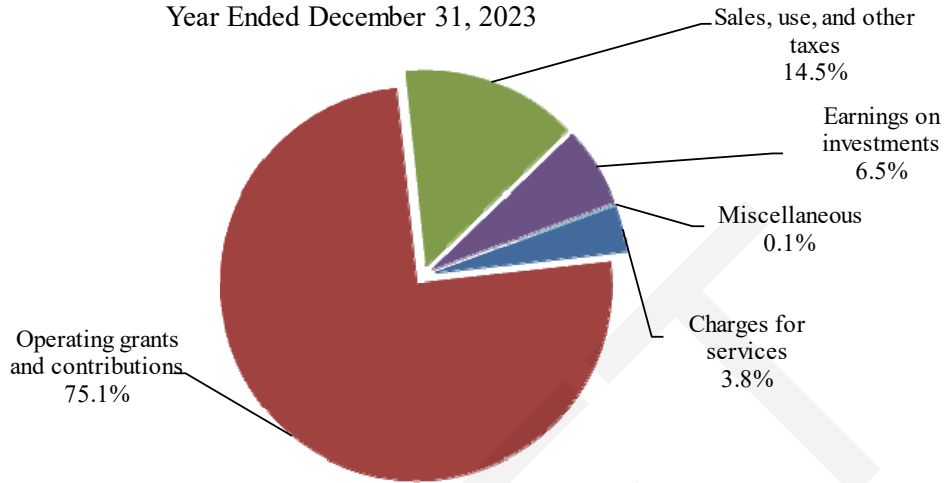
Governmental Activities

The District's net position increased by \$4.1 million during the current year. The key elements of the increase in the District's net position for the year ended December 31, 2023 are as follows:

	Governmental Activities		Change
	2023	2022	2023-2022
Revenues:			
Program revenues:			
Charges for services	\$ 1,493,693	\$ 903,802	589,891
Operating grants and contributions	29,569,217	27,485,959	2,083,258
General revenues:			
Sales, use, and other taxes	5,721,860	5,452,335	269,525
Earnings on investments	2,563,132	838,933	1,724,199
Miscellaneous	38,157	62,855	(24,698)
Total revenues	<u>39,386,059</u>	<u>34,743,884</u>	<u>4,642,175</u>
Expenses:			
Governmental activities:			
Municipal services	34,969,279	40,168,201	(5,198,922)
Interest on long-term debt	<u>335,471</u>	<u>372,820</u>	<u>(37,349)</u>
Total expenses	<u>35,304,750</u>	<u>40,541,021</u>	<u>(5,236,271)</u>
Changes in net position	4,081,309	(5,797,137.0)	9,878,446
Net position, beginning	<u>30,715,946</u>	<u>36,513,082</u>	<u>(5,797,136)</u>
Net position, ending	<u>\$ 34,797,255</u>	<u>30,715,945</u>	<u>4,081,310</u>

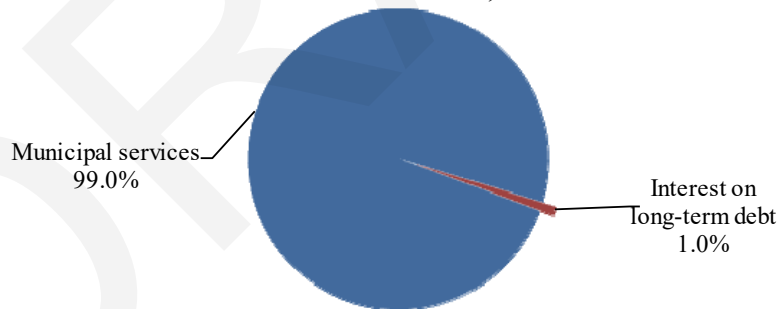
- Revenues totaled \$39.4 million for the year ended December 31, 2023, an increase of \$4.6 million compared to the prior year. This increase was primarily a result of increases in operating grants and contributions, and earnings on investments.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
 Revenues by Source - Governmental Activities
 Year Ended December 31, 2023



- Expenses totaled \$35.3 million for the year ended December 31, 2023, a decrease of \$5.2 million compared to the prior year. This decrease was primarily a result of decreases in interagency contracts for public works services.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
 Expenses by Function - Governmental Activities
 Year Ended December 31, 2023



GOVERNMENTAL FUND FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. At December 31, 2023, the District's combined fund balance of its governmental funds totaled \$50.7 million. The following information on revenues and expenditures should be noted:

- Revenues totaled \$39.4 million for the year ended December 31, 2023. Contributions from other governments represent 59.6% of total revenue.
- Expenditures totaled \$37.3 million for the year. Interagency contracts represents 64.7% of total expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into restricted and unrestricted portions. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances in the general fund are those resources that the Board of Directors has established by formal action for specific purposes. *Assigned* balances in the general fund are resources that management intends to be used for specific purposes. *Unassigned* balances in the general fund are all other available net fund resources. At December 31, 2023, the District's governmental fund balances is \$50.7 million (\$12.8 million is restricted, \$1.9 is committed, \$11.3 is assigned, and \$24.7 million is unassigned).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	Governmental Activities		Change
	2023	2022	2023-2022
Subscription asset	\$ 97,439	\$ -	\$ 97,439

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

The District's discretely presented component units own and account for their capital assets. Additional information on the discretely presented component units' capital assets can be found in Note 10 to the basic financial statements.

Debt Administration

At December 31, 2023, the District has total bonded debt outstanding on \$16.2 million. The remainder of the District's long-term obligations is comprised on a subscription liability.

	Governmental Activities		Change
	2023	2022	2023-2022
Revenue bonds	\$ 16,230,000	\$ 18,095,000	\$ (1,865,000)
Subscription liability	77,227	-	77,227
Total	<u>\$ 16,307,227</u>	<u>\$ 18,095,000</u>	<u>\$ (1,787,773)</u>

Additional information on the District's long-term debt can be found in Note 5 to the basic financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the Board did not revise the District's budget. Actual revenues were \$3.2 million less than budgeted amounts due primarily to receiving \$4.3 million less than anticipated in contributions. Similarly, actual expenditures were \$1.9 million less than budgeted amounts due primarily to making less contributions to other governments.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

No significant economic changes that would affect the District are expected for the next year. Budgets have been set using essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District N3-500 2001 South State Street, Salt Lake City, Utah 84190.

