

**UNIFIED POLICE DEPARTMENT
OF GREATER SALT LAKE**

ANNUAL FINANCIAL REPORT

As of and for the
Year Ended June 30, 2022

HBME

CERTIFIED PUBLIC ACCOUNTANTS

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
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COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
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INDEPENDENT AUDITOR'S REPORT

Honorable Sheriff and Members of the Board of Directors
Unified Police Department of Greater Salt Lake

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Unified Police Department of Greater Salt Lake (UPD), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise UPD's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of UPD, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the major special revenue precincts fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

UPD's 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 UPD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UPD'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 UPD'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 on pages 5-13, OPEB obligation on page 51, and pension schedules, including the related notes to the required supplementary information, on pages 52-54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise UPD's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2022, on our consideration of UPD'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 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 UPD's internal control over financial reporting and compliance.

HBMC, LLC

December 16, 2022

Management's Discussion and Analysis

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE Management's Discussion and Analysis

As management of the Unified Police Department of Greater Salt Lake (UPD), we offer readers of UPD's financial statements this narrative discussion, overview, and analysis of the financial activities of UPD for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements and related notes.

FINANCIAL HIGHLIGHTS

- UPD's net position is \$10.8 million at the close of the most recent fiscal year.
- During the year, expenses are \$6.4 million less than the \$66.2 million generated in charges for services and other revenues for governmental activities. During the prior year, expenses were \$4.1 million less than revenues.
- At the close of the most recent fiscal year, UPD's General Fund reports a fund balance of \$280 thousand compared to \$3.7 million at the end of the prior year.
- At the close of the most recent fiscal year, UPD's Special Revenue Fund reports a fund balance of \$11.6 million, compared to \$8.8 million at the end of the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to UPD's basic financial statements. UPD's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of UPD, with the remainder 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 UPD is improving or deteriorating.

The *statement of activities* presents information showing how the net position of UPD changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as, unpaid employee benefit obligations).

The government-wide financial statements of UPD report *governmental activities*, as the internal services are consolidated with governmental funds. UPD has two governmental functions: general government and public safety. Charges for services finance most of the public safety activities.

The government-wide financial statements can be found on pages 15 and 16 of this report.

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Management's Discussion and Analysis (Continued)

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 Unified Police Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of UPD are grouped into three categories: governmental, proprietary, and fiduciary.

- A. **Governmental fund.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating UPD's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of UPD's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

UPD maintains two governmental funds: The General Fund and a Special Revenue Fund. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for which the General Fund and the Special Revenue Fund are considered to be major funds.

This Special Revenue Fund accounts for activities at the precinct level for three municipalities, five metro townships, one town, unincorporated Salt Lake County, and for certain countywide law enforcement services. This Special Revenue Fund is a governmental fund used to account for the proceeds of specific revenue sources that are committed to expenditures for law enforcement in the individual precinct jurisdictions. UPD created the special revenue fund in fiscal year 2020, at the request of the governing board, to separate the accounting for precinct funding from the specialized shared law enforcement services that are accounted for in the General Fund. The Board also wanted a method to allow more transparent accounting at the precinct level. The special revenue fund was created in fiscal year 2020 with a zero-dollar beginning fund balance; over time, residual amounts of revenues over expenditures will be recognized as committed or restricted fund balance. Individual precincts are considered departments within the special revenue fund. Detailed financial information by precinct can be found on pages 55 and 56 in the Supplementary Information section of this report.

UPD adopts an annual appropriated budget for its General Fund and Special Revenue Fund. A budgetary comparison statement is provided for both funds, to demonstrate compliance with appropriations. The budget to actual comparison for the General Fund can be found on page 21, while the budget to actual comparison for the Special Revenue Fund can be found on page 22.

The basic governmental funds financial statements can be found on pages 17 through 22 of this report.

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Management's Discussion and Analysis (Continued)

- B. **Internal Service fund.** UPD maintains one internal service fund, a proprietary fund type. An *Internal Service Fund* is an accounting device used to accumulate and allocate costs internally among UPD's various precincts and divisions. UPD uses one internal service fund (the Fleet Management Fund) to accumulate resources for the replacement and management of fleet vehicles. This internal service fund is reported within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 23 through 25 of this report.

- C. **Fiduciary fund.** UPD has one fiduciary fund type. An *Agency Fund* is used to account for assets such as evidence money, and pending forfeitures held by UPD as a custodian for other governments, private organizations, or individuals. Since these are resources that cannot be used to support UPD's programs, they are not included in the government-wide statements.

The statement of fiduciary assets and liabilities can be found on page 26 of this report.

Notes to the basic financial statements - The *notes* provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 27 through 58 of this report.

Additional Information - In addition to the basic financial statements and related notes, this report also presents required supplementary information concerning UPD's changes in its obligation to provide other postemployment benefits to its employees and UPD's proportionate share of the state's net pension liability. Required supplementary information can be found on pages 51 through 54 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of UPD, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$10.8 million at the close of the most recent fiscal year.

A large portion of UPD's net position (\$7.0 million) reflects its investment in capital assets (e.g., equipment and vehicles, net of accumulated depreciation). UPD uses these capital assets to provide law enforcement services to the communities it serves; consequently, these assets are not available for future spending.

**UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Management's Discussion and Analysis (Continued)**

The remaining balance of net position is a \$3.8 million unrestricted amount at the end of the most recent fiscal year. This amount is net of UPD's proportionate share of the state's unfunded obligation of the defined benefit pension plans administered by Utah Retirement Systems and UPD post-employment benefit obligations. UPD's Net Position, as of June 30.

	Governmental Activities		
	2022	2021	Change
Current and other assets	\$ 32,319,909	\$ 19,167,701	\$ 13,152,208
Capital assets	12,774,576	14,269,761	(1,495,185)
Total assets	<u>45,094,485</u>	<u>33,437,462</u>	<u>11,657,023</u>
Deferred outflows of resources	12,649,940	17,592,548	(4,942,608)
Other liabilities	2,186,888	2,378,903	(192,015)
Long-term liabilities outstanding	19,328,881	30,074,988	(10,746,107)
Total liabilities	<u>21,515,769</u>	<u>32,453,891</u>	<u>(10,938,122)</u>
Deferred inflows of resources	25,434,214	14,143,529	11,290,685
Net position:			
Net Investment in capital assets	7,026,955	2,299,010	4,727,945
Unrestricted	3,767,487	2,133,580	1,633,907
Total net position (as restated)	<u>\$ 10,794,442</u>	<u>\$ 4,432,590</u>	<u>\$ 6,361,852</u>

Governmental activities - The key elements of the \$6.4 million increase of UPD's net position for the year ended June 30, 2022, are as follows:

- A. Revenue totals \$66.5 million for the year ended June 30, 2022, which is a decrease of \$5.9 million compared to the prior year. The overall decrease is the combination of both an increase in wages for sworn officers and the loss of a municipal law enforcement contract at the end of FY2021. UPD received an aggregate amount of \$641 thousand less in program revenue from operating grants and contributions as well as capital grants and contributions in the most recent fiscal year than in the prior year. The decrease in operating grant revenue is the result of significant contracts for the premium overtime for security at Salt Lake County (SLCo) COVID-19 vaccination sites and specific patrols at other SLCo parks and open spaces.
- B. Expenses total \$60.2 million during the most recent fiscal year, which is a reduction of \$8.1 million from the prior year. Expenses dropped by \$8.1, reflecting not only the departure of Taylorsville as a law enforcement contract city, but also the shortage of a qualified applicant pool. Staffing vacancies, which remained unfilled for a long time, created substantial under expending wages and benefits for sworn officers
- C. Charges for services comprise 97.0% and 98.1% of UPD's revenue used to support governmental activities to its members for the years ended June 30, 2022 and 2021, respectively.
- D. The UPD implemented GASB 87, *Leases*, during the year. This resulted in recording its right-to-use assets for a net of \$13,934,549, and accumulated amortization of \$7,409,046, and corresponding lease liability of \$11,701,547 as of July 1, 2021, the beginning of the fiscal year. This resulted in net position decreasing by \$5,176,044.

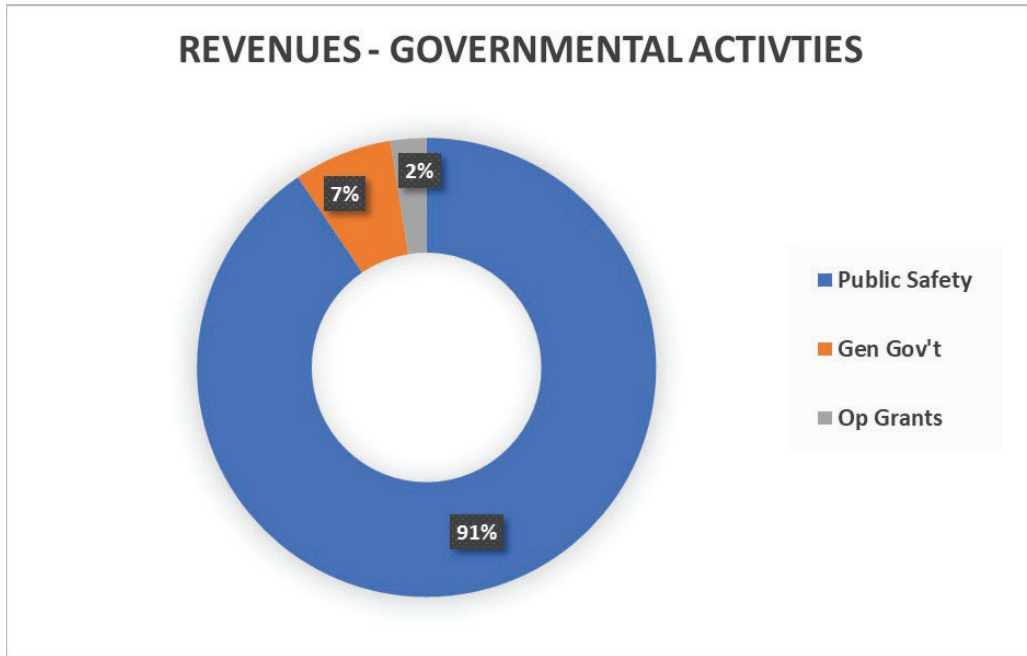
UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Management's Discussion and Analysis (Continued)

