

**GREATER SALT LAKE
MUNICIPAL SERVICES DISTRICT**

FINANCIAL STATEMENTS

Year Ended June 30, 2025

DRAFT

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

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Board of Trustees
Greater Salt Lake Municipal Services District

Report on the Audit of 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 June 30, 2025, 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 June 30, 2025, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the 2025 financial statements have been restated. Our opinion is not modified with respect to this matter.

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, modified approach for eligible infrastructure assets, 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 combining balance sheet—component units, 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 March 20, 2026 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.

Orem, Utah
March 20, 2026

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 year ended June 30, 2025. 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 June 30, 2025 by \$30.1 million (net position).
- The District's total net position decreased during 2025 by \$7.5 million.
- The District obtained a lease of \$3.3 million for office building.
- The District and its discretely presented component units restated beginning net position by \$0.2 million and \$70.9 million, respectively, to recognize previously omitted capital assets. See Note 8 to basic financial statements.
- In 2025, the District adopted Government Accounting Standards Board No. 101, *Compensated Absences*. The new standard updates the recognition and measurement guidance for compensated absence obligation and requires a restatement of beginning net position for Governmental Activities. See Note 9 to basic financial statements.

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 year ended June 30, 2025. The reporting period ended June 30, 2024, covers a six month period due to a change in the District's fiscal year; and as such it is not included in management's discussion and analysis. 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 reporting period. 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 funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in funds 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 \$30.1 million at the close of the most recent period.

**GREATER SALT LAKE MUNICIPAL
SERVICES DISTRICT'S
Net Position
June 30, 2025 and 2024**

	Governmental Activities		Change
	2025	2024 (Restated)	2025-2024
Current and other assets	\$ 52,999,712	\$ 57,828,016	\$ (4,828,304)
Capital assets	4,295,022	303,561	3,991,461
Total assets	<u>57,294,734</u>	<u>58,131,577</u>	<u>(836,843)</u>
Total deferred outflows of resources	1,320,226	1,071,651	248,575
Current and other liabilities	9,137,953	4,165,340	4,972,613
Long-term liabilities outstanding	19,330,016	17,204,304	2,125,712
Total liabilities	<u>28,467,969</u>	<u>21,369,644</u>	<u>7,098,325</u>
Total deferred inflows of resources	23,440	11,123	12,317
Net position:			
Net investment in capital assets	954,263	264,589	689,674
Restricted	4,159,050	9,318,575	(5,159,525)
Unrestricted	<u>25,010,238</u>	<u>28,239,297</u>	<u>(3,229,059)</u>
Total net position	<u>\$ 30,123,551</u>	<u>37,822,461</u>	<u>* \$ (7,698,910)</u>

* Prior year has not been restated for implementation of GASB Statement No. 101, *Compensated Absences*.

A portion of the District's net position (\$1.0 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 (\$4.2 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 (\$25.0 million). Unrestricted net position may be used to meet the District's ongoing obligations and to honor next year District's budget.

The District implement GASB Statement No. 101, *Compensated Absences*, during the year ended June 30, 2025. Fiscal year 2024 has not been restated to reflect this change. See Note 9 in the basic financial statements for additional information

Governmental Activities

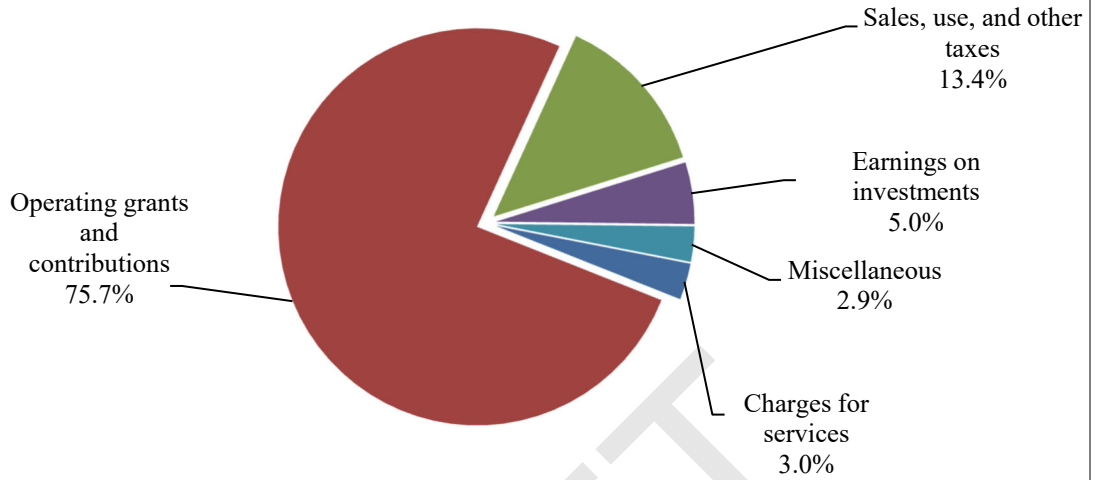
The District's net position decreased by \$7.5 million during the current period. The key elements of the increase in the District's net position for the year ended June 30, 2025 is as follows:

GREATER SALT LAKE MUNICIPAL June 30, 2025

	<u>Governmental Activities</u>
Revenues:	
Program revenues:	
Charges for services	\$ 1,242,058
Operating grants and contributions	31,750,412
General revenues:	
Sales, use, and other taxes	5,594,175
Earnings on investments	2,101,368
Miscellaneous	1,201,702
Total revenues	<u>41,889,715</u>
Expenses:	
Governmental activities:	
Municipal services	49,008,766
Interest on long-term debt	353,863
Total expenses	<u>49,362,629</u>
Changes in net position	(7,472,914)
Net position, beginning, as previously reported	37,596,851
Restatement due to GASB 101, <i>Compensated Absences</i>	(225,996)
Restatement due to correction of error	225,610
Net position - beginning, as restated	<u>37,596,465</u>
Net position, ending	<u><u>\$ 30,123,551</u></u>