Basic Financial Statements

DRAFT

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Statement of Net Position
December 31, 2023

	Primary Government	
	Governmental Activities	Component Units
Assets:		
Cash and investments	\$ 36,659,895	\$ 17,774,745
Receivables:		
Accounts	388,057	11,173
Due from other governments	3,769,390	3,961,622
Due from component units	3,820,414	-
Restricted cash and cash equivalents	11,941,614	1,840,149
Capital assets:		
Land, roads, and construction in progress	-	130,500,320
Buildings and improvements, machinery and equipment, net of accumulated depreciation	97,439	8,172,828
Total assets	<u>56,676,809</u>	<u>162,260,837</u>
Deferred outflows of resources related to pensions	1,071,423	-
Liabilities:		
Accounts and contracts payable	5,600,717	540,547
Accrued salaries and benefits	185,042	-
Performance bonds	92,369	1,839,649
Accrued interest	25,292	-
Unearned revenue	-	10,432,515
Due to other governments	37,193	-
Due to primary government	-	3,820,414
Long-term liabilities:		
Portion due or payable within one year	2,137,717	-
Portion due or payable after one year	14,856,484	-
Total liabilities	<u>22,934,814</u>	<u>16,633,125</u>
Deferred inflows of resources related to pensions	16,163	-
Net position:		
Net investment in capital assets	20,212	138,673,148
Restricted for:		
Capital projects	12,783,615	-
Unrestricted	21,993,428	6,954,564
Total net position	<u>\$ 34,797,255</u>	<u>\$ 145,627,712</u>

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Statement of Activities
Year Ended December 31, 2023

Activities / Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities	Component Units
Primary government:					
Governmental activities:					
Municipal services	\$ 34,969,279	\$ 1,493,693	\$ 29,569,217	\$ (3,906,369)	
Interest on long-term debt	335,471	-	-	(335,471)	
Total governmental activities / primary government	<u>\$ 35,304,750</u>	<u>\$ 1,493,693</u>	<u>\$ 29,569,217</u>	<u>(4,241,840)</u>	
Component units	<u>\$ 27,783,563</u>	<u>\$ 3,863,415</u>	<u>\$ 4,329,553</u>		\$ (19,590,595)
General revenues:					
Sales, use, and other taxes				5,721,860	17,294,606
Earnings on investments				2,563,132	611,498
Other				38,157	284,694
Contributions				-	9,561,123
Total general revenues				<u>8,323,149</u>	<u>27,751,921</u>
Change in net position				4,081,309	8,161,326
Net position - beginning				<u>30,715,946</u>	<u>137,466,386</u>
Net position - ending				<u>\$ 34,797,255</u>	<u>\$ 145,627,712</u>

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Balance Sheet
Governmental Funds
December 31, 2023

	Major Funds			Total Governmental Funds
	General	Unincorporated Salt Lake County	Capital Projects	
Assets:				
Cash and investments:	\$ 23,038,180	\$ 42,556	\$ 13,579,159	\$ 36,659,895
Receivables:				
Accounts	11,819	-	376,238	388,057
Due from other governments	129,693	3,639,697	-	3,769,390
Due from component units	3,820,414	-	-	3,820,414
Due from other funds	3,639,697	-	-	3,639,697
Restricted cash and cash equivalents	-	92,369	11,849,245	11,941,614
Total assets	\$ 30,639,803	\$ 3,774,622	\$ 25,804,642	\$ 60,219,067
Liabilities:				
Accounts and contracts payable	\$ 2,326,092	\$ -	\$ 3,274,625	\$ 5,600,717
Accrued salaries and benefits	185,042	-	-	185,042
Performance bonds	-	92,369	-	92,369
Due to other funds	-	3,639,697	-	3,639,697
Due to other governments	37,193	-	-	37,193
Total liabilities	2,548,327	3,732,066	3,274,625	9,555,018
Fund balances:				
Restricted for:				
Capital projects	-	-	12,783,615	12,783,615
Committed to:				
Other purposes	1,854,400	-	-	1,854,400
Assigned to:				
Other purposes	1,500,000	42,556	9,746,402	11,288,958
Unassigned	24,737,076	-	-	24,737,076
Total fund balances	28,091,476	42,556	22,530,017	50,664,049
Total liabilities, deferred inflows of resources, and fund balances	\$ 30,639,803	\$ 3,774,622	\$ 25,804,642	\$ 60,219,067

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2023

Total fund balances - governmental funds \$ 50,664,049

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
Those assets consist of:

Subscription asset, net of \$19,488 accumulated depreciation 97,439

Long-term employee benefit obligations and related deferrals are not due and payable in the current period and therefore are not reported in the funds; these accounts are reported in the statement of net position.

Deferred outflows of resources related to pension:	\$ 1,071,423	
Net pension liability	(380,111)	
Deferred inflows of resources related to pension:	(16,163)	
Compensated absences payable	<u>(306,863)</u>	368,286

Long-term liabilities and related accounts that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds; these accounts are reported in the statement of net position.

Revenue bonds	(16,230,000)	
Accrued interest on bonds	(25,292)	
Subscription liability	<u>(77,227)</u>	<u>(16,332,519)</u>

Total net position - governmental activities \$ 34,797,255

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2023

	Major Funds			Total Governmental Funds
	General	Unincorporated Salt Lake County	Capital Projects	
Revenues:				
Sales, use, and other taxes	\$ -	\$ 5,721,860	\$ -	\$ 5,721,860
Licenses and permits	-	848,667	-	848,667
Intergovernmental	-	3,095,113	2,980,844	6,075,957
Charges for services	-	457,138	-	457,138
Fines and forfeitures	-	187,888	-	187,888
Earnings on investments	1,267,919	1,762	1,293,451	2,563,132
Other	38,157	-	-	38,157
Contributions	22,952,726	-	540,534	23,493,260
Total revenues	24,258,802	10,312,428	4,814,829	39,386,059
Expenditures:				
Current:				
Municipal services:				
Salaries and wages	3,884,777	-	-	3,884,777
Employee benefits	1,822,830	-	-	1,822,830
Professional services	872,735	247,495	-	1,120,230
Interagency contracts	15,546,931	-	8,573,195	24,120,126
Other	1,066,888	290,724	-	1,357,612
Contributions to other governments	2,777,419	-	-	2,777,419
Debt service:				
Principal retirement	1,865,000	-	-	1,865,000
Interest and other charges	338,377	-	-	338,377
Total expenditures	28,174,957	538,219	8,573,195	37,286,371
Excess (deficiency) of revenues over (under) expenditures	(3,916,155)	9,774,209	(3,758,366)	2,099,688
Other financing sources (uses):				
Subscription liability	77,227	-	-	77,227
Transfers in	10,312,428	568,488	-	10,880,916
Transfers out	(568,488)	(10,312,428)	-	(10,880,916)
Total other financing sources (uses)	9,821,167	(9,743,940)	-	77,227
Net change in fund balances	5,905,012	30,269	(3,758,366)	2,176,915
Fund balances - beginning	22,186,464	12,287	26,288,383	48,487,134
Fund balances - ending	\$ 28,091,476	\$ 42,556	\$ 22,530,017	\$ 50,664,049

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended December 31, 2023

Net change in fund balances - governmental funds \$ 2,176,915

The change in net position reported for governmental activities in the statement of activities is different because:

In the statement of activities certain assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets decreased net position in the current period.

Municipal services	\$ 116,927	
Depreciation expense	(19,488)	97,439

Bond and subscription proceeds provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the statement of net position. Repayment of bonds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal retirement of bonds	1,865,000	
Accrued interest	2,906	
Subscription liability	(77,227)	1,790,679

In the statement of activities, certain operating expenses for compensated absences and pension benefits are recorded as costs are incurred during the year. In the governmental funds, these obligations are recorded when they mature or when they are paid.