UPD's Changes in Net Position, for the fiscal years ended June 30,

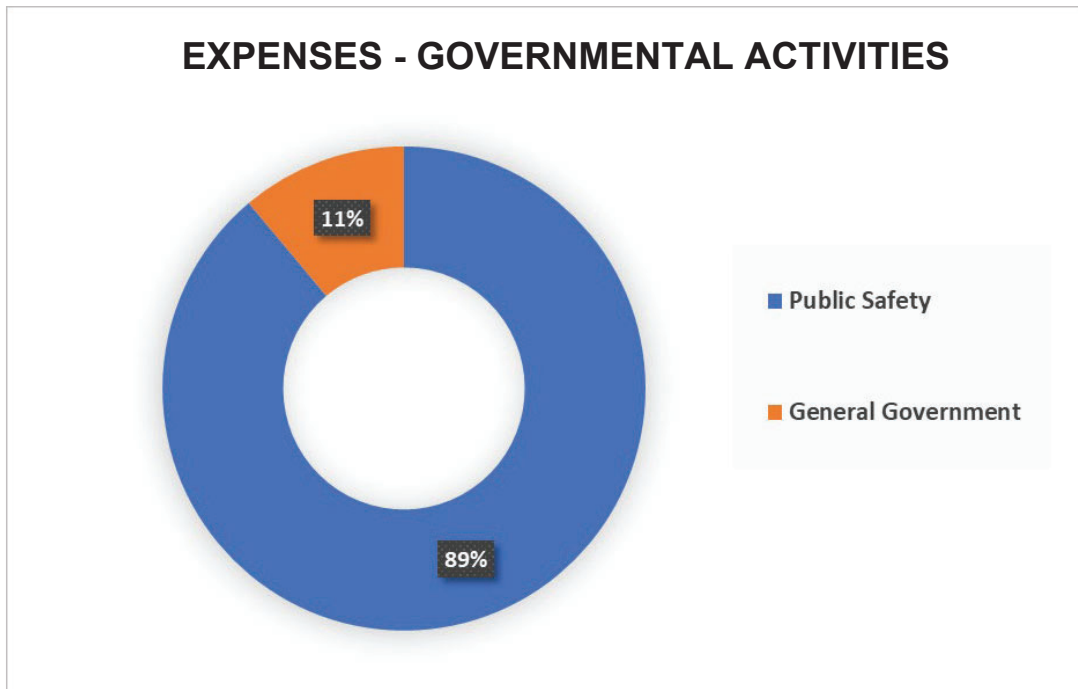
	Governmental Activities		
	2022	2021	Change
<u>Revenues</u>			
Program revenues:			
Charges for services	\$ 64,527,656	\$ 71,045,247	\$ (6,517,591)
Operating grants and contributions	1,675,182	1,034,314	640,868
Capital grants and contributions	-	34,294	(34,294)
General revenues:			
Investment earnings	71,901	46,275	25,626
Other revenue	259,565	299,313	(39,748)
Total revenues	<u>66,534,304</u>	<u>72,459,443</u>	<u>(5,925,139)</u>
<u>Expenses</u>			
General government	5,983,425	7,588,515	(1,605,090)
Public safety	53,972,578	60,697,103	(6,724,525)
Interest	216,449	-	216,449
Total expenses	<u>60,172,452</u>	<u>68,285,618</u>	<u>(8,113,166)</u>
Increase in net position before transfers	6,361,852	4,173,825	2,188,027
Transfers, net	-	-	-
Increase in net position	6,361,852	4,173,825	2,188,027
Net position, beginning of year (as restated)	<u>4,432,590</u>	<u>258,765</u>	<u>4,173,825</u>
Net position, end of year	<u>\$ 10,794,442</u>	<u>\$ 4,432,590</u>	<u>\$ 6,361,852</u>

**UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Management's Discussion and Analysis (Continued)**

- Charges for services – Public Safety represents UPD's largest source of revenue (91%).



- Public Safety represents the largest dollar portion of expenses (89%).



**UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Management's Discussion and Analysis (Continued)**

FINANCIAL ANALYSIS OF UNIFIED POLICE DEPARTMENT'S FUNDS

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

Governmental funds - The focus of UPD's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing UPD's financing requirements. As of June 30, 2022, UPD's governmental fund reports a fund balance of \$11.9 million. The following information on revenues and expenditures should be noted:

- Member fees for law enforcement services total \$63.12 million or 95.0% of revenues. This is an decrease of \$6.4 million compared to the prior year.
- Expenditures totaled \$67.2 million, a decrease of \$.9 million from the prior year,
- Public safety expenditures of \$59.0 million equates to 87.9% of total expenditures.

Financial Statements for governmental funds report up to five components of fund balance: *nonspendable, restricted, committed, assigned* and *unassigned*. Nonspendable fund balance includes resources that cannot be spent because of their form or that must be maintained intact. Restricted fund balance is used to describe resources that are subject to externally enforceable legal restrictions. Committed fund balance refers to resources whose use is constrained by limitations the Board has imposed upon itself either by resolution or ordinance; the underlying action that imposed the limitation would need to occur no later than the end of the reporting period and remains binding unless removed by the Board in the same manner. Assigned fund balance designates the portion of fund balance that reflects the Board's intended use of resources. Unassigned fund balance represents the residual net resources of the general fund. As of June 30, 2022, UPD's governmental fund balance is \$11.9 million (\$609 thousand in nonspendable, \$10.2 million in restricted, \$3.8 million in committed, \$850 thousand in assigned, and a negative \$3.6 million in unassigned fund balances).

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgets are only estimates of anticipated revenues and expenditures, UPD monitors and amends its budget throughout the year as needed. During fiscal year 2022, UPD amended its budget on a quarterly basis. Differences between the original budget and the final amended budget for the General Fund reflect the following changes:

- Both revenue and expenditure lines associated with Salt Lake County's request for UPD to provide COVID-related law enforcement to regulate crowds in county parks were increased.
- The appropriation for UPD's self-funded workers' compensation (WC) claims was increased for potential COVID-related WC claims.
- UPD also received a one-time rebate from its health insurance carrier. The UPD Board determined to pass this unexpected revenue on to its civilian employees. Each full-time civilian employee received a one-time lump sum payment of \$645; the revenue and related expenditure lines were amended accordingly.

**UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Management's Discussion and Analysis (Continued)**

With these adjustments, actual expenditures are \$138 thousand more than final budgeted amounts in the General Fund. The final budget included a budgetary use of general fund balance of \$3.6 million; this amount included an original budgetary use of general fund balance of \$3.1 million and \$250 thousand from committed fund balance for compensated absences of terminating employees.

SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS

The Special Revenue Fund ended the year with actual expenditures \$4.0 million less than the final budgeted amounts. Of that amount, \$3.5 million reflects unfilled, but approved, law enforcement positions. Differences between the original budget and the final budget for the Special Revenue Fund reflect the following amendments:

- Both revenue and expenditure lines associated with Salt Lake County's request for UPD to provide COVID-related law enforcement at countywide COVID-19 vaccination sites.
- The budget for the Special Revenue Fund was amended to reflect various contributions from private sources and grant revenues restricted for use at the precinct level.
- The budget was also amended for the special revenue fund, as certain member agencies adjusted their staffing levels mid-year.

With these adjustments, actual expenditures are \$4.0 million less than final budgeted amounts in the Special Revenue Fund.

CAPITAL ASSETS

As of June 30, 2022, the majority of UPD's capital assets were fleet vehicles (\$5.5 million net of accumulated depreciation). UPD purchased \$2.2 million of vehicles during the year ended June 30, 2022, and disposed of \$2.7 million of fleet vehicles. Due to supply chain issues caused by the COVID-19 pandemic, UPD was unable to rotate its fleet according to the vehicle rotation plan in place.

Capital assets, net of depreciation and amortization, are outlined below:

	Governmental Activities		
	2022	2021	Change
Equipment	\$ 1,528,468	\$ 1,467,505	\$ 60,963
Fleet vehicles	5,498,487	6,007,549	(509,062)
Fleet vehicles in process	-	269,204	(269,204)
Right-to-use assets: buildings	5,747,621	6,525,503	(777,882)
Total	\$ 12,774,576	\$ 14,269,761	\$ (1,495,185)

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

LONG-TERM DEBT

Overall, UPD had a net decrease in long-term liabilities in the amount of \$10,746,107, due mainly to the change in net pension liability. UPD has no general obligation or other bonds payable. Long-term debt consists of leases liability, compensated absences, an OPEB liability, and actuarially determined estimated obligations related to certain insurance claims. Additional information on UPD's long-term debt can be found in Note 5 to the basic financial statements.

**UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Management's Discussion and Analysis (Continued)**

CONTACTING UNIFIED POLICE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the finances of the Unified Police Department and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Debra Sanchez, Chief Financial Officer, Unified Police Department, 3365 South 900 West, Room 121, Salt Lake City, Utah 84119.

Basic Financial Statements

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Net Position
June 30, 2022

	Primary Government Governmental Activities	Component Unit SLVLESA
ASSETS		
Cash, cash equivalents, and investments	\$ 18,477,935	\$ 6,949,877
Receivables, net of allowance	1,216,094	-
Prepaid items	593,844	-
Deposits	75,000	-
Inventories	16,822	-
Net pension asset	11,940,214	-
Capital assets, net of accumulated depreciation		
Equipment	1,528,468	-
Fleet vehicles	5,498,487	-
Right-to-use assets - buildings	5,747,621	-
Buildings	-	301,713
Total assets	45,094,485	7,251,590
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	12,649,940	-
LIABILITIES		
Accounts payable	931,918	2,101,839
Accrued liabilities	1,254,970	-
Noncurrent liabilities:		
Due within one year:		
Leases payable	401,741	-
Net OPEB liability	38,722	-
Claims and compensated absences	3,266,732	-
Due in more than one year:		
Leases payable	10,905,498	-
Net OPEB liability	235,377	-
Claims and compensated absences	4,480,811	-
Total liabilities	21,515,769	2,101,839
DEFERRED INFLOWS OF RESOURCES		
Pension related	25,434,214	-
NET POSITION		
Net investment in capital assets	7,026,955	301,713
Unrestricted	3,767,487	4,848,038
Total net position	\$ 10,794,442	\$ 5,149,751
Total liabilities and net position	\$ 57,744,425	\$ 7,251,590

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Activities
For the Year Ended June 30, 2022

	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit
	Expenses				SLVLESA
Functions / Programs					
Primary Government:					
Governmental activities:					
General government	\$ 5,983,425	\$ 4,589,074	\$ 301,021	\$ (1,093,330)	
Public safety	53,972,578	59,938,582	1,374,161	7,340,165	
Interest	216,449	-	-	(216,449)	
Total governmental activities	60,172,452	64,527,656	1,675,182	6,030,386	
Total primary government	\$ 60,172,452	\$ 64,527,656	\$ 1,675,182	\$ 6,030,386	
Component Unit:					
SLVLESA	\$ 19,390,185	\$ 36,000	\$ -	\$ (19,354,185)	
Total component unit	\$ 19,390,185	\$ 36,000	\$ -	\$ (19,354,185)	
General Revenues and Transfers					
General Revenues:					
Property taxes and fees in lieu of taxes				-	18,793,239
Investment earnings				71,901	36,245
Miscellaneous				259,565	-
Transfers				-	-
Total general revenues and transfers				331,466	18,829,484
Change in net position				6,361,852	(524,701)
Net position - beginning (as restated)				4,432,590	5,674,452
Net position - ending				\$ 10,794,442	\$ 5,149,751