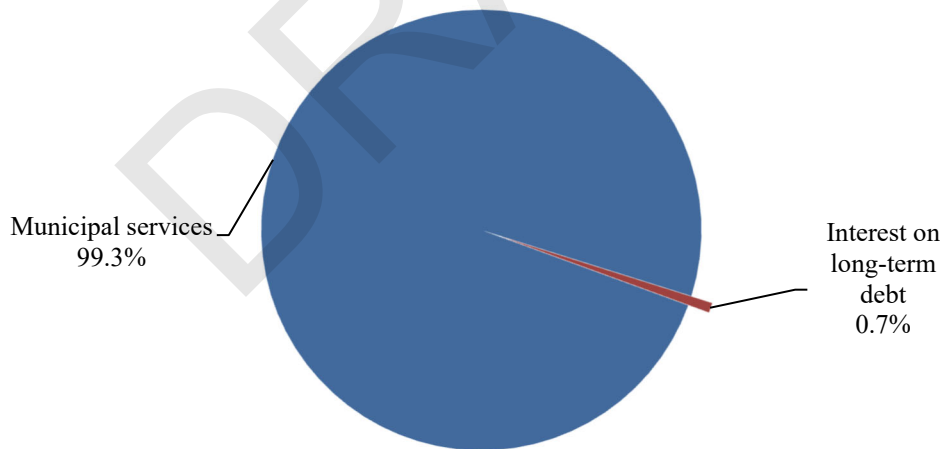
- Revenues totaled \$41.9 million for the year ended June 30, 2025.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Revenues by Source - Governmental Activities
For the Year Ended June 30, 2025



- Expenses totaled \$49.4 million for the year ended June 30, 2025.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Expenses by Function - Governmental Activities
For the Year Ended June 30, 2025



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 June 30, 2025, the District’s combined fund balance of its governmental funds totaled \$44.0 million. The following information on revenues and expenditures should be noted:

- Revenues totaled \$41.9 million for the year ended June 30, 2025. Contributions from other governments represent 55.8% of total revenue.
- Expenditures totaled \$55.0 million for the year. Interagency contracts represents 58.7% 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 June 30, 2025, the District’s governmental fund balances is \$44.0 million (\$4.2 million is restricted, \$11.5 is committed, \$1.1 is assigned, and \$27.0 million is unassigned).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT'S
June 30, 2025 and 2024
 (net of accumulated depreciation)

	Governmental Activities		Change
	2025	2024	2025-2024
Equipment and furniture	\$ 768,828	\$ 13,666	\$ 755,162
Vehicles	222,532	211,944	10,588
Lease asset	3,264,687	-	3,264,687
Subscription asset	38,975	77,951	(38,976)
	<u>\$ 4,295,022</u>	<u>\$ 303,561</u>	<u>\$ 3,991,461</u>

During the year ended June 30, 2025 the District obtained leased asset for office building. Additional information on the District’s capital assets can be found in Note 3 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 3 to the basic financial statements.

Debt Administration

At June 30, 2025, the District has total bonded debt outstanding of \$14.3 million. The remainder of the District's long-term obligations is comprised of a lease liability that was obtained during the year ended June 30, 2025.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT'S
June 30, 2025 and 2024
(net of unamortized bond premiums and discounts)

	Governmental Activities		Change
	2025	2024	2025-2024
Revenue bonds	\$ 14,330,000	\$ 16,230,000	\$ (1,900,000)
Lease liability	3,340,759	-	3,340,759
Subscription liability	-	38,972	(38,972)
Total	<u>\$ 17,670,759</u>	<u>\$ 16,268,972</u>	<u>\$ 1,401,787</u>

Additional information on the District's long-term debt can be found in Note 4 to the basic financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the period, the Board did not revise the District's budget. Actual revenues were \$13.6 million less than budgeted amounts due primarily to a decrease in contributions. Similarly, actual expenditures were \$7.8 million less than budgeted amounts due primarily interagency contracts and other expenditures.

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 at PO Box 147700, Salt Lake City, Utah 84114-7700.

Basic Financial Statements

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GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Statement of Net Position
June 30, 2025

	Primary Government	
	Governmental Activities	Component Units
Assets:		
Cash and investments	\$ 38,270,454	\$ 17,933,932
Receivables:		
Accounts	2,195	19,852
Due from other governments	6,567,341	4,238,231
Due from component units	3,849,909	-
Restricted cash and cash equivalents	4,243,628	1,142,437
Prepays	30,000	32,125
Deposits	36,185	-
Capital assets:		
Land, roads, bridges, and construction in progress	-	189,997,119
Buildings and improvements, equipment and furniture, vehicles leased asset, subscription asset, infrastructure, net of accumulated depreciation and amortization	4,295,022	42,233,606
Total assets	<u>57,294,734</u>	<u>255,597,302</u>
Deferred outflows of resources related to pensions	1,320,226	-
Liabilities:		
Accounts and contracts payable	4,493,752	946,272
Accrued salaries and benefits	217,953	-
Performance bonds	84,578	1,142,337
Retainage payable	-	422,267
Accrued interest	99,607	-
Unearned revenue	4,242,063	1,908,620
Due to primary government	-	3,849,909
Long-term liabilities:		
Portion due or payable within one year	2,465,543	-
Portion due or payable after one year	16,864,473	-
Total liabilities	<u>28,467,969</u>	<u>8,269,405</u>
Deferred inflows of resources related to pensions	23,440	-
Net position:		
Net investment in capital assets	954,263	232,230,725
Restricted for:		
Capital projects	4,159,050	-
Unrestricted	25,010,238	15,097,172
Total net position	<u>\$ 30,123,551</u>	<u>\$ 247,327,897</u>

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

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds			Total Governmental Funds
	General	Unincorporated Salt Lake County	Capital Projects	
Assets:				
Cash and investments:	\$ 33,632,228	\$ 438,464	\$ 4,199,762	\$ 38,270,454
Receivables:				
Accounts	2,195	-	-	2,195
Due from other governments	-	6,567,341	-	6,567,341
Due from component units	3,849,909	-	-	3,849,909
Due from other funds	6,560,122	-	-	6,560,122
Restricted cash and cash equivalents	-	84,578	4,159,050	4,243,628
Deposits	36,185	-	-	36,185
Prepays	-	-	30,000	30,000
Total assets	<u>\$ 44,080,639</u>	<u>\$ 7,090,383</u>	<u>\$ 8,388,812</u>	<u>\$ 59,559,834</u>
Liabilities:				
Accounts and contracts payable	\$ 2,423,289	\$ 272,899	\$ 1,797,564	\$ 4,493,752
Accrued salaries and benefits	217,953	-	-	217,953
Performance bonds	-	84,578	-	84,578
Unearned revenue	4,242,063	-	-	4,242,063
Due to other funds	-	6,560,122	-	6,560,122
Total liabilities	<u>6,883,305</u>	<u>6,917,599</u>	<u>1,797,564</u>	<u>15,598,468</u>
Fund balances:				
Nonspendable	-	-	30,000	30,000
Restricted for:				
Capital projects	-	-	4,159,050	4,159,050
Committed to:				
Capital projects	-	-	2,402,198	2,402,198
Assigned to:				
Capital projects	1,100,000	-	-	1,100,000
Other purposes	-	172,784	-	172,784
Unassigned	<u>36,097,334</u>	<u>-</u>	<u>-</u>	<u>36,097,334</u>
Total fund balances	<u>37,197,334</u>	<u>172,784</u>	<u>6,591,248</u>	<u>43,961,366</u>
Total liabilities and fund balances	<u>\$ 44,080,639</u>	<u>\$ 7,090,383</u>	<u>\$ 8,388,812</u>	<u>\$ 59,559,834</u>