Compensated absence expense	(21,421)	
Pension expense	37,697	16,276

Change in net position - governmental activities \$ 4,081,309

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
General Fund
Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Earnings on investments	\$ 100,000	\$ 100,000	\$ 1,267,919	\$ 1,167,919
Other	50,000	50,000	38,157	(11,843)
Contributions	27,292,495	27,292,495	22,952,726	(4,339,769)
Total revenues	27,442,495	27,442,495	24,258,802	(3,183,693)
Expenditures:				
Current:				
Municipal services:				
Salaries and wages	4,036,625	4,036,625	3,884,777	151,848
Employee benefits	2,068,584	2,068,584	1,822,830	245,754
Professional services	788,500	788,500	872,735	(84,235)
Interagency contracts	14,852,547	14,852,547	15,546,931	(694,384)
Other	1,245,700	1,245,700	1,066,888	178,812
Contributions to other governments	4,845,907	4,845,907	2,777,419	2,068,488
Debt service:				
Principal retirement	2,203,377	2,203,377	1,865,000	338,377
Interest and other charges	-	-	338,377	(338,377)
Total expenditures	30,041,240	30,041,240	28,174,957	1,866,283
Excess (deficiency) of revenues over (under) expenditures	(2,598,745)	(2,598,745)	(3,916,155)	(5,049,976)
Other financing sources (uses):				
Subscription liability	-	-	77,227	77,227
Transfers in	7,444,652	7,444,652	10,312,428	2,867,776
Transfers out	(4,845,907)	(4,845,907)	(568,488)	4,277,419
Total other financing sources (uses)	2,598,745	2,598,745	9,821,167	7,222,422
Net change in fund balances	-	-	5,905,012	2,172,446
Fund balances - beginning	22,186,464	22,186,464	22,186,464	-
Fund balances - ending	\$ 22,186,464	\$ 22,186,464	\$ 28,091,476	\$ 2,172,446

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -****Unincorporated Salt Lake County Fund****Year Ended December 31, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales, use, and other taxes	\$ 5,050,000	\$ 5,050,000	\$ 5,721,860	\$ 671,860
Licenses and permits	230,000	230,000	848,667	618,667
Intergovernmental	3,175,000	3,175,000	3,095,113	(79,887)
Charges for services	35,000	35,000	457,138	422,138
Fines and forfeitures	45,000	45,000	187,888	142,888
Earnings on investments	30,000	30,000	1,762	(28,238)
Total revenues	<u>8,565,000</u>	<u>8,565,000</u>	<u>10,312,428</u>	<u>1,747,428</u>
Expenditures:				
Current:				
Municipal services:				
Professional services	250,150	250,150	247,495	2,655
Other	318,338	318,338	290,724	27,614
Total expenditures	<u>568,488</u>	<u>568,488</u>	<u>538,219</u>	<u>30,269</u>
Excess (deficiency) of revenues over (under) expenditures	7,996,512	7,996,512	9,774,209	1,717,159
Other financing sources (uses):				
Transfers in	568,488	568,488	568,488	-
Transfers out	<u>(8,565,000)</u>	<u>(8,565,000)</u>	<u>(10,312,428)</u>	<u>(1,747,428)</u>
Total other financing sources (uses)	<u>(7,996,512)</u>	<u>(7,996,512)</u>	<u>(9,743,940)</u>	<u>(1,747,428)</u>
Net change in fund balances	-	-	30,269	(30,269)
Fund balances - beginning	<u>12,287</u>	<u>12,287</u>	<u>12,287</u>	<u>12,287</u>
Fund balances - ending	<u>\$ 12,287</u>	<u>\$ 12,287</u>	<u>\$ 42,556</u>	<u>\$ (17,982)</u>

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -

Capital Projects Fund

Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 24,085,581	\$ 24,085,581	\$ 2,980,844	\$ (21,104,737)
Earnings on investments	50,000	50,000	1,293,451	1,243,451
Contributions from other governments	<u>6,278,086</u>	<u>6,270,086</u>	<u>540,534</u>	<u>(5,729,552)</u>
Total revenues	30,413,667	30,405,667	4,814,829	(25,590,838)
Expenditures:				
Current:				
Municipal services:				
Interagency contracts	<u>65,484,103</u>	<u>65,484,103</u>	<u>8,573,195</u>	<u>56,910,908</u>
Total expenditures	<u>65,484,103</u>	<u>65,484,103</u>	<u>8,573,195</u>	<u>56,910,908</u>
Excess (deficiency) of revenues over (under) expenditures	(35,070,436)	(35,078,436)	(3,758,366)	(82,501,746)
Other financing sources (uses):				
Transfers in	<u>35,070,436</u>	<u>35,070,436</u>	<u>-</u>	<u>(35,070,436)</u>
Total other financing sources (uses)	<u>35,070,436</u>	<u>35,070,436</u>	<u>-</u>	<u>(35,070,436)</u>
Net change in fund balances	-	(8,000)	(3,758,366)	(117,572,182)
Fund balances - beginning	<u>26,288,383</u>	<u>26,288,383</u>	<u>26,288,383</u>	<u>-</u>
Fund balances - ending	<u>\$ 26,288,383</u>	<u>\$ 26,280,383</u>	<u>\$ 22,530,017</u>	<u>\$ (3,750,366)</u>

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Services and Form of Government—Greater Salt Lake Municipal Services District (the District) was established under Utah Code Annotated Title 17B. The District is governed by a Board of Trustees (the Board). The District serves its member communities and the residents in each town, metro township, and unincorporated areas of Salt Lake County. The District contracts with other agencies to provide services including public works, animal services, planning and development, engineering, justice courts, municipal prosecution, and indigent legal services.

The Board contracts with Salt Lake County for Animal, District Attorney Prosecution, Justice Court, Parks Maintenance, Public Works Engineering, and Public Works Operation services and contracts with third party providers for other services. The Board sets service levels, allocates funding, and establishes policies. The District's General Manager carries out the direction of the Board.

1.2 Reporting Entity— The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

1.3 Component Units—Component units are entities for which the District is financially accountable. The District's component units are reported as *discretely presented component units*. Discretely presented component units are legally separate organizations that benefit the primary government's constituents and for which the District is financially accountable. Their relationship with the District is such that excluding them from the financial statements would cause the District's financial statements to be misleading or incomplete. The financial statements of the discretely presented component units are reported in the government-wide financial statements of the District.

The significant discretely presented component units of the District are as follows:

- *Kearns Metro Township (Kearns)*
- *Magna Metro Township (Magna)*
- *Town of Brighton (Brighton)*
- *Copperton Metro Township and Cemetery (Copperton)*
- *Emigration Canyon Metro Township (Emigration Canyon)*
- *Pleasant Green Cemetery (Pleasant Green Cemetery)*
- *White City Metro Township (White City)*

1.4 Government-wide and Fund 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.

1.4.1 Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes are reported as general revenues.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

1.4.2 Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements.

1.5 Measurement Focus, Basis of Accounting, and Financial Statement Presentation—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 economic resources or current financial resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

1.5.1 Government-wide 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 net of relief and refunds. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire general capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of general long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the District are reported as a reduction of the related liability in the government-wide financial statements, rather than an expenditure.