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Balance Sheet – Governmental Funds
June 30, 2022

	General	Special Revenue Fund Precincts	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 12,139,647	\$ 12,139,647
Receivables (net of allowance):			
Local	228,156	453,613	681,769
State	348,022	73,271	421,293
Federal	106,426	5,045	111,471
Other	662	899	1,561
Prepaid items	567,832	24,581	592,413
Deposits	75,000	-	75,000
Supplies inventory	16,822	-	16,822
Total assets	\$ 1,342,920	\$ 12,697,056	\$ 14,039,976
LIABILITIES			
Accounts payable	\$ 720,970	\$ 197,117	\$ 918,087
Accrued liabilities	341,866	913,104	1,254,970
Total liabilities	1,062,836	1,110,221	2,173,057
FUND BALANCES (DEFICITS)			
Nonspendable:			
Prepaid items	567,832	24,581	592,413
Supplies inventory	16,822	-	16,822
Restricted:			
Public safety	-	9,820,896	9,820,896
Grant requirements	-	112,517	112,517
Evidence	294,586	-	294,586
Forfeitures	-	-	-
Committed:			
Compensated absences obligation	2,131,493	1,628,841	3,760,334
Assigned:			
Self-insurance	850,000	-	850,000
Unassigned (deficit)	(3,580,649)	-	(3,580,649)
Total fund balances	280,084	11,586,835	11,866,919
Total liabilities and fund balances	\$ 1,342,920	\$ 12,697,056	\$ 14,039,976

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - total governmental funds \$ 11,866,919

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

Equipment and vehicles	\$ 7,146,855	
Right-to-use assets: buildings	13,934,549	
Accumulated depreciation	<u>(13,805,315)</u>	7,276,089

The liabilities and deferred outflows and inflows related to the Net Pension Liability are not available resources, nor are they due in the current period; therefore, are not reported in the governmental fund.

Net pension asset	11,929,727	
Deferred outflows related to pensions	12,645,688	
Deferred inflows related to pensions	<u>(25,418,710)</u>	(843,295)

Internal service funds are used by management to charge the cost of fleet management and risk management to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.

Cash and investments	6,338,288	
Prepaid items	1,431	
Net pension asset	10,487	
Fleet vehicles	14,292,785	
Accumulated depreciation	(8,794,298)	
Accounts payable	(13,831)	
Compensated absences	(29,484)	
Deferred outflows and inflows related to pensions	<u>(11,252)</u>	11,794,126

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	(4,844,803)	
Leases payable	(11,307,239)	
General claims payable	(2,816,916)	
Dental claims payable	(56,340)	
Net OPEB liability	<u>(274,099)</u>	(19,299,397)

Net position - governmental activities \$ 10,794,442

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2022

	General	Special Revenue Fund Precincts	Total Governmental Funds
REVENUES			
Charges for services:			
Member fees for law enforcement	\$ 16,133,366	\$ 46,990,997	\$ 63,124,363
Other community services	408,242	917,483	1,325,725
Grants and awards:			
State and local	113,760	250,512	364,272
Federal	542,458	404,411	946,869
Licenses and fees	11,190	66,378	77,568
Donor contributions	99,489	264,552	364,041
Interest income	71,901	-	71,901
Sale of noncapital surplus	140,764	-	140,764
Miscellaneous	113,913	4,888	118,801
Total revenues	17,635,083	48,899,221	66,534,304
EXPENDITURES			
Current:			
General government	7,078,489	-	7,078,489
Public safety	13,500,379	45,538,362	59,038,741
Debt service:			
Principal	125,281	269,027	394,308
Interest	182,192	34,257	216,449
Capital outlay	61,877	360,722	422,599
Total expenditures	20,948,218	46,202,368	67,150,586
Excess (deficiency) of revenues over expenditures	(3,313,135)	2,696,853	(616,282)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	76,388	76,388
Transfers out	(78,351)	-	(78,351)
Total other financing sources (uses)	(78,351)	76,388	(1,963)
Net change in fund balances	(3,391,486)	2,773,241	(618,245)
Fund balances - beginning	3,671,570	8,813,594	12,485,164
Fund balances - ending	\$ 280,084	\$ 11,586,835	\$ 11,866,919

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (618,245)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, capital assets with an initial, individual cost of more than \$5,000 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.

Capital outlays	422,599	
Amortization expense	(777,882)	
Depreciation expense	<u>(361,636)</u>	(716,919)

An internal service fund is used by management to charge the costs of vehicle replacement and maintenance to the General Fund. The change of net position of the internal service fund is included with governmental activities.

Change in net position	1,293,596
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Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long term liabilities in the Statement of Net Position.

Principal paid on lease payable	394,308
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund; long-term employee benefit obligations are reported in the governmental fund when paid.

Compensated absences expense	(241,025)	
Claims expense	(451,647)	
OPEB expense	44,121	
Net pension expense	<u>6,657,663</u>	<u>6,009,112</u>

Change in net position of governmental activities	<u><u>\$ 6,361,852</u></u>
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The accompanying notes are an integral part of this financial statement.

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues</u>				
Charges for services:				
Member fees for law enforcement	\$ 15,663,332	\$ 16,133,356	\$ 16,133,366	\$ 10
Other community services	422,400	446,400	408,242	(38,158)
Grants and awards:				
State	156,500	171,500	113,760	(57,740)
Federal	560,225	565,835	542,458	(23,377)
Licenses and fees	17,500	17,500	11,190	(6,310)
Donor contributions	22,500	115,289	99,489	(15,800)
Interest income	75,000	75,000	71,901	(3,099)
Sale of noncapital surplus	75,000	75,000	140,764	65,764
Miscellaneous	148,000	157,200	113,913	(43,287)
Total revenues	<u>17,140,457</u>	<u>17,757,080</u>	<u>17,635,083</u>	<u>(121,997)</u>
<u>Expenditures</u>				
Current:				
General government:				
Salaries and employee benefits	4,875,650	4,797,894	4,643,494	154,400
Administration	1,473,027	1,512,662	1,885,596	(372,934)
Contracted services:				
Other services	288,500	288,500	338,163	(49,663)
Supplies, uniforms, and materials	29,600	20,900	(14,945)	35,845
Operations and building maintenance	2,150	2,150	723	1,427
Vehicle fuel and cleaning	22,400	23,400	27,045	(3,645)
Education and training	14,000	14,130	15,470	(1,340)
Other expenses	1,800	1,770	751	1,019
Public safety:				
Salaries and employee benefits	6,830,250	7,266,554	6,906,798	359,756
Administration	957,350	1,061,329	1,105,632	(44,303)
Contracted services:				
Emergency dispatch	2,176,443	2,176,443	2,176,443	-
Other services	1,572,300	1,583,700	1,819,744	(236,044)
Supplies, uniforms, and materials	413,600	453,000	367,513	85,487
Operations and building maintenance	92,400	92,650	100,404	(7,754)
Vehicle fuel and cleaning	557,350	563,850	625,644	(61,794)
Education and training	127,350	111,450	73,440	38,010
Other expenses	460,525	480,635	506,953	(26,318)
Debt service:				
Principal	125,281	125,281	125,281	-
Interest	182,192	182,192	182,192	-
Capital outlay:				
Law enforcement equipment	60,000	43,950	53,877	(9,927)
K-9 Service Animal	10,000	8,000	8,000	-
Total expenditures	<u>20,272,168</u>	<u>20,810,440</u>	<u>20,948,218</u>	<u>(137,778)</u>
Excess of revenues over expenditures	<u>(3,131,711)</u>	<u>(3,053,360)</u>	<u>(3,313,135)</u>	<u>(259,775)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers out	-	(78,351)	(78,351)	-
Total other financing sources (uses)	-	(78,351)	(78,351)	-
Net change in fund balance	<u>\$ (3,131,711)</u>	<u>\$ (3,131,711)</u>	<u>(3,391,486)</u>	<u>\$ (259,775)</u>
Fund balance, beginning of year			<u>3,671,570</u>	
Fund balance, end of year			<u>\$ 280,084</u>	

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget to Actual – Precincts Fund (Special Revenue Fund)
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues</u>				
Charges for services:				
Member fees for law enforcement	\$ 43,509,200	\$ 47,490,594	\$ 46,990,997	\$ (499,597)
Other community services	1,099,000	1,099,000	917,483	(181,517)
Grants and awards:				
State	226,500	232,500	250,512	18,012
Federal	20,000	20,000	404,411	384,411
Licenses and fees	120,000	120,000	66,378	(53,622)
Donor contributions	62,400	397,293	264,552	(132,741)
Miscellaneous	25,000	-	4,888	4,888
Total revenues	<u>45,062,100</u>	<u>49,359,387</u>	<u>48,899,221</u>	<u>(460,166)</u>
<u>Expenditures</u>				
Current:				
Public safety:				
Salaries and employee benefits	39,226,600	43,520,532	40,025,017	3,495,515
Administration	1,011,100	1,005,100	604,452	400,648
Contracted services:				
Other services	484,050	538,350	505,276	33,074
Supplies, uniforms, and materials	559,000	561,100	538,822	22,278
Operations and building maintenance	123,200	129,850	95,242	34,608
Vehicle fuel and cleaning	3,293,600	3,438,550	3,554,271	(115,721)
Education and training	227,800	221,150	157,162	63,988
Other expenses	120,000	95,565	58,120	37,445
Debt service:				
Principal	269,027	269,027	269,027	-
Interest	34,257	34,257	34,257	-
Capital outlay:				
Precinct buildings and improvements	51,600	434,536	360,722	73,814
Total expenditures	<u>45,400,234</u>	<u>50,248,017</u>	<u>46,202,368</u>	<u>4,045,649</u>
Excess of revenues over expenditures	<u>(338,134)</u>	<u>(888,630)</u>	<u>2,696,853</u>	<u>3,585,483</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	76,388	76,388	-
Transfers out	(4,000)	(3,000)	-	3,000
Total other financing sources (uses)	<u>(4,000)</u>	<u>73,388</u>	<u>76,388</u>	<u>3,000</u>
Net change in fund balance	<u>\$ (342,134)</u>	<u>\$ (815,242)</u>	<u>2,773,241</u>	<u>\$ 3,588,483</u>
Fund balance, beginning of year			8,813,594	
Fund balance, end of year			<u>\$ 11,586,835</u>	

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Net Position – Internal Service Fund
June 30, 2022

	Governmental Activities
	Fleet Management
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 6,338,288
Prepaid items	1,431
Total current assets	6,339,719
Noncurrent assets:	
Net pension asset	10,487
Capital assets:	
Vehicles (including police up-fitting)	14,292,785
Less: accumulated depreciation	(8,794,298)
Net capital assets	5,498,487
Total noncurrent assets	5,508,974
Total assets	11,848,693
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related	4,252
 LIABILITIES	
Current liabilities:	
Accounts payable	13,831
Compensated absences	13,632
Total current liabilities	27,463
Noncurrent liabilities:	
Compensated absences	15,852
Total liabilities	43,315
 DEFERRED INFLOWS OF RESOURCES	
Pension related	15,504
 NET POSITION	
Net investment in capital assets	5,508,974
Unrestricted	6,285,152
Total net position	\$ 11,794,126