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

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances - governmental funds \$ 43,961,366

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:

Equipment and furniture, net of \$40,280 accumulated depreciation	\$ 768,828	
Vehicles, net of \$407,417 accumulated depreciation	222,532	
Lease asset, net of \$76,072 accumulated depreciation	3,264,687	
Subscription asset, net of \$77,952 accumulated depreciation	<u>38,975</u>	4,295,022

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

Deferred outflows of resources related to pensions	1,320,226	
Net pension liability	(916,211)	
Deferred inflows of resources related to pensions	(23,440)	
Compensated absences payable	<u>(743,046)</u>	(362,471)

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	(14,330,000)	
Accrued interest on bonds	(99,607)	
Lease liability	<u>(3,340,759)</u>	(17,770,366)

Total net position - governmental activities \$ 30,123,551

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

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	Major Funds			Total Governmental Funds
	General	Unincorporated Salt Lake County	Capital Projects	
Revenues:				
Sales, use, and other taxes	\$ -	\$ 5,594,175	\$ -	\$ 5,594,175
Licenses and permits	-	988,674	-	988,674
Intergovernmental	277,062	6,749,850	1,369,926	8,396,838
Charges for services	2,240	172,126	-	174,366
Fines and forfeitures	-	79,018	-	79,018
Earnings on investments	1,372,517	52	728,799	2,101,368
Other	96,361	43,765	1,061,576	1,201,702
Contributions	23,194,113	-	159,461	23,353,574
Total revenues	24,942,293	13,627,660	3,319,762	41,889,715
Expenditures:				
Current:				
Municipal services:				
Salaries and wages	4,848,008	-	385,421	5,233,429
Employee benefits	2,162,606	-	242,592	2,405,198
Professional services	1,599,553	268,119	48,922	1,916,594
Interagency contracts	15,983,569	-	16,287,946	32,271,515
Other	5,020,006	282,800	407,456	5,710,262
Contributions to other governments	4,367,720	-	833,838	5,201,558
Debt service:				
Principal retirement	1,938,972	-	-	1,938,972
Interest and other charges	279,548	-	-	279,548
Total expenditures	36,199,982	550,919	18,206,175	54,957,076
Excess (deficiency) of revenues over (under) expenditures	(11,257,689)	13,076,741	(14,886,413)	(13,067,361)
Other financing sources (uses):				
Lease issued (as leasee)	3,340,759	-	-	3,340,759
Transfers in	13,620,442	632,322	-	14,252,764
Transfers out	(632,322)	(13,620,442)	-	(14,252,764)
Total other financing sources (uses)	16,328,879	(12,988,120)	-	3,340,759
Net change in fund balances	5,071,190	88,621	(14,886,413)	(9,726,602)
Fund balances - beginning	32,126,144	84,163	21,477,661	53,687,968
Fund balances - ending	\$ 37,197,334	\$ 172,784	\$ 6,591,248	\$ 43,961,366

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

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 June 30, 2025

Net change in fund balances - governmental funds \$ (9,726,602)

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	\$ 4,212,191	
Depreciation expense	<u>(220,730)</u>	3,991,461

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 and subscription liability is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the

Principal retirement of bonds	1,900,000	
Lease liability	(3,340,759)	
Accrued interest	(74,315)	
Subscription liability	<u>38,972</u>	(1,476,102)

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	(149,281)	
Pension expense	<u>(112,390)</u>	<u>(261,671)</u>

Change in net position - governmental activities \$ (7,472,914)

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

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual -
General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 277,062	\$ 277,062
Charges for services	-	-	2,240	2,240
Earnings on investments	1,000,000	1,000,000	1,372,517	372,517
Other	50,000	50,000	96,361	46,361
Contributions	37,262,012	37,262,012	23,194,113	(14,067,899)
Total revenues	38,312,012	38,312,012	24,942,293	(13,369,719)
Expenditures:				
Current:				
Municipal services:				
Salaries and wages	5,255,610	5,255,610	4,848,008	407,602
Employee benefits	2,680,710	2,680,710	2,162,606	518,104
Professional services	1,260,292	1,260,292	1,599,553	(339,261)
Interagency contracts	18,934,956	18,934,956	15,983,569	2,951,387
Other	9,481,273	9,481,273	5,020,006	4,461,267
Contributions to other governments	4,159,580	4,159,580	4,367,720	(208,140)
Debt service:				
Principal retirement	-	-	1,938,972	(1,938,972)
Interest and other charges	2,204,971	2,204,971	279,548	1,925,423
Total expenditures	43,977,392	43,977,392	36,199,982	7,777,410
Excess (deficiency) of revenues over (under) expenditures	(5,665,380)	(5,665,380)	(11,257,689)	(5,592,309)
Other financing sources (uses):				
Lease issued (as leasee)	-	3,340,760	3,340,759	(1)
Transfers in	5,665,380	5,665,380	13,620,442	7,955,062
Transfers out	-	-	(632,322)	(632,322)
Total other financing sources (uses)	5,665,380	9,006,140	16,328,879	7,322,739
Net change in fund balances	-	3,340,760	5,071,190	1,730,430
Fund balances - beginning	32,126,144	32,126,144	32,126,144	-
Fund balances - ending	<u>\$ 32,126,144</u>	<u>\$ 35,466,904</u>	<u>\$ 37,197,334</u>	<u>\$ 1,730,430</u>

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

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 June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Sales, use, and other taxes	\$ 5,050,000	\$ 5,050,000	\$ 5,594,175	\$ 544,175
Licenses and permits	460,000	460,000	988,674	528,674
Intergovernmental	3,605,000	3,605,000	6,749,850	3,144,850
Charges for services	220,000	220,000	172,126	(47,874)
Fines and forfeitures	105,000	105,000	79,018	(25,982)
Earnings on investments	78,000	78,000	52	(77,948)
Other	-	-	43,765	43,765
Total revenues	9,518,000	9,518,000	13,627,660	4,109,660
Expenditures:				
Current:				
Municipal services:				
Professional services	632,322	632,322	268,119	364,203
Other	-	-	282,800	(282,800)
Total expenditures	632,322	632,322	550,919	81,403
Excess of revenues over expenditures	8,885,678	8,885,678	13,076,741	4,028,257
Other financing sources (uses):				
Transfers in	632,322	632,322	632,322	-
Transfers out	(9,518,000)	(9,518,000)	(13,620,442)	(4,102,442)
Total other financing sources (uses)	(8,885,678)	(8,885,678)	(12,988,120)	(4,102,442)
Net change in fund balances	-	-	88,621	(74,185)
Fund balances - beginning	84,163	84,163	84,163	-
Fund balances - ending	\$ 84,163	\$ 84,163	\$ 172,784	\$ (74,185)