1.5.2 Governmental Fund Financial Statements

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 District generally considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. An exception to this policy is expenditure-driven grant revenues, which generally are considered to be available if the eligible expenditures have been made. 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 pension benefits are recorded only when payment is due or contributions are made. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Property taxes receivable is recorded when levied. Property taxes which have not been collected within 60 days of year-end, and therefore do not meet the available criterion, are reported as deferred inflows of resources until collected. Tax accounts are adjusted for relief and refunds as they occur.

Sales taxes are considered measurable and recognized as revenue when received by merchants and will be remitted to the District in time to be used to pay current obligations. Grant revenue is recognized when qualified expenditures are incurred and a contractual claim exists with the grantor agency. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- *General Fund*—The General Fund is the District’s primary operating fund and accounts for all activities not accounted for by other funds of the District.
- *Unincorporated Salt Lake District Fund*—This special revenue fund is used to account for revenues and expenditures related to services provided to the unincorporated areas of Salt Lake District.
- *Capital Projects Fund*—This capital projects fund is used to account for the acquisition or construction of major capital facilities of the District.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

1.6 Interfund and Intrafund Transactions—During the course of operations the District 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. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. 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. 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.

1.7 Budgets and Budgetary Accounting—The District has legally adopted budgets for governmental funds. The District's procedures for establishing the budgetary data reflected in these financial statements are as follows:

1.7.1 The District follows statutory guidelines regarding budgetary matters listed in various titles of the *Utah Code*.

1.7.2 The budget officer submits the proposed budget to the Board which makes appropriation decisions and adopts a budget on or before December 31 preceding the calendar year.

1.7.3 Public hearings are conducted to obtain citizen comments and to comply with legal requirements. For 2023, the budget was adopted, by a resolution of the Board, in December 2022. The budget included proposed expenditures and the means of financing them.

1.7.4 The budget is organized by fund and function, and department. Management is authorized to reallocate funds within a department. Transfers of appropriations between departments and funds require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditure may not legally exceed appropriations) is at the department level.

1.7.5 Final budgeted amounts include amendments by the Board. Unencumbered appropriations lapse at year-end for all budgeted funds. Encumbered appropriations at year end are reported on the balance sheet as fund balance restrictions or commitments. Encumbrances remain outstanding until they are either recognized as expenditures in conformity with GAAP or canceled.

1.8 Cash and Investments—Cash and investment management in the District is administered by the District Treasurer in accordance with the State Money Management Act, Title 51-7 of the *Utah Code* (see Note 3). The District maintains a cash and investment pool that is available for use by all funds. Income from the investment of pooled cash is allocated based upon each fund's portion of the pool. Restricted cash consists of that portion of pooled cash that is restricted for a specific use due to constraints imposed by external parties or enabling legislation, or is cash held in trust in compliance with bond covenants, terms, and conditions.

Investments with original maturities of less than three months from the date of acquisition are considered cash equivalents.

1.9 Unearned Revenue—In each of the financial statements, *unearned revenue* is recorded when cash or other assets are received prior to when a claim to those resources is obtained.

1.10 Performance Bonds—The District holds funds in the form of performance bonds that are returned when projects are completed within the specified period of time. If the project is not completed, then the funds revert to the District and are used to complete the project. The District has segregated these funds in a separate bank account.

1.11 Subscription-Based Information Technology Arrangements—During the year ended December 31, 2023, the District adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The new standard defines a SBITA as a contract that conveys control of the right-to-use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The statement establishes that a SBITA results in a right-to-use a subscription asset and a corresponding subscription liability. There was no impact to beginning net position in the government-wide financial statements or beginning fund balance as a result of adopting this standard.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

The District is a lessee for noncancelable leases of software. The District recognizes a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements. At the commencement of the leases, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the District determines (a) the discount rate it uses to discount the expected lease payments to present value, (b) least term, and (c) lease payments.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.

The District monitors changes in the circumstances that would require a remeasurement of its leases and will remeasure the lease liability and asset if certain changes occur that are expected to significantly affect the amount of lease liability.

1.12 Long-term Debt—In the government-wide financial statements long-term debt is reported as a liability.

In the fund financial statements, governmental funds recognize bond-related transactions during the current period. The face amount of debt issued is reported as an other financing source. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

1.13 Pensions—For purposes of measuring the net pension liability (asset), 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 (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension investments are reported at fair value.

1.14 Compensated Absences—The District permits employees to accumulate earned, but unused, vacation while they are working for the District. When an employee terminates or retires, the District pays that employee 100% of his or her accrued vacation leave. Accrued vacation are recorded in the government-wide financial statements as a liability. The liability for compensated absences includes salary-related benefits, where applicable.

1.15 Deferred Outflows of Resources—In addition to assets, the 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 or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

1.16 Deferred Inflows of Resources—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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

1.17 Net Position/Fund Balances—The residual of all other elements presented in a statement of *net position* is net position on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets net of accumulated depreciation and related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT NOTES TO THE FINANCIAL STATEMENTS

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then committed, and so forth.

Fund balance classifications are summarized as follows:

- *Nonspendable*—This category includes fund balance amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.
- *Restricted*—This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either 1) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments (such as specific tax levies) or 2) imposed by law through constitutional provisions or enabling legislation.
- *Committed*—This category includes amounts that can only be used for specific purposes established by formal action of the Board. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the District Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- *Assigned*—This category includes fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by approval of the District management.
- *Unassigned*—Residual balances in the General Fund are classified as unassigned. Also, if a governmental fund other than the General Fund was to have a nonspendable, restricted, and committed fund balance in excess of total fund balance, the difference is reported as negative unassigned fund balance.

1.18 Net Position Flow Assumption—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted tax revenue and 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 District's policy to generally consider restricted net position to have been depleted before unrestricted net position is applied.

1.19 Fund Balance Flow Assumption—Sometimes the District 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 District's policy to generally 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.

1.20 Contributions—The District provides municipal services to its member communities and the residents in each town, metro township, and unincorporated areas of Salt Lake County. These services are funded through sales tax, class B&C road funds, Senate Bill 136 sales tax, and service fees that are collected by various entities and then remitted to the District for use in providing municipal services and related capital projects.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – FAIR VALUE MEASUREMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District and Component Units have the following recurring fair value measurements as of December 31, 2023:

- The Public Treasurers' Investment Fund is valued at the District's position in the PTIF multiplied by the published fair value factor (Level 2 inputs).

NOTE 3 – DEPOSITS AND INVESTMENTS

3.1 Cash and Investments—It is the District's policy to follow the requirements of the State Money Management Act (*Utah Code*, Title 51, Chapter 7) (the Act) in handling its depository and investment transactions. The Act creates a State Money Management Commission (the Commission), a five-member body, appointed by the Governor of the State, which exercises oversight of public deposits and investments.

The District maintains a cash and investment pool that is used by all funds. Each major fund's portion of this pool is displayed on the balance sheet for governmental funds "cash and investments." Total nonfiduciary cash and investments is also reflected on the government-wide statement of net position. Income from the investment of the pooled cash and investments is allocated based on each fund's average daily balance in the pool. In addition, cash may be separately held by individual funds.

3.2 Cash Deposits with Financial Institutions—The Act requires the depositing of public funds only in a qualified depository or a permitted depository. A *qualified depository* is a Utah depository institution which complies with capital ratios and public deposit limits established by rule of the Commission and which has been certified by the State Commissioner of Financial Institutions for deposit of public funds. A *permitted depository* is an out-of-state financial institution that meets quality criteria established by rule of the Commission. All District deposits are held in qualified depositories.