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Fund
For the Year Ended June 30, 2022

	<u>Governmental Activities Fleet Management</u>
OPERATING REVENUES	
Charges for services	
Vehicle service fees	\$ 341,729
Vehicle replacement charges	2,603,300
Miscellaneous	94,761
Total operating revenues	<u>3,039,790</u>
OPERATING EXPENSES	
Personnel:	
Salaries and related benefits	216,803
Other	41,077
Contractual services:	
Fleet vehicles	39,514
Buildings	46,301
Depreciation	1,735,886
Total operating expenses	<u>2,079,581</u>
Operating income	<u>960,209</u>
NONOPERATING REVENUES	
Gain on disposal of property	<u>331,424</u>
Income before transfers	<u>1,291,633</u>
Transfers in	<u>1,963</u>
Change in net position	1,293,596
Total net position, beginning	10,500,530
Total net position, ending	<u><u>\$ 11,794,126</u></u>

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Cash Flows – Internal Service Fund
For the Year Ended June 30, 2022

	<u>Governmental Activities Fleet Management</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for interfund services provided	\$ 3,039,790
Payments to employees	(308,919)
Payments to suppliers	<u>(138,042)</u>
Net cash provided by operating activities	<u>2,592,829</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from precincts fund	<u>1,963</u>
Net cash provided by noncapital financing activities	<u>1,963</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of fleet vehicles and up-fitting	(1,289,362)
Net proceeds from sale of fleet vehicles	<u>663,166</u>
Net cash used by capital and related financing activities	<u>(626,196)</u>
Net increase in cash and cash equivalents	1,968,596
Cash and cash equivalents, beginning of year	<u>4,369,692</u>
Cash and cash equivalents, end of year	<u>\$ 6,338,288</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 960,209
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,735,886
Changes in assets and liabilities:	
Increase in prepaid items	(1,431)
Increase in net pension asset	(10,487)
Decrease in pension related deferred outflows of resources	72,671
Decrease in accounts payable	(52,227)
Increase in compensated absences	2,886
Decrease in net pension liability	(77,250)
Decrease in pension related deferred inflows of resources	<u>(37,428)</u>
Net cash provided by operating activities	<u>\$ 2,592,829</u>

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Fiduciary Net Position
June 30, 2022

ASSETS

Cash and investments \$ 635,306

Total assets \$ 635,306

LIABILITIES

Deposits held for others:

Evidence \$ 521,132

Pending forfeitures 98,095

Unclaimed property 14,962

Civil service fees 1,117

Total liabilities \$ 635,306

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

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Unified Police Department (UPD) are in conformity with accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the more significant accounting policies applied by UPD.

The Reporting Entity - UPD was formed on September 3, 2009, and was established under an interlocal agreement, to provide law enforcement services to its members' jurisdictions. Operations began January 1, 2010. The Board of Directors (the Board), comprised of a mayor or council member from each member city, town, and metro township, the Salt Lake County mayor or designee, and one member from the Salt Lake County council, is the primary governing authority for UPD. The Board establishes policies, approves the budget, and appoints officials with responsibilities for administering all law enforcement activities and fiscal matters of UPD. UPD serves the municipalities, metro townships, and communities of Copperton, Emigration Canyon, Holladay, Kearns, Magna, Midvale, Millcreek, White City, Brighton Town, and the unincorporated areas of Salt Lake County and performs certain law enforcement functions for the whole of Salt Lake County. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable.

Government-wide Financial Statements - The *statement of net position* and the *statement of activities* report information on all nonfiduciary activities of the primary government and its discretely presented component unit. Fiduciary activities are reported only in the fund financial statements. As a general rule, the effect of interfund activity is eliminated from the government-wide financial statements (such as, internal service fund activity and indirect cost charges to cost centers). The *primary government* is reported separately from its legally separate *component unit* for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. Governmental activities incorporate data from the general fund, special revenue fund, and the internal service fund.

The statement of activities presents the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Depreciation expense for capital assets specifically identified with a function is included in its direct expenses. Program revenues include: a) charges to members and other governmental units who purchase, use, or directly benefit from services or privileges provided by a given program, and b) grants and contributions that are restricted to meeting the operating requirements of a particular program.

Discretely presented component unit - The Salt Lake Valley Law Enforcement Service Area (SLVLESA), which began operations on January 1, 2010, was created to providing funding for law enforcement services to the unincorporated areas of Salt Lake County, incorporated townships, and municipalities that had annexed into the service area. SLVLESA is based on the premise that law enforcement services are provided more efficiently and effectively, in both costs and operations, if entities join together in providing public safety services. SLVLESA is governed by a nine-member Board of Trustees. Three trustees are appointed by the Salt Lake County Council the remaining six are appointed by their respective town or township council.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The day-to-day operations of SLVLESA are managed by the Salt Lake County Sheriff, as Chief Executive Officer, and the following staff positions: District Administrator, Chief Financial Officer, Treasurer, and Clerk.

Fund Financial Statements - The fund financial statements provide information about UPD's funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented, even though the latter are excluded from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Fleet Management Fund (internal service fund) are charges to the General Fund and Special Revenue Fund for fleet management and vehicle maintenance. Operating expenses for the internal service fund include vehicle modifications and depreciation on vehicles. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

UPD reports the following major governmental funds:

- *General Fund*. The General Fund is UPD's primary operating fund. It accounts for all financial resources of UPD, except those required to be accounted for in another fund.
- *Special Revenue Fund*. The special revenue fund reports five municipal precincts and countywide law enforcement services for Salt Lake County, including five townships, one town, and unincorporated law enforcement districts. UPD established the special revenue fund in fiscal year 2020, at the request of the governing board, to separate the accounting for precinct funding from the specialized shared law enforcement services that are accounted for in the General Fund.

Additionally, UPD reports the following fund types:

- *Internal Service Fund*. The Fleet Management Fund (a proprietary fund type) is an internal service fund used by UPD to account for the activities associated with UPD's replacement and maintenance of fleet vehicles. Fees, which are set on a cost-reimbursement basis, are charged to UPD's General Fund and Special Revenue Fund to cover anticipated costs.
- *Agency Fund*. The Agency Fund (a fiduciary fund) is used to account for assets, such as evidence money, and pending forfeitures held by UPD as a custodian for other governments, private organizations, or individuals.

Net Position/Fund Balance Classifications - The residual of all other elements presented in a statement of financial 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*.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net position is divided into three components: investment in capital assets (equipment and vehicles, net of accumulated depreciation), 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 funds balance sheet presents 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 UPD is bound to honor them. UPD 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 a) not in spendable form or b) legally or contractually required to be maintained intact.
- *Restricted*. This category includes amounts that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) 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 Board. 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 governmental funds balance amounts that UPD intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of UPD's administration.
- *Unassigned*. Residual net resources in governmental funds are classified as unassigned. If resources were not at least assigned, they could not properly be reported in a fund other than the general fund to begin with. Therefore, only the general fund can report a positive unassigned fund balance. Conversely, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

Net Position/Fund Balance Flow Assumption - Sometimes UPD will fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the correct amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

- *Net Position* - It is UPD policy to consider restricted net position to have been depleted before unrestricted net position.
- *Fund Balance* - It is UPD policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance, with unassigned fund balance being applied last.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide and proprietary fund 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, UPD considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to *compensated absences, pension expense, other post-employment benefits (OPEB)*, and *claims* related to workers' compensation obligations are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds.

Charges for services, fees, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

As discussed earlier, the government has a discretely presented component unit. SLVLESA is considered to be a major component unit and is shown in a separate column in the government-wide financial statements.

Budgets and Budgetary Accounting - UPD operates within budget requirements as specified by Utah law. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Special Revenue Fund, and the Fleet Management (internal service fund). The budget for the Fleet Management fund is not legally required for budgetary control; this budget is for management purposes. All annual appropriations lapse at fiscal year-end. These financial reports reflect the following budgetary standards:

- For the fiscal year beginning July 1, the budget officer prepares and presents a tentative budget for all funds by the first regularly scheduled meeting in May. At the time, the Board tentatively adopts the tentative budget.
- The Board, by resolution and following a public hearing, legally adopts the final budget no later than June 22.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board upon recommendation of the budget officer; however, increases in appropriations at the overall fund level require a public hearing prior to amending the budget. In accordance with Utah law and with Board policy, administration may make interim adjustments from one department to another within any given fund without seeking the immediate approval of the Board. The Board approves these changes later in the year.
- The total budgeted expenditures of a given fund may not exceed the expected revenues for the fiscal year plus any budgetary use of fund balance. Control of the budget is exercised at the overall department level.
- Interim adjustments in estimated revenue and appropriations during the year ended June 30, 2022, are included in the final budget approved by the Board, as presented in the financial statements.
- UPD has two functions: general government and public safety.

Cash and Cash Equivalents - For the *statement of cash flows* for the proprietary fund, UPD's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition (including investments in the Utah Public Treasurers' Investment Fund).

Receivables - Receivables consists of amounts due to UPD from federal, state, and local sources. UPD considers all amounts due to be fully collectible and has not established an allowance for doubtful accounts as of June 30, 2022.

Prepaid and Inventory - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, when applicable.

Capital Assets - All purchased equipment or vehicles, with a useful life of greater than one year and an acquisition cost of more than \$5,000, are capitalized and reported at cost or estimated historical cost in the proprietary fund and government-wide financial statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized in the financial statements. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Capital assets allocated from member cities are recorded at book value net of accumulated depreciation which approximates acquisition value. UPD does not purchase nor construct infrastructure (public domain) assets. Governmental activity capital assets are recorded as expenditures in the governmental fund financial statements at the time of purchase or construction.

Depreciation is provided on capital assets using the straight-line method over their estimated useful lives as follows:

Equipment	3 to 10 years
Vehicles	5 to 10 years
Right-to-use assets	2 to 20 years

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) including additions to and deductions from URS's fiduciary net position, have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) - For purposes of measuring the total OPEB liability and OPEB expense, UPD recognizes benefit payments when due and payable in accordance with the benefit terms. The total OPEB liability is measured at the discounted present value of expected future benefits. The value of UPD's OPEB liability has been determined in house, without the use of an actuary. UPD based the liability amount on the assumption that all remaining OPEB recipients would remain in the program until they turn 65 years of age and would at that time no longer be eligible for OPEB.

Long-term Liabilities and Leases - In the government-wide financial statements, leases, compensated absences obligation, claims payable, total OPEB obligation, and net pension liability are reported as long-term liabilities in the statement of net position.