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

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

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

Capital Projects Fund

Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
<u>Intergovernmental</u>	\$ 31,526,174	\$ 31,526,174	\$ 1,369,926	\$ (30,156,248)
Earnings on investments	1,500,000	1,500,000	728,799	(771,201)
Other	3,020,679	3,020,679	1,061,576	(1,959,103)
Contributions from other governments	<u>24,999,887</u>	<u>2,499,887</u>	<u>159,461</u>	<u>(2,340,426)</u>
Total revenues	61,046,740	38,546,740	3,319,762	(35,226,978)
Expenditures:				
Current:				
Municipal services:				
Salaries and wages	-	-	385,421	(385,421)
Employee benefits	-	-	242,592	(242,592)
Professional services	-	-	48,922	(48,922)
Interagency contracts	61,046,740	38,896,853	16,287,946	22,608,907
Other	-	-	407,456	(407,456)
Contributions to other governments	-	-	833,838	(833,838)
Total expenditures	<u>61,046,740</u>	<u>38,896,853</u>	<u>18,206,175</u>	<u>20,690,678</u>
Deficiency of revenues under expenditures	-	(350,113)	(14,886,413)	(14,536,300)
Other financing sources (uses):				
Transfers in	<u>2,650,000</u>	<u>2,850,000</u>	<u>-</u>	<u>(2,850,000)</u>
Net change in fund balances	2,650,000	2,499,887	(14,886,413)	(17,386,300)
Fund balances - beginning	<u>21,477,661</u>	<u>21,477,661</u>	<u>21,477,661</u>	<u>-</u>
Fund balances - ending	<u>\$ 24,127,661</u>	<u>\$ 23,977,548</u>	<u>\$ 6,591,248</u>	<u>\$ (17,386,300)</u>

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

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:

- *City of Kearns (Kearns)*
- *Magna City (Magna)*
- *Town of Brighton (Brighton)*
- *Copperton (Copperton)*
- *Emigration Canyon (Emigration Canyon)*
- *Pleasant Green Cemetery (Pleasant Green Cemetery)*
- *White City (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 discretely presented 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. 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.

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.

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 period 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

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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 June 30 preceding the fiscal year.

1.7.3 Public hearings are conducted to obtain citizen comments and to comply with legal requirements. For 2025, the budget was adopted, by a resolution of the Board, in May 8, 2024. 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—Subscription-Based Information Technology Arrangements (SBITA) defines 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. For each SBITA the District recognizes a right-to-use a subscription asset and a corresponding subscription liability.

At the commencement of a SBITA, the subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured as the sum of the initial subscription liability amount, the payments made to the SBITA vendor before commencement of the subscription term, and the

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

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

- The District uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancelable period of the SBITA.

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

1.12 Lease Liability—The District utilizes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a lessee, The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of a lease, 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, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (a) the discount rate it uses to discount the expected lease payments to present value, (b) lease 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. Lease receipts included in the measurement of the lease liability are composed of fixed payments.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

1.13 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.

1.14 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.

Compensated Absences— During the year ended June 30, 2025, the District adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. The new standard requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used by not yet paid in cash or settled through noncash means. A liability is recognized if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or paid out upon termination or retirement. The District restated beginning net position by \$225,996 due to implementing this standard.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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.

NOTE 2 – DEPOSITS AND INVESTMENTS

2.1 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.

2.2 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.

2.2.1 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 June 30, 2025, the District’s bank balance was \$1,026,071 with \$776,071 of that amount being exposed to custodial credit risk because it was uninsured and not collateralized. At June 30, 2025, the discretely presented component units bank balance was \$1,429,652 with \$1,179,652 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.

2.3 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 June 30, 2025, the District and discretely presented component units had investments totaling \$41,890,960 and \$17,332,766, respectively, invested in the PTIF.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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, 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 non-governmental issuer. The reported value of the pool is the same as the fair value of the pool shares and is not required to be reported in the fair value hierarchy.

2.3.1 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.

2.3.2 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.

2.3.3 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.

2.4 Total Cash and Investments—Total cash and investments at June 30, 2025 consist of the following:

	<u>Primary Government</u>	<u>Component Units</u>
Investments	\$ 41,890,960	\$ 17,332,766
Cash deposits	623,122	1,743,603
Total cash and investments	<u>\$ 42,514,082</u>	<u>\$ 19,076,369</u>

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Total cash and investments reported in the financial statements at June 30, 2025 are summarized as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Cash and investments	\$ 38,270,454	\$ 17,933,932
Restricted cash and investments	4,243,628	1,142,437
Total cash and investments	<u>\$ 42,514,082</u>	<u>\$ 19,076,369</u>

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

NOTE 3 – CAPITAL ASSETS

3.1 Capital Assets—Capital 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 and the discretely presented component units 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
Equipment and furniture	3-10 years
Vehicles	5 years
Infrastructure	40 years

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

Capital asset activity for the primary government for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Equipment and furniture	\$ 18,152	\$ 790,956	\$ -	\$ 809,108
Vehicles	549,473	80,476	-	629,949
Lease asset	-	3,340,759	-	3,340,759
Subscription asset	116,927	-	-	116,927
Total capital assets being depreciated	684,552	4,212,191	-	4,896,743
Accumulated depreciation for:				
Equipment and furniture	(4,486)	(35,794)	-	(40,280)
Vehicles	(337,529)	(69,888)	-	(407,417)
Lease asset	-	(76,072)	-	(76,072)
Subscription asset	(38,976)	(38,976)	-	(77,952)
Total accumulated depreciation	(380,991)	(220,730)	-	(601,721)
Total capital assets being depreciated, net	\$ 303,561	\$ 3,991,461	\$ -	\$ 4,295,022

Depreciation expense was \$220,730 for the year ended June 30, 2025.