3.2.1 Custodial Credit Risk of Deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District's deposit policy for custodial credit risk is to comply with the Act. At December 31, 2023, the District's bank balance was \$1,009,253 with \$759,253 of that amount being exposed to custodial credit risk because it was uninsured and not collateralized. At December 31, 2023, the Component Units' bank balance was \$1,848,113 with \$1,598,113 of that amount being exposed to custodial credit risk because it was uninsured and not collateralized. State law does not require uninsured deposits to be collateralized.

3.3 Investments—Investments are recorded at fair value.

The Act also defines the types of securities allowed as appropriate investments for the District and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories, certified dealers, or directly with the issuer of the securities. The Act authorizes the District to invest in the State of Utah Public Treasurers' Investment Fund (the PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, first-tier commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State. All District investments comply with the Act.

At December 31, 2023, the District and Component Units had investments totaling \$47,770,184 and \$17,532,213, respectively, invested in the PTIF.

The PTIF is a voluntary governmental external investment pool available to state and local government public treasurers in Utah. The PTIF is sponsored by the Utah State Treasurer to improve investment efficiency and yield. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state. Participants in the PTIF share proportionally in the income,

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the State or in the State's name by the State's custodial banks, including investment-grade corporate bonds and notes, money market mutual funds, first-tier commercial paper, and certificates of deposit. The majority of the PTIF's corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single issuer. The reported value of the pool is the same as the fair value of the pool shares.

3.3.1 Interest Rate Risk of Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing interest rate risk is to comply with the Act. Section 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. The Act further limits the remaining term to maturity on investments in commercial paper, bankers' acceptances, and fixed-rate securities from 270 days to 15 months. In addition, variable rate securities may not have a remaining term to final maturity exceeding three years.

3.3.2 Custodial Credit Risk of Investment

For an investment, custodial credit risk is the risk that, in the event of a failure of the counter party, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District complies with the custody requirements of the Act and Rules of the Commission. Investment securities are required to be held by the public treasurer, in safekeeping by a bank or trust company, or in a book-entry-only record maintained by a securities depository, in the federal book entry system or in the book-entry records of the issuer of the security in the name of the public entity. The District's investment securities are held in a qualified depository certified by the Commissioner of Financial Institutions as adhering to the rules of the Commission or in the book-entry records of the issuer of the security.

3.3.3 Concentration of Credit Risk of Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Commission. Rule 17 of the Commission limits investments in a single issuer of commercial paper and corporate obligations to between 5% and 10% depending upon the total dollar amount held in the portfolio. The Commission limitations do not apply to securities issued by the U.S. government and its agencies. The District complies with the concentration limits of Rule 17.

3.4 Total Cash and Investments—Total cash and investments at December 31, 2023 consist of the following:

	Primary Government	Component Units
Investments	\$ 47,770,184	\$ 17,532,213
Cash deposits	831,325	2,082,681
Total cash and investments	\$ 48,601,509	\$ 19,614,894

Total cash and investments reported in the financial statements at December 31, 2023 are summarized as follows:

	Primary Government	Component Units
Cash and investments	\$ 36,659,895	\$ 17,774,745
Restricted cash and investments	11,941,614	1,840,149
Total cash and investments	\$ 48,601,509	\$ 19,614,894

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

3.5 **Restricted Cash and Investments**—Proceeds from bonded debt issues (limited by bond covenants, terms, and conditions) are fund restricted by constraints imposed by external parties or enabling legislation are classified as restricted assets.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Subscription asset	\$ -	\$ 116,927	\$ -	\$ 116,927
Total capital assets being depreciated	-	116,927	-	116,927
Accumulated depreciation for:				
Subscription asset	-	(19,488)		(19,488)
Total accumulated depreciation	-	(19,488)	-	(19,488)
Total capital assets being depreciated, net	<u>\$ -</u>	<u>\$ 97,439</u>	<u>\$ -</u>	<u>\$ 97,439</u>

Depreciation expense was \$19,488 for the year ended December 31, 2023.

NOTE 5 – LONG-TERM LIABILITIES

The following is a summary of transactions affecting long-term liabilities for the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds	\$ 18,095,000	\$ -	\$ (1,865,000)	\$ 16,230,000	\$ 1,900,000
Compensated absences	285,442	322,483	(301,062)	306,863	199,461
Net pension liability	-	2,009,274	(1,629,163)	380,111	-
Subscription liability	-	77,227	-	77,227	38,256
Total long-term liabilities	<u>\$ 18,380,442</u>	<u>\$ 2,408,984</u>	<u>\$ (3,795,225)</u>	<u>\$ 16,994,201</u>	<u>\$ 2,137,717</u>

Compensated absences are generally liquidated by the fund to which the employee is assigned. The net pension liability is liquidated by the fund where participating retirees worked, primarily the General Fund.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

5.1 **Debt Service Requirements of Bonds**—Debt service requirements of bonds (long-term debt) at December 31, 2023 are as follows:

Years Ending December 31,	Revenue Bonds	
	Principal	Interest
2024	\$ 1,900,000	\$ 303,500
2025	1,935,000	267,972
2026	1,970,000	231,786
2027	2,010,000	194,948
2028	2,045,000	157,360
2029 - 2031	6,370,000	239,642
Total	<u>\$ 16,230,000</u>	<u>\$ 1,395,208</u>

5.2 **Revenue Bonds**—Revenue bonds at December 31, 2023 consist of the following:

Series	Type	Purpose	Original	Remaining	Final	Current
2022	Excise tax revenue	Capital improvements	\$ 20,000,000	1.9%	2031	<u>\$ 16,230,000</u>

5.2.1 **Excise Tax Revenue Bonds**

The District issues excise tax revenue bonds to provide fund for the acquisition, construction, and expansion of major capital facilities. These bonds are not considered general obligations of the District, but are special limited obligations secured by and payable solely from the District’s pledged excise tax receipts.

5.3 **Subscription Liabilities**—The District has recognized a subscription liability for operational based software. As of December 31, 2023, the value of the lease liability was \$77,227. The district is required to make annual principal and interest payments in the amount of \$39,700. The subscription has an interest rate of 1.87%. The subscription asset has an estimated useful life over the estimated term of the agreement of 3 years. The value of the right-to-use subscription asset as of December 31, 2023 was \$116,927 and had accumulated amortization of \$19,488.

The annual requirements to amortize the subscription liability outstand as of December 31, 2023, including interest payments are as follows:

Years Ending December 31,	Subscription Liability	
	Principal	Interest
2024	\$ 38,256	\$ 1,444
2025	38,971	729
Total	<u>\$ 77,227</u>	<u>\$ 2,173</u>

NOTE 6 – STATE RETIREMENT PLANS

6.1 **Description of Plans**—Eligible employees of the District are provided with the following plans through the Utah Retirement Systems (the URS) administered by the URS:

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

- *Public Employees Noncontributory Retirement System* (Tier 1 Noncontributory System)
- *Tier 2 Public Employees Contributory Retirement System* (Tier 2 Contributory System)

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT NOTES TO THE FINANCIAL STATEMENTS

Defined Contribution Plan (individual account plan):

- *Tier 2 Public Defined Contribution Plan* which includes the *Tier 2 Public Employees Defined Contribution Only System*

District employees qualify for membership in the public employees systems if 1) employment normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the District as approved by the Utah State Retirement Board or 2) the employee is an appointed officer whose position is full time as certified by the District. An employee qualifies for membership in the public safety systems if employment normally requires an average of 2,080 hours of employment per year in a recognized public safety department.