The UPD recognizes leases payable, and an intangible right-to-use leased assets in the government-wide financial statements for individual values over \$5,000. At the commencement of a lease, the UPD measures the lease payable at the present value of payments expected to be made during the lease term for leases greater than 24 months from the date of the financial statements. Subsequently, the lease payable is reduced by the principal amount of the lease payments. The leased asset is measured at the initial amount of the lease payable, adjusted for lease payments made at or before the lease commencement date, plus initial direct costs. The leased asset is amortized over its useful life.

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

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

2. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as of June 30, 2022, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 6,843,662
Carrying amount of petty cash at precincts	38,144
Carrying amount of investments (PTIF)	12,231,435
Total cash and investments	\$ 19,113,241
Governmental funds cash and investments	\$ 12,139,647
Proprietary fund cash and investments	6,338,288
Governmental activity cash and investments	18,477,935
Agency fund cash and investments	635,306
Total cash and investments	\$ 19,113,241

UPD complies with the State Money Management Act (*Utah Code*, Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling its depository and investing transactions. UPD funds are deposited in qualified depositories as defined by the Act. The Act also authorizes UPD to invest in the Utah Public Treasurers' Investment Fund (the PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

Rules established by the Act and Council govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. UPD considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits - As of June 30, 2022, UPD had the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Total deposits	\$ 6,843,662	\$ 6,284,241	\$ 352,951

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. UPD does not have a formal deposit policy for custodial credit risk other than complying with the Act. As of June 30, 2022, \$5,931,290 of UPD's bank deposits were uninsured and uncollateralized. No deposits are collateralized nor are they required to be by Utah State statute.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Investments - As of June 30, 2022, UPD had \$12,231,435 invested with the PTIF. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized to make investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. 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 primarily consists of money market securities held by the Utah State Treasurer, including investment-grade corporate notes, top-tier commercial paper, money market mutual funds, repurchase agreements, and certificates of deposit. The portfolio has a weighted average maturity of 52 days. The PTIF is not rated; the reported value of the pool is the same as the fair value of the pool shares.

3. FAIR VALUE MEASUREMENTS

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

UPD has the following recurring fair value measurements as of June 30, 2022:

- Public Treasurers' Investment Fund position of \$12,231,435 is valued at UPD's position in the PTIF (Level 2 inputs).

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, is as follows:

	(restated) 07/01/21	Increases	Decreases	06/30/22
<u>Governmental activities</u>				
Capital assets, being depreciated:				
Equipment	\$ 6,734,876	\$ 422,599	\$ (10,620)	\$ 7,146,855
Fleet vehicles	14,246,244	1,289,362	(1,242,821)	14,292,785
Fleet vehicles in process	269,204	-	(269,204)	-
Right-to-use assets - buildings	13,934,549	-	-	13,934,549
Total capital assets, being depreciated	<u>35,184,873</u>	<u>1,711,961</u>	<u>(1,522,645)</u>	<u>35,374,189</u>
Accumulated depreciation/amortization:				
Equipment	(5,267,371)	(361,636)	10,620	(5,618,387)
Fleet vehicles	(8,238,695)	(1,735,886)	1,180,283	(8,794,298)
Right-to-use assets - buildings	(7,409,046)	(777,882)	-	(8,186,928)
Total accumulated depreciation	<u>(20,915,112)</u>	<u>(2,875,404)</u>	<u>1,190,903</u>	<u>(22,599,613)</u>
Governmental capital assets, net	<u>\$ 14,269,761</u>	<u>\$ (1,163,443)</u>	<u>\$ (331,742)</u>	<u>\$ 12,774,576</u>

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

4. CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2022, is charged to functions of UPD as follows:

Governmental activities:	
General government	\$ 127,134
Public Safety	<u>2,748,270</u>
Total depreciation expense - governmental activities	<u>\$ 2,875,404</u>

5. LONG-TERM LIABILITIES

UPD Risk Management

Workers' Compensation, Auto Liability, And General Liability

UPD maintains insurance coverage for employment practices, general, automobile, and law enforcement, and public officials' errors and omissions liability. UPD is self-insured up to \$350,000 per occurrence and maintains an excess liability policy through the States Self-Insurers Risk Retention Group, Inc. (States) up to \$4,000,000 per occurrence and \$4,000,000 aggregate. States is a member-owned company, providing excess liability coverage for public entities around the country. States operates as a risk retention group under the Federal Risk Retention Act and is structured similarly to a well-established, highly regulated national pool. States is domiciled in Vermont and registered in 44 states, including Utah.

Dental Liability

UPD is self-insured for its dental insurance and contracts with Educator's Mutual Insurance (EMI) to administer its dental plan. On a monthly basis, EMI invoices UPD for actual costs incurred.

UPD has established a \$750,000 and \$100,000 assignment of fund balance for either claims outstanding or for claims incurred but not reported (IBNR) for both its workers' compensation obligation and its dental benefits obligations, respectively. The unpaid claims are included as long-term liabilities in the government-wide financial statements. Liabilities are based on the estimated ultimate cost of settling claims using past experience adjusted for current trends. This liability is UPD's best estimate based on available information. These obligations will be paid by the General Fund.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

5. LONG-TERM LIABILITIES (CONTINUED)

Changes in the estimated claims payable liability carried in the liabilities of the governmental activities, as of the year ended June 30, 2022, are as follows:

	07/01/21	Current Year Claims and Changes in Estimates	Claim Payments	06/30/22	Estimated Due Within One Year
Workers Compensation, Auto, and General Liability	\$ 2,299,880	\$ 646,460	\$ (582,863)	\$ 2,363,477	\$ 353,460
Dental Liability	64,164	400,550	(406,582)	58,132	58,132
	<u>\$ 2,364,044</u>	<u>\$ 1,047,010</u>	<u>\$ (989,445)</u>	<u>\$ 2,421,609</u>	<u>\$ 411,592</u>

The following is a breakdown of the table above, shown by the fiscal year in which the claim originated, as well as the activity and changes in estimates pertaining to those claims:

(This schedule represents a breakdown of the totals above)

	07/01/21	Current Year Claims and Changes in Estimates	Claim Payments	06/30/22	Estimated Due Within One Year
<u>1990 - 2015</u>					
WC, Auto & Gen Liability	\$ 48,652	\$ 278,646	\$ (281,229)	\$ 46,069	\$ -
<u>2015 - 2016</u>					
WC, Auto & Gen Liability	961,668	147,454	(142,805)	966,317	83,242
<u>2016 - 2017</u>					
WC, Auto & Gen Liability	200,000	-	-	200,000	40,000
<u>2017 - 2018</u>					
WC, Auto & Gen Liability	203,347	(52,223)	-	151,124	30,225
<u>2018 - 2019</u>					
WC, Auto & Gen Liability	801,248	(302,965)	(10,513)	487,770	97,554
Dental	49,665	-	(49,665)	-	-
<u>2019 - 2020</u>					
WC, Auto & Gen Liability	84,965	199,645	-	284,610	56,922
Dental	14,499	-	(14,499)	-	-
<u>2019 - 2020</u>					
WC, Auto & Gen Liability	-	375,903	(148,316)	227,587	45,517
Dental	-	400,550	(342,418)	58,132	58,132
	<u>\$ 2,364,044</u>	<u>\$ 1,047,010</u>	<u>\$ (989,445)</u>	<u>\$ 2,421,609</u>	<u>\$ 411,592</u>

Compensated Absences

UPD accrues vacation for all full-time employees. Employees earn between 12 and 24 vacation days each year, depending upon length of service with UPD. UPD is liable to its employees for days earned but not taken. If an employee terminates, payment for accrued vacation is made; otherwise, scheduled vacation time off is allowed.

UPD offers sick leave, which is accrued in accordance with UPD policy for only those employees who qualify for state retirement; only 25% of the value of the sick leave accumulation is accrued. UPD estimates these vacation and sick accrual obligations as of June 30, 2022, to be \$4,874,287. These obligations will be paid by the General, Special Revenue, and Fleet Management Funds.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

5. LONG-TERM LIABILITIES (CONTINUED)

Other Post-Employment Benefit (OPEB) Plan

Plan Description - UPD provides post-employment health care through a single-employer defined benefit plan and is only available to employees who retire from UPD and the Utah Retirement Systems prior to May 31, 2017. OPEB recipients many stay on the plan only until they age out at 65 years of age, wherein these retirees no longer participate, and for which UPD no longer records a liability. No assets are accumulated in a trust that meets the criteria of generally accepted accounting principles.

Because of the small number of plan members, UPD does not engage the services of an actuary. Rather, the long-term liability of the plan is determined in house using a 3% inflationary factor and the assumption that all current plan members will remain on the plan until they age out. This estimate may result in the actual liability being lower than actual. An adjustment to this estimated liability is made as necessary each year, as well as a final adjustment at the termination of the plan.

Benefits Provided - The activity of the plan is reported in UPD's General Fund. The benefits, benefit levels, employee contributions, and employer contributions are governed by UPD policy, which can be amended at any time by the governing body. UPD participation (obligation) is up to 80% of a single premium based on an employee's years of service.

Employees Covered by Benefit Terms - As of June 30, 2022, 14 retirees are receiving health benefits from the plan. During fiscal year 2022, two members turned 65 years old and aged out of the plan.

The following is a summary of the changes in the OPEB liability as of and for the year ended June 30, 2022:

Total OPEB obligation:					
Changes in assumptions or other inputs				\$	-
Benefit payments					(44,121)
Net changes					(44,121)
Total OPEB obligation, beginning					318,220
Total OPEB obligation, ending				\$	<u>274,099</u>

The following is a summary of the long-term debt as of June 30, :

	07/01/21	Increases	Decreases	06/30/22	Due Within One Year
<u>Governmental activities</u>					
Compensated absences	\$ 4,630,376	\$ 3,495,071	\$ (3,251,160)	\$ 4,874,287	\$ 2,235,307
OPEB obligation	318,220	-	(44,121)	274,099	38,722
Workers Compensation, Auto, and General Liability	2,363,477	1,915,475	(1,462,036)	2,816,916	975,085
Dental Liability	58,132	362,316	(364,108)	56,340	56,340
Lease liability	11,701,546	-	(394,308)	11,307,238	401,741
	<u>\$ 19,071,751</u>	<u>\$ 5,772,862</u>	<u>\$ (5,515,733)</u>	<u>\$ 19,328,880</u>	<u>\$ 3,707,195</u>

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS

Employee Retirement Systems and Pension Plans

General Information about the Pension Plan

Plan Description

Eligible plan participants are provided with pensions through the Utah Retirement Systems (URS). URS is comprised of the following Pension Trust Funds:

Defined Benefit Plans

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

Summary of Benefits by System

Benefits Provided

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.50%
Tier 2 Public Safety and Firefighters System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year to June 30, 2020 2.00% per year July 1, 2020 to present	Up to 2.50%

*Actuarial reductions are applied.