Capital asset activity for the discretely presented component units for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 44,518,940	\$ 1,737,389	\$ -	\$ 46,256,329
Roads	89,932,458	363,230	-	90,295,688
Bridges	4,348,880	-	-	4,348,880
Construction in progress	35,160,593	19,577,146	(5,641,517)	49,096,222
Total capital assets not being depreciated	173,960,871	21,677,765	(5,641,517)	189,997,119
Capital assets being depreciated:				
Buildings and improvements	8,928,739	1,551,454	-	10,480,193
Equipment and furniture	24,257	-	-	24,257
Infrastructure	127,273,131	5,770,230	-	133,043,361
Total capital assets being depreciated	136,226,127	7,321,684	-	143,547,811
Accumulated depreciation for:				
Buildings and improvements	(5,085,689)	(393,020)	-	(5,478,709)
Equipment and furniture	(17,356)	(2,408)	-	(19,764)
Infrastructure	(93,873,835)	(1,941,897)	-	(95,815,732)
Total accumulated depreciation	(98,976,880)	(2,337,325)	-	(101,314,205)
Total capital assets being depreciated, net	37,249,247	4,984,359	-	42,233,606
Total capital assets, net	\$ 211,210,118	\$ 26,662,124	\$ (5,641,517)	\$ 232,230,725

Depreciation expense was \$4,984,359 for the year ended June 30, 2025.

3.2 Construction Commitments—The District’s discretely presented component units are obligated at June 30, 2025

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

under construction commitments for various projects for total cost of \$66,944,716. Costs to date as of June 30, 2025 for these projects are \$49,096,222, leaving \$17,848,494 of costs to complete the projects. These costs will be financed with other fund balance resources that are either restricted or committed.

NOTE 4 – LONG-TERM LIABILITIES

The following is a summary of transactions affecting long-term liabilities for the year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds	\$ 16,230,000	\$ -	\$ (1,900,000)	\$ 14,330,000	\$ 1,935,000
Lease liability	-	3,340,759	-	3,340,759	47,563
Subscription liability	38,972	-	(38,972)	-	-
Compensated absences*	593,765	149,281	-	743,046	482,980
Net pension liability	567,563	1,892,177	(1,543,529)	916,211	-
Total long-term liabilities	<u>\$ 17,430,300</u>	<u>\$ 5,382,217</u>	<u>\$ (3,482,501)</u>	<u>\$ 19,330,016</u>	<u>\$ 2,465,543</u>

* The change in the compensated absences liability is presented as a net change

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.

4.1 Debt Service Requirements of Bonds—Debt service requirements of bonds (long-term debt) at June 30, 2025 are as follows:

<u>Years Ending June 30,</u>	<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2026	\$ 1,935,000	\$ 249,879	\$ 2,184,879
2027	1,970,000	213,367	2,183,367
2028	2,010,000	176,154	2,186,154
2029	2,045,000	138,240	2,183,240
2030	2,085,000	99,625	2,184,625
2031-2032	4,285,000	80,457	4,365,457
Total	<u>\$ 14,330,000</u>	<u>\$ 957,722</u>	<u>\$ 15,287,722</u>

4.2 Revenue Bonds—Revenue bonds at June 30, 2025 consist of the following:

<u>Series</u>	<u>Type</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Remaining Interest Rates to Maturity</u>	<u>Final Maturity Date</u>	<u>Current Outstanding Balance</u>
2022	Excise tax revenue	Capital improvements	\$ 20,000,000	1.9%	2032	<u>\$ 14,330,000</u>

4.2.1 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.

4.3 Lease Liability—During the year ended June 30, 2025, the District entered into a 10 years and 8 months lease

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

agreement as lessee for the use of a office building. As of June 30, 2025, the value of the lease payable was \$3,340,759. The value of the right-to-use asset as of June 30, 2025 was \$3,340,759 and had accumulated amortization of \$76,072. The annual payments as of June 30, 2025, including in interest payments, are listed as follows:

Years Ending June 30,	Lease Liability		Total
	Principal	Interest	
2026	\$ 47,563	\$ 309,244	\$ 356,807
2027	183,519	220,417	403,936
2028	209,998	207,181	417,179
2029	277,370	190,966	468,336
2030	310,762	170,828	481,590
2031-2032	2,311,547	467,757	2,779,304
Total	\$ 3,340,759	\$ 1,566,393	\$ 4,907,152

NOTE 5 – STATE RETIREMENT PLANS

5.1 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)

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.

5.2 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.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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.

5.3 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.

For the year ended June 30, 2025, required contribution rates for the plans were as follows:

	<u>Defined Benefit Plans Rates</u>		<u>District Rates for 401(k) Plan</u>	<u>Totals</u>
	<u>District Contribution *</u>	<u>Amortization of UAAL **</u>		
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 June 30, 2025, District and employee contributions to the plans were as follows:

	<u>District Contributions *</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 312,221	\$ -
Tier 2 Contributory System	368,341	16,975
Tier 2 Defined Contribution Plans	65,584	24
401(k) Plan	258,486	224,413
457 Plan and other individual plans	-	78,717

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

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

5.4 Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2025, the District reported an asset of zero and a liability of \$916,211 for its proportionate share of the net pension liability (asset) for the following plans:

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 707,440
Tier 2 Contributory System	-	208,771
Total	<u>\$ -</u>	<u>\$ 916,211</u>

The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2024, 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, 2024 and the change in its proportion since the prior measurement date for each plan:

	<u>Proportionate Share</u>	
	<u>2024</u>	<u>Change</u>
Tier 1 Noncontributory System	0.2230886 %	0.0345964 %
Tier 2 Contributory System	0.0700013 %	0.0030343 %

For the year ended June 30, 2025, the District recognized pension expense for the plans as follows:

	<u>Pension Expense</u>
Defined benefit pension plans:	
Tier 1 Noncontributory System	\$ 629,681
Tier 2 Contributory System	228,216
Total	<u>\$ 857,897</u>
Defined contribution plan:	
Tier 2 Defined Contribution Plan	\$ 184,171
401(k) Plan	129,243
Total	<u>\$ 313,414</u>

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

At June 30, 2025 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	\$ 421,532	\$ 90,253	\$ 511,786
Changes of assumptions	58,518	69,727	128,245
Net difference between projected and actual earnings on pension plan investments	213,092	13,344	226,436
Changes in proportion and differences between District contributions and proportionate share of contributions	-	36,406	36,406
Contributions subsequent to the measurement date	163,510	253,842	417,353
Total	\$ 856,652	\$ 463,572	\$ 1,320,226

At June 30, 2025, 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	\$ -	\$ 1,438	\$ 1,438
Changes of assumptions	-	22	22
Changes in proportion and differences between District contributions and proportionate share of contributions	19,689	2,291	21,980
Total	\$ 19,689	\$ 3,751	\$ 23,440

The \$417,353 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2024 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2026.

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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:

Recognition of Deferred Outflows (Inflows) of Resources			
Year Ending June 30,	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
2025	\$ 391,541	\$ 24,268	\$ 415,809
2026	384,168	37,427	421,595
2027	(86,466)	16,432	(70,034)
2028	(15,789)	20,369	4,580
2029	-	47,503	47,503
Thereafter	-	59,981	59,981

5.5 Actuarial Assumptions—The total pension liability (asset) in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% to 9.50%, average, including inflation
Investment rate of return	6.85%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2023 valuation were based on an experience study of the demographic for the period ending December 31, 2022. Assumptions remained unchanged that affect the measurement of the net pension liability.