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

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

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

6.2 Benefits Provided—The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans.

Retirement benefits are determined from 1.50% to 2.50% 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.

6.3 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.

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2023, required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates		District Rates for 401(k) Plan	Totals
	District Contribution *	Amortization of UAAL **		
Tier 1 Noncontributory System	11.86%	6.11%	-	17.97%
Tier 2 Contributory System	17.77%	0.00%	0.18%	17.95%
Tier 2 Defined Contribution Plan	7.95%	0.00%	10.00%	17.95%

* County contribution includes 0.08% of covered payroll of the Tier 2 plans for death benefits.

** Required contributions include an additional amount to finance any unfunded actuarial accrued liability in the Tier 1 plans.

Employees can make contributions to defined contribution plans, up to applicable plan and Internal Revenue Code limits.

For the year ended December 31, 2023, District and employee contributions to the plans were as follows:

	District Contributions *	Employee Contributions
Tier 1 Noncontributory System	\$ 248,736	\$ -
Tier 2 Contributory System	278,231	-
Tier 2 Defined Contribution Plans	34,666	-
401(k) Plan	145,886	150,593
457 Plan and other individual plans	55	3,122

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

6.4 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2023, the District reported an asset of zero and a liability of \$380,111 for its proportionate share of the net pension liability (asset) for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 313,655
Tier 2 Contributory System	-	66,456
Total	\$ -	\$ 380,111

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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

	Proportionate Share	
	2022	Change
Tier 1 Noncontributory System	0.1831294 %	(0.0183280)%
Tier 2 Contributory System	0.0610315 %	0.0054244 %

For the year ended December 31, 2023, the District recognized pension expense for the plans as follows:

	Pension Expense
Defined benefit pension plans:	
Tier 1 Noncontributory System	\$ 397,086
Tier 2 Contributory System	127,894
Total	<u>\$ 524,980</u>
Defined contribution plan:	
Tier 2 Defined Contribution Plan	\$ 278,231
401(k) Plan	145,886
Total	<u>\$ 424,117</u>

At December 31, 2023 the District reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources		
	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ 106,387	\$ 22,447	\$ 128,834
Changes of assumptions	51,404	21,575	72,979
Net difference between projected and actual earnings on pension plan investments	206,890	26,793	233,683
Changes in proportion and differences between County contributions and proportionate share of contributions	55,655	18,638	74,293
Contributions subsequent to the measurement date	248,736	312,898	561,634
Total	<u>\$ 669,072</u>	<u>\$ 402,351</u>	<u>\$ 1,071,423</u>

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

At December 31, 2023, the District reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows of Resources		
	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ -	\$ 2,637	\$ 2,637
Changes of assumptions	1,252	169	1,421
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	9,290	2,815	12,105
Total	<u>\$ 10,542</u>	<u>\$ 5,621</u>	<u>\$ 16,163</u>

The \$1,071,423 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2022 will be recognized as a reduction of the net pension liability (asset) in the year ending December 31, 2024.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending December 31,	Recognition of Deferred Outflows (Inflows) of Resources		
	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
2023	\$ 3,635	\$ 4,303	\$ 7,938
2024	5,338	8,524	13,862
2025	83,100	13,255	96,355
2026	317,721	24,728	342,449
2027	-	6,424	6,424
Thereafter	-	26,598	26,598

6.5 Actuarial Assumptions—The total pension liability (asset) in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2021. 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 defined benefit 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.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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:

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

6.6 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 rates 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 pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

6.7 Sensitivity of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate—The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.85%, as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

	<u>1% Decrease (5.85%)</u>	<u>Discount Rate (6.85%)</u>	<u>1% Increase (7.85%)</u>
County's proportionate share of the net pension liability (asset):			
Tier 1 Noncontributory System	\$ 1,976,757	\$ 313,655	\$ (1,075,955)
Tier 2 Contributory System	290,380	66,456	(106,047)
Total	<u>\$ 2,267,137</u>	<u>\$ 380,111</u>	<u>\$ (1,182,002)</u>

6.8 Pension Plan Fiduciary Net Position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued URS financial report.

6.9 Payables to the Pension Plans—At December 31, 2023, the District reported payables of \$26,850 for contributions to defined benefit pension plans and defined contribution plans.

NOTE 7 – RISK MANAGEMENT

7.1 Property and General Liability Insurance—The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The District purchased various policies through an insurance agency to cover general insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

7.2 **Litigation**—There are several lawsuits pending in which the District is involved. The District’s legal counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not significantly affect the financial statements of the District.

7.3 **Compliance**—The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the District’s independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would not be significant.

NOTE 8 – INTERFUND BALANCES AND ACTIVITY

8.1 **Interfund Balances**—Interfund receivables and payables at December 31, 2023 consist of the following:

	Due to Other Funds General
Due from other funds:	
Unincorporated Salt Lake County	\$ 3,639,697
Totals	\$ 3,639,697

Interfund balances result primarily from the time lags between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. Interfund receivables and payable have been eliminated from the government-wide statement of net position.

8.2 **Interfund Transfers**—The following table provides a reconciliation of all interfund transfers for the year ended December 31, 2023:

	Transfers In		
	General	Unincorporated Salt Lake County	Totals
Transfers out:			
General	\$ 10,312,428	\$ 568,488	\$ 10,880,916
Unincorporated Salt Lake County	568,488	10,312,428	10,880,916
Totals	\$ 10,880,916	\$ 10,880,916	\$ 21,761,832

Transfers to the General Fund represent sales tax, Senate Bill 136, class B&C road funds, and other fees. The transfer out of the general fund represents the costs of administrative service for unincorporated areas of Salt Lake County.

NOTE 9 – SUBSEQUENT EVENT

The District entered into a new building lease agreement on May 8, 2024. Anticipated move in date is January 2025.

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 – DISCRETELY PRESENTED COMPONENT UNITS

10.1 Capital Assets—Capital assets for the discretely presented component units include land, rights of way, buildings and improvements, and equipment, infrastructure (roads), and construction in progress. These assets are reported in the government-wide financial statements on the statement of net position under governmental activities. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. The capitalization threshold is defined to be assets that cost \$5,000 or more and have an estimated useful life of greater than two years. The District capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of roads. Assets purchased or constructed are generally recorded at cost. If precise cost is not available (as is the case with certain infrastructure), the capital asset is recorded at estimated acquisition cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. When constructing capital assets, interest expense incurred relating to governmental activities is not capitalized.