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

Contribution Rate Summary

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

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

Contribution rates as of June 30, 2022 are as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
111- Local Governmental Division Tier 2	N/A	16.07%	0.62%
Noncontributory System			
15- Local Governmental Division Tier 1	N/A	18.47%	N/A
Public Safety System			
<i>Contributory</i>			
122- Tier 2 DB Hybrid Public Safety	2.27%	23.74%	N/A
<i>Noncontributory</i>			
49- Other Div B with 2.5% COLA	N/A	32.28%	N/A
Tier 2 DC Only			
211- Local Government	N/A	6.69%	10.00%
222- Public Safety	N/A	9.74%	14.00%

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

For fiscal year ended June 30, 2022, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 581,640	N/A
Public Safety System	5,868,367	-
Tier 2 Public Employees System	214,100	-
Tier 2 Public Safety and Firefighter	1,285,709	-
Tier 2 DC Only System	22,815	N/A
Tier 2 DC Public Safety and Firefighter System	86,612	N/A
Total Contributions	<u>\$ 8,059,243</u>	<u>\$ -</u>

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

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

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

As of June 30, 2022, UPD reported a net pension asset of \$11,940,214 and a net pension liability of \$0.

	Measurement Date: December 31, 2021				
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31, 2020</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ 2,170,416	\$ -	0.3789725%	0.3996906%	-0.0207181%
Public Safety System	\$ 9,635,545	\$ -	26.9058639%	29.4695725%	-2.5637086%
Tier 2 Public Employees System	\$ 31,133	\$ -	0.0735581%	0.0861029%	-0.0125448%
Tier 2 Public Safety and Firefighter	\$ 103,120	\$ -	2.0402752%	2.1246744%	-0.0843992%
Total Net Pension Asset / Liability	<u>\$ 11,940,214</u>	<u>\$ -</u>			

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

The net pension asset and liability were measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2021 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2022, UPD recognized pension expense of \$1,346,615.

As of June 30, 2022, UPD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,413,443	\$ 20,952
Changes in assumptions	2,027,019	316,175
Net difference between projected and actual earnings on pension plan investments	-	24,059,117
Changes in proportion and differences between contributions and proportionate share of contributions	38,949	1,037,970
Contributions subsequent to the measurement date	4,170,529	-
	<u>\$12,649,940</u>	<u>\$25,434,214</u>
Total		

\$4,170,529 reported as deferred outflows of resources related to pensions results from contributions made by UPD prior to the fiscal year ended June 30, 2022, but subsequent to the measurement date of December 31, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (1,515,928)
2023	(5,882,196)
2024	(5,709,535)
2025	(4,005,225)
2026	18,346
Thereafter	139,736

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2022, UPD recognized pension expense of (\$665,446).

As of June 30, 2022, UPD reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 227,328	\$ -
Changes in assumptions	203,702	14,010
Net difference between projected and actual earnings on pension plan investments	-	2,922,174
Changes in proportion and differences between contributions and proportionate share of contributions	-	224,844
Contributions subsequent to the measurement date	283,626	-
	<u>\$ 714,656</u>	<u>\$ 3,161,028</u>
Total		

\$283,625 reported as deferred outflows of resources related to pensions results from contributions made by UPD prior to fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (665,657)
2023	(869,279)
2024	(709,534)
2025	(485,528)
2026	-
Thereafter	-

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2022, UPD recognized pension expense of \$1,361,129.

As of June 30, 2022, UPD reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,082,625	\$ -
Changes in assumptions	1,678,570	283,543
Net difference between projected and actual earnings on pension plan investments	-	20,744,824
Changes in proportion and differences between contributions and proportionate share of contributions	-	796,081
Contributions subsequent to the measurement date	<u>3,041,053</u>	<u>-</u>
Total	<u><u>\$10,802,248</u></u>	<u><u>\$21,824,448</u></u>

\$3,041,053 reported as deferred outflows of resources related to pensions results from contributions made by UPD prior to fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (765,641)
2023	(4,910,047)
2024	(4,920,799)
2025	(3,466,766)
2026	-
Thereafter	-

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2022, UPD recognized pension expense of \$107,343.

As of June 30, 2022, UPD reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,125	\$ 4,011
Changes in assumptions	29,029	294
Net difference between projected and actual earnings on pension plan investments	-	76,924
Changes in proportion and differences between contributions and proportionate share of contributions	17,763	12,567
Contributions subsequent to the measurement date	<u>116,108</u>	<u>-</u>
Total	<u>\$ 178,025</u>	<u>\$ 93,796</u>

\$116,108 reported as deferred outflows of resources related to pensions results from contributions made by UPD prior to fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (15,215)
2023	(19,291)
2024	(14,203)
2025	(8,500)
2026	5,153
Thereafter	20,178

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2022, UPD recognized pension expense of \$543,589.

As of June 30, 2022, UPD reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 88,365	\$ 16,941
Changes in assumptions	115,718	18,328
Net difference between projected and actual earnings on pension plan investments	-	315,195
Changes in proportion and differences between contributions and proportionate share of contributions	21,186	4,478
Contributions subsequent to the measurement date	<u>729,742</u>	<u>-</u>
Total	<u>\$ 955,011</u>	<u>\$ 354,942</u>

\$729,742 reported as deferred outflows of resources related to pensions results from contributions made by UPD prior to fiscal year end, but subsequent to the measurement date of December 31, 2021.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2022	\$ (69,415)
2023	(83,579)
2024	(64,999)
2025	(44,431)
2026	13,193
Thereafter	119,558

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2021, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	37.00%	6.58%	2.43%
Debt securities	20.00%	-0.28%	-0.06%
Real assets	15.00%	5.77%	0.87%
Private equity	12.00%	9.85%	1.18%
Absolute return	16.00%	2.91%	0.47%
Cash and cash equivalents	0.00%	-1.01%	0.00%
Totals	100.00%		4.89%
	Inflation		2.50%
	Expected arithmetic nominal return		7.39%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.35% that is net of investment expense.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced from 6.95% to 6.85% from the prior measurement date.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 1,167,098	\$ (2,170,416)	\$ (4,954,921)
Public Safety System	17,687,128	(9,635,545)	(31,899,184)
Tier 2 Public Employees System	185,494	(31,133)	(197,457)
Tier 2 Public Safety and Firefighter	827,284	(103,120)	(841,734)
Total	<u>\$19,867,004</u>	<u>\$ (11,940,214)</u>	<u>\$(37,893,296)</u>

Defined Contribution Savings Plans

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

Unified Police Department participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

6. STATE RETIREMENT PLANS (CONTINUED)

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

	2022	2021	2020
401(k) Plan			
Employer Contributions	\$ 2,996,583	\$ 2,831,529	\$ 3,039,377
Employee Contributions	1,197,137	1,008,644	1,020,145
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	610,614	446,318	480,229
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	172,800	158,899	146,157
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	8,141	9,316	10,941

7. LEASES

The UPD has entered into four lease agreements, as a lessee, for the use of property and building space, used by the Kearns, Millcreek, and Magna precincts, and the Special Ops Building (SOB), used by all precincts. The leases payable is measured as the present value of the future minimum rent payments to be made during the lease term at a discount rate of 1.87%, which is the UPD's estimated incremental borrowing rate on June 30, 2022. Although initial lease terms were for 32 to 60 months (20-years for the SOB), the leases have only been valued at the remaining months (12 to 48 months), due to the insignificant nature to the UPD. An initial combined lease payable was recorded in the amount of \$11,701,547 during the current year. As of June 30, 2022, the value of the lease payable was \$11,307,239.

A summary of the lease obligations as of June 30, 2022 are as follows:

	07/01/21	Increases	Decreases	06/30/22	Due Within One Year
<u>Governmental activities</u>					
Magna Building Lease	\$ 560,519	\$ -	\$ (25,698)	\$ 534,821	\$ 26,183
Kearns Building Lease	1,127,708	-	(117,139)	1,010,569	119,348
Millcreek Building Lease	254,760	-	(126,190)	128,570	128,570
Special Ops Building	9,758,559	-	(125,281)	9,633,278	127,640
	<u>\$ 11,701,546</u>	<u>\$ -</u>	<u>\$ (394,308)</u>	<u>\$ 11,307,238</u>	<u>\$ 401,741</u>

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

7. LEASES (CONTINUED)

The future minimum lease obligations as of June 30, are as follows:

	Magna	Kearns	Millcreek	SOB	Total
	Principal				
2023	\$ 26,183	\$ 119,348	\$ 128,570	\$ 127,640	\$ 401,741
2024	26,677	121,599	-	130,044	278,320
2025	27,180	123,893	-	132,493	283,566
2026	27,692	126,229	-	134,988	288,909
2027	25,873	128,610	-	137,530	292,013
Thereafter	401,216	390,890	-	8,970,583	9,762,689
	<u>\$ 534,821</u>	<u>\$ 1,010,569</u>	<u>\$ 128,570</u>	<u>\$ 9,633,278</u>	<u>\$ 11,307,238</u>
	Interest				
2023	\$ 9,817	\$ 18,059	\$ 1,306	\$ 179,832	\$ 209,014
2024	9,323	15,808	-	177,429	202,560
2025	8,820	13,515	-	174,980	197,315
2026	8,308	11,178	-	172,485	191,971
2027	7,127	8,022	-	169,943	185,092
Thereafter	49,358	11,547	-	2,147,094	2,207,999
	<u>\$ 92,753</u>	<u>\$ 78,129</u>	<u>\$ 1,306</u>	<u>\$ 3,021,763</u>	<u>\$ 3,193,951</u>

8. DISCRETELY PRESENTED COMPONENT UNIT

Capital assets activity for SLVLESA for the year ended December 31, 2021, was as follows:

<u>Component Unit</u>	<u>01/01/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/21</u>
Capital assets, being depreciated:				
Buildings	\$ 330,245	\$ -	\$ -	\$ 330,245
Accumulated depreciation:				
Buildings	(18,918)	(9,614)	-	(28,532)
Total component unit capital assets, net	<u>\$ 311,327</u>	<u>\$ (9,614)</u>	<u>\$ -</u>	<u>\$ 301,713</u>

9. LITIGATION AND CONTINGENCIES

UPD leases some of the buildings it occupies. The contents are insured against all insurable risks of direct physical loss or damage with a \$100,000 deductible per occurrence.

Unemployment compensation is handled on a cost-of-benefits reimbursement basis with the State of Utah. UPD is self-insured for workers' compensation, claims up to \$1,650,000 per claim. UPD is also self-insured for dental benefits. UPD maintains an excess workers compensation policy with New York Marine and General Insurance Company to the statutory maximums for workers' compensation and \$1,000,000 for employer's liability. Workers' compensation, auto liability, and general liability claims are processed by the Salt Lake County Risk Management Department, who also calculates claims incurred but not reported (IBNR) related to these claims.

Unified Police Department OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2022

9. LITIGATION AND CONTINGENCIES (CONTINUED)

At certain times, claims or lawsuits are pending in which UPD is involved. All outstanding claims are within liability coverage limits; UPD's counsel and insurance carriers estimate that UPD's potential obligations resulting from such claims or litigation would not significantly affect the financial statements of UPD.