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	35%	2.45%
Debt securities	20%	0.51%
Real assets	18%	0.98%
Private equity	12%	1.21%
Absolute return	15%	0.65%
Cash and cash equivalents	0%	0.00%
Total	100%	

5.6 Discount Rate—The discount rate used to measure the total pension liability (asset) was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

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).

5.7 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	\$ 2,991,890	\$ 707,440	\$ (1,208,474)
Tier 2 Contributory System	<u>623,549</u>	<u>208,771</u>	<u>(113,885)</u>
Total	<u>\$ 3,615,439</u>	<u>\$ 916,211</u>	<u>\$ (1,322,359)</u>

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

5.9 Payables to the Pension Plans—At June 30, 2025, the District reported payables of \$87,404 for contributions to defined benefit pension plans and defined contribution plans.

NOTE 6 – RISK MANAGEMENT

6.1 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.

6.2 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.

6.3 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.

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

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

7.1 **Interfund Balances**—Interfund receivables and payables at June 30, 2025 consist of the following:

	<u>Due to Other Funds General</u>
Due from other funds:	
Unincorporated Salt Lake County	\$ 6,560,122
Totals	<u>\$ 6,560,122</u>

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.

7.2 **Interfund Transfers**—The following table provides a reconciliation of all interfund transfers for the year ended June 30, 2025:

	<u>Transfers In</u>		
	<u>General</u>	<u>Unincorporated Salt Lake County</u>	<u>Totals</u>
Transfers out:			
General	\$ 13,620,442	\$ 632,322	\$ 14,252,764
Unincorporated Salt Lake County	632,322	13,620,442	14,252,764
Totals	<u>\$ 14,252,764</u>	<u>\$ 14,252,764</u>	<u>\$ 28,505,528</u>

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 8 – RESTATEMENT

During the year ended June 30, 2025, the District adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. In addition, the District recorded a correction of an error from the prior period related to capital assets. These changes resulted in a restatement of beginning net position as follows:

	<u>Government-Wide</u>	
	<u>Governmental Activities</u>	<u>Component Units</u>
Beginning of year, as previously reported	\$ 37,596,851	\$ 149,210,388
Implementation of GASB 101, <i>Compensated Absences</i>	(225,996)	-
Restatement due to correction of error	225,610	70,906,372
Beginning of year, as restated	<u>\$ 37,596,465</u>	<u>\$ 220,116,760</u>

Required Supplementary Information

DRAFT

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT MODIFIED APPROACH FOR ELIGIBLE INFRASTRUCTURE ASSETS

In accordance with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, the District's cities and towns have adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The District's cities and towns capitalize costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach. In order to utilize the modified approach, the District's member entities (cities, towns, and unincorporated area) are required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Annually estimate the amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the District's members.
- Document whether the infrastructure assets are being preserved approximately at or above the condition level established by the District's members.

Road System

The condition of the District's members 297.71 miles of road and highway pavement is measured using the Distress Identification Manual for Long-Term Pavement Performance Projects published by the Strategic Highway Research Program (SHRP), which is based on a weighted average of seven distress factors found in pavement surfaces. The pavement management system uses a measurement scale that is based on a condition index ranging from 0 to 100. The District's members apply the modified approach to the 297.71 centerline miles of roads and highways that are owned. The goal of the District's members, in conjunction with adopting the modified approach, is to develop and provide a cost-effective pavement maintenance and rehabilitation program that preserves the investment in their road and highway network and enhances public transportation and safety.

Accounting principles generally accepted in the United States of America require reporting the last three complete condition assessments and needed-to-actual information for five years. The schedule below, showing the percentage of roads and highways in each service life category, only presents information for the last two completed condition assessments. More condition assessments will be presented in future years as it becomes available.

Measurement Scales

The overall condition of roads and highways are measured using an asset management system. The system employs a measurement scale that considers the condition of roads and highways as denoted by an Overall Condition Index (OCI), ranging from 0 to 100. The OCI is used to classify roads and highways into categories as follows:

Rating	OCI Range
Very Good	94 - 100
Good	76 - 93
Fair	64 - 75
Poor	41 - 63
Very Poor	0 - 40

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
 MODIFIED APPROACH FOR ELIGIBLE INFRASTRUCTURE ASSETS**

Established Condition Level

It is the District members’ policy to maintain approximately 30% of its roads and highways at or above the “good” condition level, and no more than 20% at the “very poor” condition level. Overall condition assessments are to be performed every five years and visual condition assessments are performed on approximately one-third of the roads and highways each year, in order to achieve a complete visual assessment at least every three years.

Assessed Conditions

The following table represents the District members’ last two completed overall condition assessments. More condition assessments will be presented in future years as it becomes available.

OCI Rating	Established Condition Level	2023	2025
Very Good/Good	Above 30%	59.05%	46.00%
Very Poor	Below 20%	8.45%	4.00%

The following table represents the estimated amounts needed to maintain and preserve the road and highway network at or above its established condition levels, as well as the amounts actually spent on maintenance and preservation, for the year ended June 30, 2025.

	<u>2025</u>
Estimated Spending	\$13,958,493
Actual Spending	\$11,472,096

Comparison of Needed to Actual Cost Road Maintenance/Preservation

	2020	2021	2022	2023	2024
Needed	\$16,144,641	\$13,119,507	\$12,893,885	\$12,434,532	\$7,716,209
Actual	\$13,765,444	\$8,165,596	\$15,645,981	\$9,782,115	\$6,864,482

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

	<u>2024</u>	<u>2023</u>	<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)	0.2230886%	0.1884922%	0.1831294%	0.2011457%	0.1952693%	0.0585787%
District's proportionate share of the net pension liability (asset)	\$ 707,440	\$ 437,220	\$ 313,655	\$ (1,153,768)	\$ 100,162	\$ 220,775
District's covered payroll	\$ 1,819,690	\$ 1,401,741	\$ 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	38.9%	31.2%	21.4%	(71.4)%	6.4%	45.8%
Plan fiduciary net position as a percentage of the total pension liability	96.0%	96.9%	97.5%	108.7%	99.2%	93.7%
Tier 2 Contributory System:						
District's proportion of the net pension liability (asset)	0.0700013%	0.0669670%	0.0610315%	0.5560710%	0.0598196%	0.0140132%
District's proportionate share of the net pension liability (asset)	\$ 208,771	\$ 130,343	\$ 66,457	\$ (23,535)	\$ 8,604	\$ 3,152
District's covered payroll	\$ 2,074,610	\$ 1,731,323	\$ 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	10.1%	7.5%	5.0%	(2.3)%	0.9%	1.6%
Plan fiduciary net position as a percentage of the total pension liability	87.4%	89.6%	92.3%	103.8%	98.3%	96.5%