Depreciation of all exhaustible capital assets is charged as an expense to the various functional expenses in the government-wide statement of activities. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	25-50 years
Machinery and equipment	3-10 years
Infrastructure (roads)	40 years

Capital asset activity for the Discretely presented component units for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 31,381,288	\$ 427,804	\$ -	\$ 31,809,092
Roads	80,337,306	5,580,229	-	85,917,535
Construction in progress	12,549,729	5,975,686	(5,755,229)	12,770,186
Total capital assets not being depreciated	124,268,323	11,983,719	(5,755,229)	130,496,813
Capital assets being depreciated:				
Buildings and improvements	6,602,990	175,000	-	6,777,990
Machinery and equipment	103,396	-	-	103,396
Infrastructure	7,074,272	-	-	7,074,272
Total capital assets being depreciated	13,780,658	175,000	-	13,955,658
Accumulated depreciation for:				
Buildings and improvements	(3,326,529)	(191,380)	-	(3,517,909)
Machinery and equipment	-	-	-	-
Infrastructure	(2,098,686)	(166,235)	-	(2,264,921)
Total accumulated depreciation	(5,425,215)	(357,615)	-	(5,782,830)
Total capital assets being depreciated, net	8,355,443	(182,615)	-	8,172,828
Total capital assets, net	<u>\$ 132,623,766</u>	<u>\$ 11,801,104</u>	<u>\$ (5,755,229)</u>	<u>\$ 138,669,641</u>

10.2 Construction Commitments—The District’s discretely presented component units are obligated at December 31, 2023 under construction commitments for various projects for total approximate cost of \$33,472,856. Costs to date as of December 31, 2023 for these projects are \$12,770,186, leaving \$20,702,670 of costs to complete the projects. These costs will be financed with unspent bond proceeds and other fund balance resources that are either restricted or committed.

Required Supplementary Information

DRAFT

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Schedules of the District's Proportionate Share of the Net Pension Liability (Asset)
Utah Retirement Systems
Last Four Plan (Calendar) Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tier 1 Noncontributory System:				
District's proportion of the net pension liability (asset)	0.1831294%	0.2011457%	0.1952693%	0.0585787%
District's proportionate share of the net pension liability (asset)	\$ 313,655	\$ (1,153,768)	\$ 100,162	\$ 220,775
District's covered payroll	\$ 1,465,830	\$ 1,614,928	\$ 1,561,222	\$ 482,293
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.4%	(71.4)%	6.4%	45.8%
Plan fiduciary net position as a percentage of the total pension liability	97.5%	108.7%	99.2%	93.7%
Tier 2 Contributory System:				
District's proportion of the net pension liability (asset)	0.0610315%	0.5560710%	0.0598196%	0.0140132%
District's proportionate share of the net pension liability (asset)	\$ 66,457	\$ (23,535)	\$ 8,604	\$ 3,152
District's covered payroll	\$ 1,329,793	\$ 1,031,894	\$ 956,325	\$ 193,518
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	5.0%	(2.3)%	0.9%	1.6%
Plan fiduciary net position as a percentage of the total pension liability	92.3%	103.8%	98.3%	96.5%

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Schedules of District Contributions
Utah Retirement Systems
Last Ten Reporting (Fiscal) Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tier 1 Noncontributory System:					
Contractually required contribution	\$ 248,736	\$ 254,791	\$ 291,479	\$ 284,284	\$ 89,079
Contributions in relation to the contractually required contribution	<u>(248,736)</u>	<u>(254,791)</u>	<u>(291,479)</u>	<u>(284,284)</u>	<u>(89,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,388,461	\$ 1,465,830	\$ 1,625,185	\$ 1,576,834	\$ 494,748
Contributions as a percentage of covered payroll	17.9%	17.4%	17.9%	18.0%	18.0%
Tier 2 Contributory System:					
Contractually required contribution	\$ 278,231	\$ 213,653	\$ 164,528	\$ 150,838	\$ 32,473
Contributions in relation to the contractually required contribution	<u>(278,231)</u>	<u>(213,653)</u>	<u>(164,528)</u>	<u>(150,838)</u>	<u>(32,473)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,737,856	\$ 1,332,254	\$ 1,031,894	\$ 964,019	\$ 200,599
Contributions as a percentage of covered payroll	16.0%	16.0%	15.9%	15.6%	16.2%
Tier 2 Defined Contribution Plan:					
Contractually required contribution	\$ 34,666	\$ 20,545	\$ 19,464	\$ 10,611	\$ 2,788
Contributions in relation to the contractually required contribution	<u>(34,666)</u>	<u>(20,545)</u>	<u>(19,464)</u>	<u>(10,611)</u>	<u>(2,788)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 560,030	\$ 317,792	\$ 292,175	\$ 158,617	\$ 41,677
Contributions as a percentage of covered payroll	6.2%	6.5%	6.7%	6.7%	6.7%

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

NOTE A – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

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

Amounts reported in plan year 2021 reflect the following assumption changes adopted from the January 1, 2021 valuation:

- The investment return assumption was decreased from 6.95% to 6.85%.

Amounts reported in plan year 2020 reflect the following assumption changes adopted from the January 1, 2020 valuation:

- The life expectancy assumption increased for most groups.
- The payroll growth assumption decreased from 3.00% to 2.90%
- Other assumptions that were modified: retirement rates, termination rates, disability rates, rate of salary increase, and pre and post retirement mortality tables.

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

These schedules only present information for the 2019 and subsequent measurement periods of the plans; the District began participating in Utah Retirement Systems in 2019.

NOTE C – SCHEDULES OF DISTRICT CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2019 and subsequent reporting periods of the plans; the District began participating in Utah Retirement Systems in 2019.

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

Other Information

DRAFT

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Combining Statement of Net Position
Component Units
December 31, 2023

	Kearns Metro Township	Magna Metro Township	Town of Brighton	Copperton Metro Township	Emigration Canyon Metro Township	Pleasant Green Cemetery	White City Metro Township	Total Component Units
Assets:								
Cash and investments:	\$ 5,996,515	\$ 5,739,994	\$ 3,882,643	\$ 315,567	\$ 311,557	\$ 135,777	\$ 1,392,692	\$ 17,774,745
Receivables:								
Sales, use, and other taxes								
Accounts	7,340	516	-	-	-	-	3,317	11,173
Due from other governments	1,711,241	1,670,211	227,137	36,653	80,699	-	235,681	3,961,622
Restricted cash and investments	864,152	948,037	2,640	-	24,667	-	653	1,840,149
Capital assets:								
Land, roads, and construction in progress	53,806,902	63,230,570	616,806	1,745,320	3,504,477	-	7,596,245	130,500,320
Buildings and improvements, machinery and equipment, net of accumulated depreciation	1,614,869	5,552,836	-	454,052	169,167	-	381,904	8,172,828
Total assets	64,001,019	77,142,164	4,729,226	2,551,592	4,090,567	135,777	9,610,492	162,260,837
Liabilities:								
Accounts and contracts payable	75,894	351,066	31,776	11,115	54,715	-	15,981	540,547
Accrued salaries and benefits	-	-	-	-	-	-	-	-
Performance bonds	863,852	947,937	2,640	-	24,567	-	653	1,839,649
Unearned revenue	5,044,299	4,276,695	-	120,289	123,901	-	867,331	10,432,515
Due to primary government	1,718,581	1,518,346	227,137	36,653	80,699	-	238,998	3,820,414
Total liabilities	7,702,626	7,094,044	261,553	168,057	283,882	-	1,122,963	16,633,125
Net position:								
Net investment in capital assets	55,421,771	68,783,406	616,806	2,199,372	3,673,644	-	7,978,149	138,673,148
Unrestricted	876,622	1,264,714	3,850,867	184,163	133,041	135,777	509,380	6,954,564
Total net position	\$ 56,298,393	\$ 70,048,120	\$ 4,467,673	\$ 2,383,535	\$ 3,806,685	\$ 135,777	\$ 8,487,529	\$ 145,627,712

