

**UNIFIED POLICE DEPARTMENT
OF GREATER SALT LAKE**

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2021

HBME

CERTIFIED PUBLIC ACCOUNTANTS

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

**CERTIFIED PUBLIC
ACCOUNTANTS**

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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, 2021, 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, 2021, 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 one year after the date that the financial statements are issued.

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 5-11, OPEB obligation on page 47, and pension schedules, including the related notes to the required supplementary information, on pages 48-50 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 14, 2021, 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.

HBME, LLC

December 14, 2021

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, 2021. 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 \$9.6 million at the close of the most recent fiscal year.
- During the year, expenses are \$3.8 million less than the \$72.1 million generated in charges for services and other revenues for governmental activities. During the prior year, expenses were \$900 thousand less than revenues.
- At the close of the most recent fiscal year, UPD's General Fund reports a fund balance of \$3.7 million compared to \$5.1 million at the end of the prior year.
- During fiscal year 2020, UPD created a Special Revenue Fund to account for transactions at the precinct level. At the close of the most recent fiscal year, UPD's Special Revenue Fund reports a fund balance of \$8.8 million, compared to \$3.1 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 13 and 14 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 four municipalities, five metro townships, unincorporated Salt Lake County, and for countywide 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 51 and 52 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 19, while the budget to actual comparison for the Special Revenue Fund can be found on page 20.

The basic governmental funds financial statements can be found on pages 15 through 20 of this report.

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

- B. **Proprietary fund.** UPD maintains one 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 21 through 23 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 24 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 25 through 46 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 47 through 50 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 \$9.6 million at the close of the most recent fiscal year.

A large portion of UPD's net position (\$7.5 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 \$2.1 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		
	2021	2020	Change
Current and other assets	\$ 19,167,701	\$ 14,370,695	\$ 4,797,006
Capital assets	7,744,258	8,063,315	(319,057)
Total assets	<u>26,911,959</u>	<u>22,434,010</u>	4,477,949
Deferred outflows of resources	17,592,548	17,691,247	(98,699)
Other liabilities	2,378,903	2,331,390	47,513
Long-term liabilities outstanding	18,373,441	24,454,557	(6,081,116)
Total liabilities	<u>20,752,344</u>	<u>26,785,947</u>	(6,033,603)
Deferred inflows of resources	14,143,529	7,904,501	6,239,028
Net position:			
Net Investment in capital assets	7,475,054	8,063,315	(588,261)
Unrestricted (deficit)	2,133,580	(2,628,506)	4,762,086
Total net position, as restated	<u>\$ 9,608,634</u>	<u>\$ 5,434,809</u>	<u>\$ 4,173,825</u>

Governmental activities - The key elements of the \$4.2 million increase of UPD's net position for the year ended June 30, 2021, are as follows:

- A. Revenue totals \$72.5 million for the year ended June 30, 2021, which is an increase of \$2.9 million compared to the prior year. The largest net dollar increase in revenues is a \$3.7 million dollar increase in charges for services. UPD received an aggregate amount of \$762 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 increase in revenues is due to two main contributing factors: 1) increased charges for services for compensation for sworn officers, and 2) an increase for charges for services related to COVID-19 vaccinations and law enforcement services for Salt Lake County.
- B. Expenses total \$68.3 million during the most recent fiscal year, which is virtually flat from the prior year. Expenditures remained flat due to anticipation of the withdrawal of Taylorsville City on June 30, 2021. UPD used various strategies to curtail spending including holding vacant positions open and forgoing purchases, where possible. Safety is UPD's number one priority; mitigating strategies were not implemented as safety of the public or UPD officers would have been compromised.
- C. Charges for services comprise 98.1% and 96.8% of UPD's revenue used to support governmental activities to its members for the years ended June 30, 2021 and 2020, respectively.