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

Schedules of District Contributions

Utah Retirement Systems

Last Seven Reporting (Fiscal) Years

	<u>2025</u>	<u>2024*</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tier 1 Noncontributory System:							
Contractually required contribution	\$ 312,221	\$ 275,167	\$ 248,736	\$ 254,791	\$ 291,479	\$ 284,284	\$ 89,079
Contributions in relation to the contractually required contribution	<u>(312,221)</u>	<u>(275,167)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,927,355	\$ 1,591,776	\$ 1,388,461	\$ 1,465,830	\$ 1,625,185	\$ 1,576,834	\$ 494,748
Contributions as a percentage of covered payroll	16.2%	17.3%	17.9%	17.4%	17.9%	18.0%	18.0%
Tier 2 Contributory System:							
Contractually required contribution	\$ 368,341	\$ 308,242	\$ 278,231	\$ 213,653	\$ 164,528	\$ 150,838	\$ 32,473
Contributions in relation to the contractually required contribution	<u>(368,341)</u>	<u>(308,242)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,424,890	\$ 1,925,305	\$ 1,737,856	\$ 1,332,254	\$ 1,031,894	\$ 964,019	\$ 200,599
Contributions as a percentage of covered payroll	15.2%	16.0%	16.0%	16.0%	15.9%	15.6%	16.2%
Tier 2 Defined Contribution Plan:							
Contractually required contribution	\$ 65,584	\$ 40,265	\$ 34,666	\$ 20,545	\$ 19,464	\$ 10,611	\$ 2,788
Contributions in relation to the contractually required contribution	<u>(65,584)</u>	<u>(40,265)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,263,668	\$ 650,493	\$ 560,030	\$ 317,792	\$ 292,175	\$ 158,617	\$ 41,677
Contributions as a percentage of covered payroll	5.2%	6.2%	6.2%	6.5%	6.7%	6.7%	6.7%

* The District changed its fiscal year end from December 31 to June 30, as a result this schedule includes a transition period from January 1, 2024 through June 30, 2024 (six month period ended June 30, 2024).

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

NOTE A – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

The information presented was determined as part of actuarial valuations performed. Over time the actuarial assumptions are periodically changed. Amounts reported in the current and prior plan years include the following significant actuarial assumption changes:

<u>Plan Year</u>	<u>Discount Rate</u>	<u>Payroll Growth Rate</u>	<u>Wage Inflation Rate</u>	<u>Inflation Rate</u>
2024	6.85%	2.90%	3.50 to 9.50%	2.50%
2023	6.85%	2.90%	3.50 to 9.50%	2.50%
2022	6.85%	2.90%	3.25 to 9.25%	2.50%
2021	6.85%	2.90%	3.25 to 9.25%	2.50%
2020	6.95%	2.90%	3.25 to 9.25%	2.50%
2019	6.95%	3.00%	3.25 to 9.25%	2.50%

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

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GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Combining Statement of Net Position
Component Units
June 30, 2025

	<u>City of Kearns</u>	<u>Magna City</u>	<u>Town of Brighton</u>	<u>Copperton</u>	<u>Emigration Canyon</u>	<u>Pleasant Green Cemetery</u>	<u>White City</u>	<u>Total Component Units</u>
Assets:								
Cash and investments:	\$ 3,516,348	\$ 5,273,376	\$ 6,907,124	\$ 445,591	\$ 383,741	\$ 115,143	\$ 1,292,609	\$ 17,933,932
Receivables:								
Sales, use, and other taxes								
Accounts	17,879	-	1,973	-	-	-	-	19,852
Due from other governments	1,813,549	1,992,799	33,868	44,529	89,255	-	264,231	4,238,231
Restricted cash and investments	95,325	953,157	2,640	-	90,662	-	653	1,142,437
Prepays	-	30,298	1,827	-	-	-	-	32,125
Capital assets:								
Land, roads, bridges, and construction in progress	81,243,466	84,417,917	850,235	4,186,949	5,756,628	-	13,541,924	189,997,119
Buildings and improvements, equipment and furniture infrastructure, net of accumulated depreciation	9,365,993	24,860,334	27,190	757,812	1,155,938	-	6,066,339	42,233,606
Total assets	96,052,560	117,527,881	7,824,857	5,434,881	7,476,224	115,143	21,165,756	255,597,302
Liabilities:								
Accounts and contracts payable	526,104	341,055	48,913	3,917	8,991	9,242	8,050	946,272
Performance bonds	95,325	953,057	2,640	-	90,662	-	653	1,142,337
Retainage payable	74,841	45,319	-	78,549	5,891	-	217,667	422,267
Unearned revenue	258,121	1,383,612	-	21,466	60,736	-	184,685	1,908,620
Due to primary government	1,674,115	1,772,368	35,843	44,533	89,257	-	233,793	3,849,909
Total liabilities	2,628,506	4,495,411	87,396	148,465	255,537	9,242	644,848	8,269,405
Net position:								
Net investment in capital assets	90,609,459	109,278,251	877,425	4,944,761	6,912,566	-	19,608,263	232,230,725
Unrestricted	2,814,595	3,754,219	6,860,036	341,655	308,121	105,901	912,645	15,097,172
Total net position	<u>\$ 93,424,054</u>	<u>\$ 113,032,470</u>	<u>\$ 7,737,461</u>	<u>\$ 5,286,416</u>	<u>\$ 7,220,687</u>	<u>\$ 105,901</u>	<u>\$ 20,520,908</u>	<u>\$ 247,327,897</u>

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Combining Statement of Activities
Component Units
Year Ended June 30, 2025