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Combining Statement of Activities
Component Units
Year Ended December 31, 2023

	Emigration										Total Component Units
	Kearns Metro Township	Magna Metro Township	Town of Brighton	Copperton Metro Township	Canyon Metro Township	Pleasant Green Cemetery	White City Metro Township				
Expenses	\$ 10,382,232	\$ 12,345,621	\$ 1,571,037	\$ 433,419	\$ 1,248,188	\$ 86,289	\$ 1,716,777	\$ 27,783,563			
Program revenues:											
Charges for services	460,578	3,002,155	184,966	10,197	66,496	46,546	92,477	3,863,415			
Operating grants and contributions	1,888,670	1,861,860	45,318	40,146	239,431	-	254,128	4,329,553			
Net (expense) revenue	(8,032,984)	(7,481,606)	(1,340,753)	(383,076)	(942,261)	(39,743)	(1,370,172)	(19,590,595)			
General revenues:											
Sales, use, and other taxes	7,238,700	6,274,787	2,268,876	163,250	342,080	-	1,006,913	17,294,606			
Earnings on investments	198,796	164,567	159,206	12,250	22,026	-	54,653	611,498			
Other	19,368	264,326	1,000	-	-	-	-	284,694			
Contributions	1,473,835	5,083,489	481,916	688,787	1,117,669	-	715,427	9,561,123			
Total general revenues	8,930,699	11,787,169	2,910,998	864,287	1,481,775	-	1,776,993	27,751,921			
Change in net position	897,715	4,305,563	1,570,245	481,211	539,514	(39,743)	406,821	8,161,326			
Net position - beginning	55,400,678	65,742,557	2,897,428	1,902,324	3,267,171	175,520	8,080,708	137,466,386			
Net position - ending	\$ 56,298,393	\$ 70,048,120	\$ 4,467,673	\$ 2,383,535	\$ 3,806,685	\$ 135,777	\$ 8,487,529	\$ 145,627,712			

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Combining Balance Sheet
Component Units
December 31, 2023

	Kearns Metro Township	Magna Metro Township	Town of Brighton	Copperton Metro Township	Emigration Canyon Metro Township	Pleasant Green Cemetery	White City Metro Township	Total Component Units
Assets:								
Cash and investments:	\$ 5,996,515	\$ 5,739,994	\$ 3,882,643	\$ 315,567	\$ 311,557	\$ 135,777	\$ 1,392,692	\$ 17,774,745
Restricted cash and investments	864,152	948,037	2,640	-	24,667	-	653	1,840,149
Receivables:								
Accounts	7,340	516	-	-	-	-	3,317	11,173
Due from other governments	1,711,241	1,670,211	227,137	36,653	80,699	-	235,681	3,961,622
Total assets	\$ 8,579,248	\$ 8,358,758	\$ 4,112,420	\$ 352,220	\$ 416,923	\$ 135,777	\$ 1,632,343	\$ 23,587,689
Liabilities:								
Accounts and contracts payable	\$ 75,894	\$ 351,066	\$ 31,776	\$ 11,115	\$ 54,715	\$ -	\$ 15,981	\$ 540,547
Performance bonds	863,852	947,937	2,640	-	24,567	-	653	1,839,649
Unearned revenue	5,044,299	4,276,695	-	120,289	123,901	-	867,331	10,432,515
Due to primary government	1,718,581	1,518,346	227,137	36,653	80,699	-	238,998	3,820,414
Total liabilities	7,702,626	7,094,044	261,553	168,057	283,882	-	1,122,963	16,633,125
Fund balances:								
Assigned to:								
Other purposes	804,484	761,316	170,444	163,975	254,729	175,520	402,896	2,733,364
Unassigned	72,138	503,398	3,680,423	20,188	(121,688)	(39,743)	106,484	4,221,200
Total fund balances	876,622	1,264,714	3,850,867	184,163	133,041	135,777	509,380	6,954,564
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,579,248	\$ 8,358,758	\$ 4,112,420	\$ 352,220	\$ 416,923	\$ 135,777	\$ 1,632,343	\$ 23,587,689

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Units
Year Ended December 31, 2023

	Kearns Metro Township	Magna Metro Township	Town of Brighton	Copperton Metro Township	Emigration		Pleasant Green Cemetery	White City Metro Township	Total Component Units
					Canyon Metro Township	White City Metro Township			
Revenues:									
Sales, use, and other taxes	\$ 7,238,700	\$ 6,274,787	\$ 2,268,876	\$ 163,250	\$ 342,080	\$ -	\$ 1,006,913	\$ 17,294,606	
Licenses and permits	295,573	2,500,487	148,504	6,564	49,661	26,661	61,015	3,088,465	
Intergovernmental	1,888,670	1,861,860	45,318	40,146	239,431	-	254,128	4,329,553	
Charges for services	69,069	380,862	33,365	2,751	16,380	19,885	24,529	546,841	
Fines and forfeitures	95,936	120,806	3,097	882	455	-	6,933	228,109	
Earnings on investments	198,796	164,567	159,206	12,250	22,026	-	54,653	611,498	
Other	19,368	264,326	1,000	-	-	-	-	284,694	
Contributions	585,095	1,070,538	481,870	181,000	450,634	-	384,989	3,154,126	
Total revenues	10,391,207	12,638,233	3,141,236	406,843	1,120,667	46,546	1,793,160	29,537,892	
Expenditures:									
Current:									
Municipal services:									
Salaries and wages	103,789	222,864	133,715	53,002	73,500	-	76,543	663,413	
Employee benefits	9,566	57,008	28,474	12,998	5,623	-	6,315	119,984	
Professional services	90,003	60,953	105,477	42,216	25,084	-	47,295	371,028	
Interagency contracts	-	70,747	-	-	-	-	-	70,747	
Other	453,096	777,688	206,275	52,972	604,402	86,289	150,087	2,330,809	
Contributions to other governments	9,662,615	10,944,607	1,097,096	225,467	533,746	-	1,406,436	23,869,967	
Total expenditures	10,319,069	12,133,867	1,571,037	386,655	1,242,355	86,289	1,686,676	27,425,948	
Excess (deficiency) of revenues over (under) expenditures	72,138	504,366	1,570,199	20,188	(121,688)	(39,743)	106,484	2,111,944	
Net change in fund balances	72,138	504,366	1,570,199	20,188	(121,688)	(39,743)	106,484	2,111,944	
Fund balances - beginning	804,484	760,348	2,280,668	163,975	254,729	175,520	402,896	4,842,620	
Fund balances - ending	\$ 876,622	\$ 1,264,714	\$ 3,850,867	\$ 184,163	\$ 133,041	\$ 135,777	\$ 509,380	\$ 6,954,564	