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

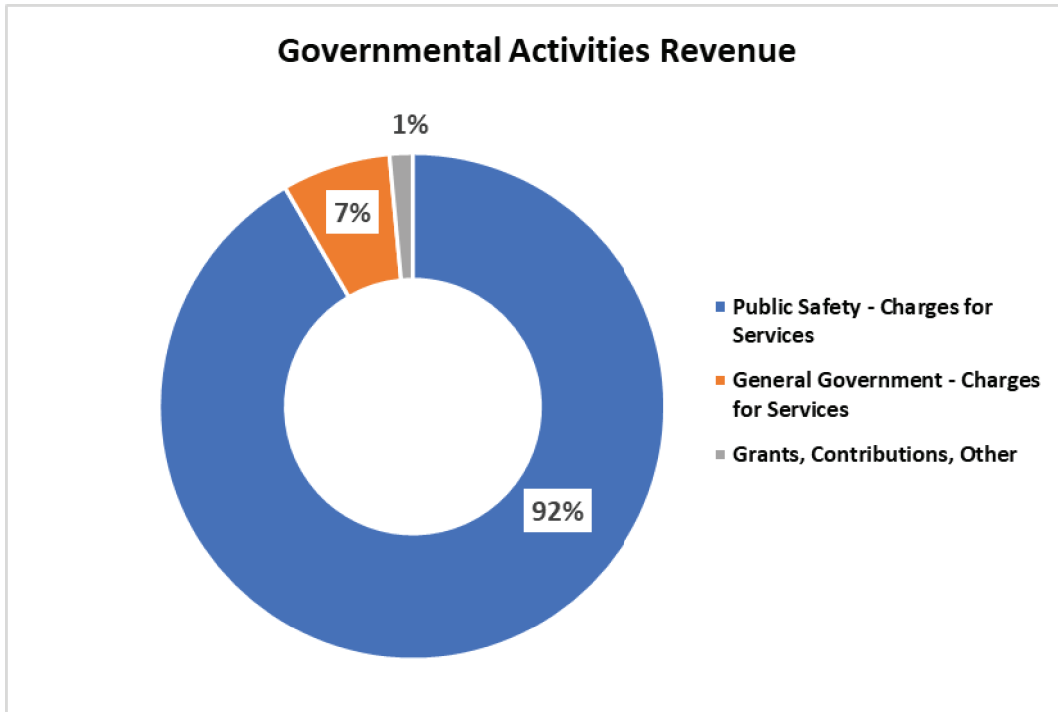
UPD's Changes in Net Position, for the fiscal years ended June 30,

	Governmental Activities		
	2021	2020	Change
<u>Revenues</u>			
Program revenues:			
Charges for services	\$ 71,045,247	\$ 67,346,975	\$ 3,698,272
Operating grants and contributions	1,034,314	1,679,040	(644,726)
Capital grants and contributions	34,294	152,355	(118,061)
General revenues:			
Investment earnings	46,275	174,599	(128,324)
Other revenue	299,313	231,202	68,111
Total revenues	<u>72,459,443</u>	<u>69,584,171</u>	<u>2,875,272</u>
<u>Expenses</u>			
General government	7,588,515	7,476,909	111,606
Public safety	60,697,103	60,813,001	(115,898)
Total expenses	<u>68,285,618</u>	<u>68,289,910</u>	<u>(4,292)</u>
Increase (decrease) in net position before transfers	4,173,825	1,294,261	2,879,564
Transfers, net	-	(566,171)	566,171
Increase in net position	4,173,825	728,090	3,445,735
Net position, beginning of year	5,434,809	5,909,507	(474,698)
Prior period restatement	-	(1,202,788)	1,202,788
Net position, end of year (as restated)	<u>\$ 9,608,634</u>	<u>\$ 5,434,809</u>	<u>\$ 4,173,825</u>

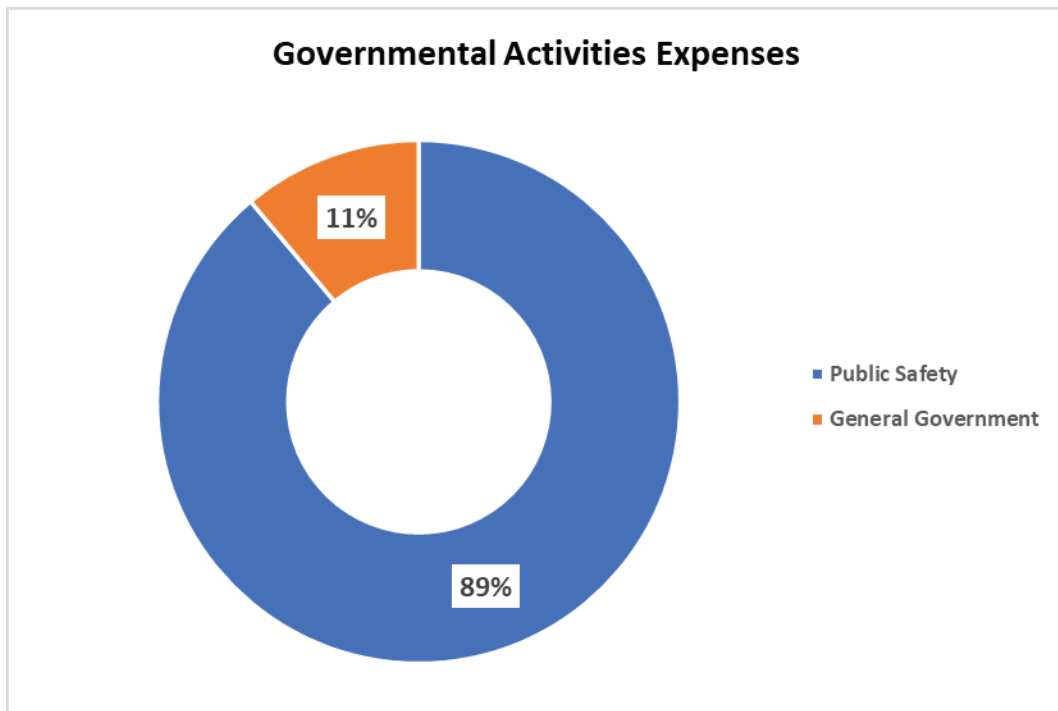
The prior period restatement is to correctly measure the estimates of the outstanding liability, workers' compensation, and auto claims as of June 30, 2020. The restatement of \$1.2 million is an increase that was a result of management's determination that claims handled by the contracted administrator were not accurate.