	City of Kearns	Magna City	Town of Brighton	Copperton	Emigration Canyon	Pleasant Green Cemetery	White City	Total Component Units
Expenses	\$ 12,411,461	\$ 13,528,050	\$ 1,747,637	\$ 613,397	\$ 795,035	\$ 80,345	\$ 2,968,580	\$ 32,144,505
Program revenues:								
Charges for services	560,625	1,407,359	184,408	22,574	89,739	54,611	89,023	2,408,339
Operating grants and contributions	2,729,309	2,978,571	22,698	140,959	153,019	-	960,761	6,985,317
Net (expense) revenue	(9,121,527)	(9,142,120)	(1,540,531)	(449,864)	(552,277)	(25,734)	(1,918,796)	(22,750,849)
General revenues:								
Sales, use, and other taxes	8,307,540	8,012,065	2,359,086	171,827	356,067	-	1,198,904	20,405,489
Earnings on investments	136,588	188,528	268,051	14,661	17,684	-	54,314	679,826
Other	102,694	459,393	26,254	161	4,297	-	39,572	632,371
Contributions	10,185,325	7,377,052	368,544	2,068,936	3,155,821	-	5,088,622	28,244,300
Total general revenues	18,732,147	16,037,038	3,021,935	2,255,585	3,533,869	-	6,381,412	49,961,986
Change in net position	9,610,620	6,894,918	1,481,404	1,805,721	2,981,592	(25,734)	4,462,616	27,211,137
Net position - beginning, as previously reported	56,184,076	71,572,441	5,891,088	2,439,834	4,239,095	131,635	8,752,219	149,210,388
Restatement due to correction of error	27,629,358	34,565,111	364,969	1,040,861	-	-	7,306,073	70,906,372
Net position - beginning, as restated	83,813,434	106,137,552	6,256,057	3,480,695	4,239,095	131,635	16,058,292	220,116,760
Net position - ending	\$ 93,424,054	\$ 113,032,470	\$ 7,737,461	\$ 5,286,416	\$ 7,220,687	\$ 105,901	\$ 20,520,908	\$ 247,327,897

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Combining Balance Sheet
Component Units
June 30, 2025

	<u>City of Kearns</u>	<u>Magna City</u>	<u>Town of Brighton</u>	<u>Copperton</u>	<u>Emigration Canyon</u>	<u>Pleasant Green Cemetery</u>	<u>White City</u>	<u>Total Component Units</u>
Assets:								
Cash and investments:	\$ 3,516,348	\$ 5,273,376	\$ 6,907,124	\$ 445,591	\$ 383,741	\$ 115,143	\$ 1,292,609	\$ 17,933,932
Restricted cash and investments	95,325	953,157	2,640	-	90,662	-	653	1,142,437
Receivables:								
Accounts	17,879	-	1,973	-	-	-	-	19,852
Due from other governments	1,813,549	1,992,799	33,868	44,529	89,255	-	264,231	4,238,231
Prepays	-	30,298	1,827	-	-	-	-	32,125
Total assets	<u>\$ 5,443,101</u>	<u>\$ 8,249,630</u>	<u>\$ 6,947,432</u>	<u>\$ 490,120</u>	<u>\$ 563,658</u>	<u>\$ 115,143</u>	<u>\$ 1,557,493</u>	<u>\$ 23,366,577</u>
Liabilities:								
Accounts and contracts payable	\$ 526,104	\$ 341,055	48,913	\$ 3,917	\$ 8,991	\$ 9,242	\$ 8,050	\$ 946,272
Performance bonds	95,325	953,057	2,640	-	90,662	-	653	1,142,337
Unearned revenue	258,121	1,383,612	-	21,466	60,736	-	184,685	1,908,620
Due to primary government	1,674,115	1,772,368	35,843	44,533	89,257	-	233,793	3,849,909
Total liabilities	<u>2,553,665</u>	<u>4,450,092</u>	<u>87,396</u>	<u>69,916</u>	<u>249,646</u>	<u>9,242</u>	<u>427,181</u>	<u>7,847,138</u>
Fund balances:								
Nonspendable:								
Prepays	-	30,298	1,827	-	-	-	-	32,125
Assigned to:								
Capital projects	864,684	850,500	-	176,393	16,806	-	167,300	2,075,683
Other purposes	199,647	520,776	253,409	24,122	183,105	131,635	410,850	1,723,544
Unassigned	1,825,105	2,397,964	6,604,800	219,689	114,101	(25,734)	552,162	11,688,087
Total fund balances	<u>2,889,436</u>	<u>3,799,538</u>	<u>6,860,036</u>	<u>420,204</u>	<u>314,012</u>	<u>105,901</u>	<u>1,130,312</u>	<u>15,519,439</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,443,101</u>	<u>\$ 8,249,630</u>	<u>\$ 6,947,432</u>	<u>\$ 490,120</u>	<u>\$ 563,658</u>	<u>\$ 115,143</u>	<u>\$ 1,557,493</u>	<u>\$ 23,366,577</u>

GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Units
Year Ended June 30, 2025

	<u>City of Kearns</u>	<u>Magna City</u>	<u>Town of Brighton</u>	<u>Copperton</u>	<u>Emigration Canyon</u>	<u>Pleasant Green Cemetery</u>	<u>White City</u>	<u>Total Component Units</u>
Revenues:								
Sales, use, and other taxes	\$ 8,307,540	\$ 8,012,065	\$ 2,359,086	\$ 171,827	\$ 356,067	\$ -	\$ 1,198,904	\$ 20,405,489
Licenses and permits	244,981	953,692	166,042	6,230	52,476	37,289	39,263	1,499,973
Intergovernmental	2,729,309	2,978,571	22,698	140,959	153,019	-	960,761	6,985,317
Charges for services	29,116	235,234	15,222	10,362	26,615	17,322	9,731	343,602
Fines and forfeitures	286,528	218,433	3,144	5,982	10,648	-	40,029	564,764
Earnings on investments	136,588	188,528	268,051	14,661	17,684	-	54,314	679,826
Other	102,694	459,393	26,254	161	4,297	-	39,572	632,371
Contributions	1,805,506	1,353,009	472,024	346,219	242,318	-	667,292	4,886,368
Total revenues	13,642,262	14,398,925	3,332,521	696,401	863,124	54,611	3,009,866	35,997,710
Expenditures:								
Current:								
Municipal services:								
Salaries and wages	103,565	336,788	139,511	60,381	66,000	-	82,500	788,745
Employee benefits	68,326	101,874	40,876	4,620	5,049	-	6,311	227,056
Professional services	105,286	82,310	98,563	42,725	39,420	-	54,588	422,892
Interagency contracts	-	105,829	-	-	-	-	-	105,829
Other	1,499,495	1,416,813	417,654	128,560	64,121	80,345	871,865	4,478,853
Contributions to other governments	10,040,485	10,013,591	1,050,163	240,426	574,433	-	1,442,440	23,361,538
Total expenditures	11,817,157	12,057,205	1,746,767	476,712	749,023	80,345	2,457,704	29,384,913
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	1,825,105	2,341,720	1,585,754	219,689	114,101	(25,734)	552,162	6,612,797
Fund balances - beginning	1,064,331	1,457,818	5,274,282	200,515	199,911	131,635	578,150	8,906,642
Fund balances - ending	\$ 2,889,436	\$ 3,799,538	\$ 6,860,036	\$ 420,204	\$ 314,012	\$ 105,901	\$ 1,130,312	\$ 15,519,439