10. ACCOUNTING PRONOUNCEMENT

In June 2017, the GASB issued Statement No. 87, *Leases*. The statement is meant to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under GASB Statement 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The Statement is effective for fiscal years beginning after June 30, 2021. The UPD implemented this statement, as noted in Note 7. Net position, as of July 1, 2021, decreased by \$5,176,044

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 16, 2022, the date that the financial statements were available to be issued.

Required Supplementary Information

Unified Police Department OF GREATER SALT LAKE
Schedule of Changes in Total OPEB Obligation and Related Ratios
(Last Two Plan Years)

	2022	2021
Total OPEB obligation:		
Changes in assumptions or other inputs	\$ -	\$ (9,546)
Benefit payments	(44,121)	(57,368)
Net changes	(44,121)	(66,914)
Total OPEB obligation, beginning	318,220	385,134
Total OPEB obligation, ending	\$ 274,099	\$ 318,220

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Schedule of Proportionate Share of the Net Pension Liability
Utah Retirement Systems
Last Ten Plan (Calendar) Years

	Noncontributory Retirement System	Public Safety System	Tier 2 Public Employees Retirement System	Tier 2 Public Safety and Firefighters Retirement
2022				
Proportion of the net pension liability (asset)	0.3789725%	26.9058639%	0.0735581%	2.0402752%
Proportionate share of the net pension liability (asset)	\$ (2,170,416)	\$ (9,635,545)	\$ (31,133)	\$ (103,120)
Covered payroll	\$ 3,299,452	\$ 19,231,269	\$ 1,366,512	\$ 4,879,059
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-65.78%	-50.10%	-2.28%	-2.11%
Plan fiduciary net position as a percentage of its covered-employee payroll	108.70%	105.10%	103.80%	102.80%
2021				
Proportion of the net pension liability (asset)	0.3996906%	29.4695725%	0.0861029%	2.1246744%
Proportionate share of the net pension liability (asset)	\$ 205,018	\$ 10,595,263	\$ 12,384	\$ 190,572
Covered payroll	\$ 3,406,176	\$ 20,896,894	\$ 1,377,235	\$ 4,225,307
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.02%	50.70%	0.90%	4.51%
Plan fiduciary net position as a percentage of its covered-employee payroll	99.20%	94.50%	98.30%	93.10%
2020				
Proportion of the net pension liability (asset)	0.4333565%	30.4226552%	0.0941832%	2.1782627%
Proportionate share of the net pension liability (asset)	\$ 1,633,264	\$ 15,107,887	\$ 21,183	\$ 204,897
Covered payroll	\$ 3,683,873	\$ 21,461,587	\$ 1,309,094	\$ 3,590,546
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.34%	70.40%	1.62%	5.71%
Plan fiduciary net position as a percentage of its covered-employee payroll	93.70%	91.70%	96.50%	89.60%
2019				
Proportion of the net pension liability (asset)	0.6032015%	33.7381234%	0.1709688%	2.1513669%
Proportionate share of the net pension liability (asset)	\$ 4,441,809	\$ 26,585,504	\$ 73,222	\$ 53,904
Covered payroll	\$ 4,881,510	\$ 23,075,376	\$ 1,995,506	\$ 2,870,033
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	90.99%	115.21%	3.67%	1.88%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.00%	85.60%	90.80%	95.60%
2018				
Proportion of the net pension liability (asset)	0.6184180%	35.0867757%	0.1727768%	1.6373416%
Proportionate share of the net pension liability (asset)	\$ 2,709,475	\$ 16,954,051	\$ 15,233	\$ (18,945)
Covered payroll	\$ 5,006,389	\$ 24,153,906	\$ 1,691,323	\$ 1,728,151
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.12%	70.19%	0.90%	-1.10%
Plan fiduciary net position as a percentage of its covered-employee payroll	91.90%	90.50%	97.40%	103.00%
2017				
Proportion of the net pension liability (asset)	0.5983236%	34.0319334%	0.1908250%	1.5576614%
Proportionate share of the net pension liability (asset)	\$ 3,841,970	\$ 21,212,005	\$ 21,286	\$ (13,521)
Covered payroll	\$ 4,904,805	\$ 24,106,937	\$ 1,564,900	\$ 1,286,980
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	78.33%	87.99%	1.36%	-1.05%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.30%	86.10%	95.10%	103.60%
2016				
Proportion of the net pension liability (asset)	0.6110182%	33.4368840%	0.1842218%	1.6836008%
Proportionate share of the net pension liability (asset)	\$ 3,457,438	\$ 16,315,572	\$ (402)	\$ (24,598)
Covered payroll	\$ 4,961,018	\$ 23,221,391	\$ 1,190,292	\$ 1,001,980
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.69%	70.26%	-0.03%	-2.45%
Plan fiduciary net position as a percentage of its covered-employee payroll	87.80%	87.60%	100.20%	110.70%
2015				
Proportion of the net pension liability (asset)	0.6188018%	34.1590237%	0.1662502%	1.5274246%
Proportionate share of the net pension liability (asset)	\$ 2,686,983	\$ 13,507,595	\$ (5,038)	\$ (22,596)
Covered payroll	\$ 5,142,720	\$ 23,256,807	\$ 815,533	\$ 632,787
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	52.25%	58.08%	-0.62%	-3.57%
Plan fiduciary net position as a percentage of its covered-employee payroll	90.20%	89.00%	103.50%	120.50%

Note:

This schedule usually covers the 10 most recent fiscal years; however, only 8 years have passed since the implementation year of GASB 68. Contributions in Tier 2 include an amortization rate to help fund unfunded liabilities in the Tier 1 systems.

Unified Police Department OF GREATER SALT LAKE
Schedule of Contributions
Utah Retirement Systems
Last Ten Plan (Fiscal) Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions In relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
Noncontributory System	2015	\$ 918,960	\$ 918,960	\$ -	\$ 5,099,127	18.02%
	2016	907,006	907,006	-	4,935,519	18.38%
	2017	926,750	926,750	-	5,033,608	18.41%
	2018	903,638	903,638	-	4,892,466	18.47%
	2019	785,420	785,420	-	4,299,058	18.27%
	2020	647,673	647,673	-	3,559,520	18.20%
	2021	605,055	605,055	-	3,330,135	18.17%
	2022	581,640	581,640	-	3,204,812	18.15%
Public Safety System	2015	\$ 6,867,562	\$ 6,867,562	\$ -	\$ 23,335,441	29.43%
	2016	6,902,711	6,902,711	-	23,408,249	29.49%
	2017	7,245,747	7,245,747	-	24,347,176	29.76%
	2018	7,103,256	7,103,256	-	23,816,433	29.83%
	2019	6,574,889	6,574,889	-	22,063,982	29.80%
	2020	6,303,242	6,303,242	-	21,262,805	29.64%
	2021	5,978,080	5,978,080	-	20,159,840	29.65%
	2022	5,868,367	5,868,367	-	19,436,843	30.19%
Tier 2 Public Employees System*	2015	\$ 144,457	\$ 144,457	\$ -	\$ 967,446	14.93%
	2016	209,489	209,489	-	1,405,018	14.91%
	2017	245,549	245,549	-	1,647,373	14.91%
	2018	275,214	275,214	-	1,821,471	15.11%
	2019	265,303	265,303	-	1,707,849	15.53%
	2020	217,215	217,215	-	1,387,079	15.66%
	2021	214,341	214,341	-	1,356,590	15.80%
	2022	214,100	214,100	-	1,332,302	16.07%
Tier 2 Public Safety and Firefighter System*	2015	\$ 181,560	\$ 181,560	\$ -	\$ 888,259	20.44%
	2016	239,486	239,486	-	1,174,526	20.39%
	2017	303,607	303,607	-	1,488,858	20.39%
	2018	434,377	434,377	-	2,123,050	20.46%
	2019	727,920	727,920	-	3,467,621	20.99%
	2020	813,424	813,424	-	3,867,381	21.03%
	2021	1,073,675	1,073,675	-	4,522,656	23.74%
	2022	1,285,709	1,285,709	-	5,354,691	24.01%
Tier 2 Public Employees DC Only System*	2015	\$ 14,728	\$ 14,728	\$ -	\$ 222,178	6.63%
	2016	12,739	12,739	-	193,674	6.58%
	2017	21,385	21,385	-	319,662	6.69%
	2018	25,492	25,492	-	381,041	6.69%
	2019	26,187	26,187	-	387,924	6.75%
	2020	22,993	22,993	-	343,694	6.69%
	2021	24,513	24,513	-	366,421	6.69%
	2022	22,815	22,815	-	341,038	6.69%
Tier 2 Public Safety and Firefighter DC Only System*	2015	\$ 8,887	\$ 8,887	\$ -	\$ 91,428	9.72%
	2016	26,406	26,406	-	271,663	9.72%
	2017	38,257	38,257	-	393,595	9.72%
	2018	44,325	44,325	-	456,018	9.72%
	2019	49,671	49,671	-	509,974	9.74%
	2020	68,584	68,584	-	704,139	9.74%
	2021	72,348	72,348	-	742,787	9.74%
	2022	86,612	86,612	-	879,384	9.85%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative practices.

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Required Supplementary Information

Note A. Changes in Assumptions-Utah Retirement Systems

The investment return assumption was decreased by 0.10% to 6.85% for use in the January 1, 2021, actuarial valuation. This assumption change was based on analysis performed by the actuary and adopted by the Utah State Retirement Board. In aggregate, this assumption change resulted in a \$509 million increase in the Total Pension Liability, which is about 1.3% of the Total Pension Liability of as December 31, 2020, for all systems combined. The demographic assumptions were reviewed and updated in the January 1, 2020, actuarial valuation and are currently scheduled to be reviewed in the year 2023.

Supplementary Information

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Balance Sheet Information – Special Revenue Fund
Jun 30, 2022

Special Revenue Fund - Precincts

	Millcreek Precinct	Holladay Precinct	Taylorville Precinct	Midvale Precinct	Kearns Precinct	Magna Precinct	Southeast Islands District	White City District	Copperton District	Emigration District	Southwest Islands District	Brighton District	Salt Lake County Precinct	Total
ASSETS														
Cash and cash equivalents	\$ 2,245,854	\$ 677,325	\$ 1,187,058	\$ 1,516,201	\$ 1,782,775	\$ 1,435,797	\$ 323,457	\$ 257,092	\$ 2,193	\$ 17,884	\$ 279,449	\$ 202,137	\$ 2,212,425	\$ 12,139,647
Receivables (net of allowance):														
Local	-	416,113	-	-	-	-	-	-	-	-	-	-	37,500	453,613
State	-	-	-	-	-	-	-	-	-	-	-	-	73,271	73,271
Federal	-	-	-	-	5	-	-	-	-	-	-	-	5,040	5,045
Other	-	-	-	-	-	-	-	-	-	-	-	-	899	899
Prepaid items	11,834	-	-	52	776	-	7	10	300	-	-	40	11,562	24,581
Total assets	<u>\$ 2,257,688</u>	<u>\$ 1,093,438</u>	<u>\$ 1,187,058</u>	<u>\$ 1,516,253</u>	<u>\$ 1,783,556</u>	<u>\$ 1,435,797</u>	<u>\$ 323,464</u>	<u>\$ 257,102</u>	<u>\$ 2,493</u>	<u>\$ 17,884</u>	<u>\$ 279,449</u>	<u>\$ 202,177</u>	<u>\$ 2,340,697</u>	<u>\$ 12,697,056</u>
LIABILITIES														
Accounts payable	\$ 40,685	\$ 21,231	\$ -	\$ 33,014	\$ 19,417	\$ 22,148	\$ 1,499	\$ 4,917	\$ 354	\$ 637	\$ 3,557	\$ 5,941	\$ 43,717	\$ 197,117
Accrued liabilities	174,084	87,848	-	138,077	116,866	122,303	16,971	18,388	3,264	3,812	15,034	-	216,457	913,104
Total liabilities	<u>214,769</u>	<u>109,079</u>	<u>-</u>	<u>171,091</u>	<u>136,283</u>	<u>144,451</u>	<u>18,470</u>	<u>23,305</u>	<u>3,618</u>	<u>4,449</u>	<u>18,591</u>	<u>5,941</u>	<u>260,174</u>	<u>1,110,221</u>
FUND BALANCES (DEFICITS)														
Nonspendable:														
Prepaid expenditures	11,834	-	-	52	776	-	7	10	300	-	-	40	11,562	24,581
Restricted:														
Public safety	1,753,798	855,424	994,330	1,156,045	1,444,466	1,145,340	280,329	193,477	(6,255)	2,030	235,252	170,590	1,596,070	9,820,896
Grant requirements	76,037	-	2,935	-	33,545	-	-	-	-	-	-	-	-	112,517
Committed:														
Compensated absences obligation	201,250	128,935	189,793	189,065	168,486	146,006	24,658	40,310	4,830	11,405	25,606	25,606	472,891	1,628,841
Total fund balances (deficits)	<u>2,042,919</u>	<u>984,359</u>	<u>1,187,058</u>	<u>1,345,162</u>	<u>1,647,273</u>	<u>1,291,346</u>	<u>304,994</u>	<u>233,797</u>	<u>(1,125)</u>	<u>13,435</u>	<u>260,858</u>	<u>196,236</u>	<u>2,080,523</u>	<u>11,586,835</u>
Total liabilities and fund balances (deficits)	<u>\$ 2,257,688</u>	<u>\$ 1,093,438</u>	<u>\$ 1,187,058</u>	<u>\$ 1,516,253</u>	<u>\$ 1,783,556</u>	<u>\$ 1,435,797</u>	<u>\$ 323,464</u>	<u>\$ 257,102</u>	<u>\$ 2,493</u>	<u>\$ 17,884</u>	<u>\$ 279,449</u>	<u>\$ 202,177</u>	<u>\$ 2,340,697</u>	<u>\$ 12,697,056</u>

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Revenues, Expenditures, and Changes in Fund Balances Information – Special Revenue Fund
For the Year Ended June 30, 2022

	Special Revenue Fund - Precincts													Total
	Millcreek Precinct	Holladay Precinct	Taylorsville Precinct	Midvale Precinct	Kearns Precinct	Magna Precinct	Southeast Islands District	White City District	Copperton District	Emigration District	Southwest Islands District	Brighton District	Salt Lake County	
REVENUES														
Charges for services:														
Member fees for law enforcement	\$ 8,801,248	\$ 4,684,907	\$ -	\$ 6,869,787	\$ 6,602,537	\$ 6,004,682	\$ 867,362	\$ 948,746	\$ 151,278	\$ 200,312	\$ 744,114	\$ 1,097,905	\$ 10,018,119	\$ 46,990,997
Other community services	80,668	60,501	-	90,000	60,501	40,334	-	-	-	-	-	-	585,479	917,483
Grants and awards:														
State	1,845	-	-	-	-	-	-	-	-	-	-	-	248,667	250,512
Federal	-	-	-	28,953	-	-	-	-	-	-	-	-	375,458	404,411
Licenses and fees	-	-	-	-	-	-	-	-	-	-	-	-	66,378	68,378
Donor contributions	55,911	41,815	-	-	156,363	5,250	-	-	-	-	-	5,213	-	264,552
Miscellaneous	-	1,525	-	6	-	-	-	-	-	-	-	-	3,357	4,888
Total revenues	8,939,672	4,788,748	-	6,988,746	6,819,401	6,050,266	867,362	948,746	151,278	200,312	744,114	1,103,118	11,297,458	48,899,221
EXPENDITURES														
Current:														
Public safety	8,317,392	4,276,333	-	6,448,402	5,984,348	6,010,722	736,021	868,000	159,994	195,149	706,447	907,357	10,928,197	45,538,362
Debt service:														
Principal	126,190	-	-	-	117,139	25,698	-	-	-	-	-	-	-	269,027
Interest	3,686	-	-	-	20,269	10,302	-	-	-	-	-	-	-	34,257
Capital outlay	35,662	208,569	-	33,662	40,918	-	-	-	-	-	-	-	41,911	360,722
Total expenditures	8,482,930	4,484,902	-	6,482,064	6,162,674	6,046,722	736,021	868,000	159,994	195,149	706,447	907,357	10,970,108	46,202,368
Excess (deficiency) of revenues over expenditures	456,742	303,846	-	506,682	656,727	3,544	131,341	80,746	(8,716)	5,163	37,667	195,761	327,350	2,696,853
OTHER FINANCING SOURCES (USES)														
Transfers in	3,925	2,944	-	4,417	3,925	3,336	589	884	157	49	432	475	55,255	76,388
Total other financing sources (uses)	3,925	2,944	-	4,417	3,925	3,336	589	884	157	49	432	475	55,255	76,388
Net change in fund balances	460,667	306,790	-	511,099	660,652	6,880	131,930	81,630	(8,559)	5,212	38,099	196,236	382,605	2,773,241
Fund balances - beginning	1,582,252	677,569	1,187,058	834,063	986,621	1,284,466	173,064	152,167	7,434	8,223	222,759	-	1,697,918	8,813,594
Fund balances - ending	\$ 2,042,919	\$ 984,359	\$ 1,187,058	\$ 1,345,162	\$ 1,647,273	\$ 1,291,346	\$ 304,994	\$ 233,797	\$ (1,125)	\$ 13,435	\$ 260,858	\$ 196,236	\$ 2,080,523	\$ 11,586,835

Compliance Section



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

E. LYNN HANSEN, CPA
CLARKE R. BRADSHAW, CPA
GARY E. MALMROSE, CPA
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SHAWN F. MARTIN, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Honorable Sheriff and Members of the Board of Directors
Unified Police Department of Greater Salt Lake

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Unified Police Department (UPD) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise UPD's basic financial statements, and have issued our report thereon dated December 16, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UPD's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UPD's internal control. Accordingly, we do not express an opinion on the effectiveness of UPD's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UPD's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance with the *Utah State Audit Compliance Guide* that are required to be reported under Government Auditing Standards, as items 2022-1 and 2022-2.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UPD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UPD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABMC, LLC

December 16, 2022



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
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- JEFFREY B. MILES, CPA
- SHAWN F. MARTIN, CPA

**REPORT ON COMPLIANCE AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE
UTAH STATE COMPLIANCE AUDIT GUIDE**

Independent Auditors' Report

Honorable Sheriff and Members of the Board of Directors
Unified Police Department of Greater Salt Lake

Report on Compliance

We have audited Unified Police Department's (UPD) compliance with the applicable state compliance requirements described in the Utah State Compliance Audit Guide, issued by the Office of the Utah State Auditor on UPD for the year ended June 30, 2022.

State compliance requirements were tested for the year ended June 30, 2022 in the following areas:

- | | |
|-------------------------|---------------------------------------|
| Budgetary Compliance | Restricted Taxes and Related Revenues |
| Fund Balance | Treasurer's Bond |
| Utah Retirement Systems | Open and Public Meetings Act |

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Compliance

In our opinion, Unified Police Department of Greater Salt Lake complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

Other Matter

The results of our auditing procedures disclosed no instances of noncompliance or other matters, which are required to be reported in accordance with the *Utah State Compliance Audit Guide*, and which are described in the accompanying schedule of findings as items 2022-1 and 2022-2. Our opinion on compliance is not modified with respect to these matters.

The UPD's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings. The UPD's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

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

Purpose of This Report

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

HBMC, LLC

December 16, 2022

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Schedule of Findings
For the Year Ended June 30, 2022

2022-1:

Budgetary Compliance

Statement of Condition

During testing procedures, the auditors noted that for the year ended June 30, 2022, the following fund had actual expenditures that exceeded final appropriated expenditures:

<u>Fund</u>	<u>Department</u>
General Fund	\$137,778

Criteria

Utah State Code 10-6-123, Expenditures or Encumbrances in Excess of Appropriations Prohibited -- Processing Claims, stipulates that UPD officers and employees may not make or incur expenditures in excess of total appropriations for any fund or department, in the budget, as adopted or as subsequently amended.

Cause

These overages were a result of the UPD not sufficiently amending the adopted budgets during the fiscal year in the noted department and fund.

Effect

By not regularly monitoring and amending each fund's adopted budgets during the fiscal year, the UPD is out of compliance with state law.

Recommendation

The UPD should monitor the status of expenditures as compared to the budget throughout the year and amend the budget as necessary to ensure compliance with Utah State Code.

Management's Response

During the fiscal year, management made several changes to the accounting system and presentation of financial information. During this process, certain areas exceeded the appropriated expenditures. Management will continue to monitor the budgets and make necessary amendments.

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Schedule of Findings (Continued)
For the Year Ended June 30, 2022

2022-2:

Deficit Fund Balance

Statement of Condition

During testing procedures, the auditors noted that for the year ended June 30, 2022, the general fund had a deficit unassigned fund balance of (\$3,580,649).

Criteria

Utah State Code 11-13-513-(2), *Appropriations Not to Exceed Estimated Expendable Revenue -- Appropriations for Existing Deficits*, stipulates that any fund that has a deficit unassigned/unrestricted fund balance in the year under audit, the entity include in the subsequent budget year an appropriation to retire the deficit of an amount equal to or greater than 5% of the fund's total actual revenue of the year under audit

Cause

These overages were largely a result of expenditures exceeding revenues in 2022 by \$3,313,135.

Effect

By not regularly monitoring expenses and revenues during the fiscal year, the UPD is out of compliance with state law.

Recommendation

The UPD should monitor the status of expenditures as compared to the budgeted revenues as necessary to ensure compliance with Utah State Code.

Management's Response

During the fiscal year, management made several changes to the accounting system and presentation of financial information. During this process, certain areas exceeded the appropriated expenditures. Management will continue to monitor expenditures and make necessary adjustments.