**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 (92%).



- 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, 2021, UPD's governmental fund reports a fund balance of \$12.5 million. The following information on revenues and expenditures should be noted:

- Member fees for law enforcement services total \$69.5 million or 95.9% of revenues. This is an increase of \$3.3 million compared to the prior year.
- Expenditures totaled \$68.1 million, which is a virtually flat compared to the prior year,
- Public safety expense of \$60.3 million equates to 88.4% of general government expense.

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, 2021, UPD's governmental fund balance is \$12.5 million (\$1.1million in nonspendable, \$6.6 million in restricted, \$4.9 million in committed, \$850 thousand in assigned, and a negative \$1 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 2021, 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.
- UPD received a one-time rebate from its long-term disability carrier. 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 the employees. Each full-time employee received a one-time lump sum payment of \$645.18; the revenue and related expenditure lines were amended accordingly.
- The UPD Board offered an early-retirement buyout, in anticipation of the Taylorsville departure. The board-approved buyout was for eight retirees at \$25 thousand each for a total of \$200 thousand. The budget was appropriately amended.

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

With these adjustments, actual expenditures are \$2.4 million less 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 an additional \$200 thousand for the early retirement buyout and \$250 thousand from committed fund balance for compensated absences of terminating employees.

The Special Revenue Fund ended the year with actual expenditures \$7.2 million less than the final budgeted amounts. Of that amount, \$6.3 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.

With these adjustments, actual expenditures are \$7.2 million less than final budgeted amounts in the Special Revenue Fund.

CAPITAL ASSETS

As of June 30, 2021, the majority of UPD's capital assets were fleet vehicles (\$6.0 million net of accumulated depreciation). UPD purchased \$2.2 million of vehicles during the year ended June 30, 2021, and disposed of \$2.7 million of fleet vehicles. The \$2.7 million disposition of vehicles included the vehicles that were transferred to Taylorsville prior to the end of the fiscal year so that Taylorsville City was prepared to stand up its own police force on July 1, 2021.

Capital assets are outlined below:

	Governmental Activities		
	2021	2020	Change
Equipment	\$ 1,467,505	\$ 1,068,779	\$ 398,726
Fleet vehicles	6,007,549	6,994,536	(986,987)
Fleet vehicles in process	269,204	-	269,204
Total	\$ 7,744,258	\$ 8,063,315	\$ (319,057)

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 \$122,655. UPD has no general obligation or other bonds payable. Long-term debt consists of 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 Lisa Dudley, 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, 2021

	Primary Governmental Activities	Component Unit SLVLESA
<u>Assets</u>		
Cash and investments	\$ 15,967,940	\$ 6,953,255
Receivables, net of allowance	2,006,965	18,000
Prepaid expenses	1,099,186	-
Deposits	75,000	-
Inventory	18,610	-
Capital assets, net		
Equipment	1,467,505	-
Fleet vehicles	6,007,549	-
Fleet vehicles in process	269,204	-
Buildings	-	311,327
	-	311,327
Total assets	26,911,959	7,282,582
<u>Deferred Outflows of Resources</u>		
Deferred outflows related to pensions	17,592,548	-
<u>Liabilities</u>		
Accounts payable	921,240	1,608,130
Accrued liabilities	1,457,663	-
Noncurrent liabilities:		
Due within one year	2,654,076	-
Due in more than one year	4,716,129	-
Net pension liability	11,003,236	-
Total liabilities	20,752,344	1,608,130
<u>Deferred Inflows of Resources</u>		
Deferred inflows related to pensions	14,143,529	-
<u>Net Position</u>		
Net investment in capital assets	7,475,054	311,327
Unrestricted	2,133,580	5,363,125
Total net position	\$ 9,608,634	\$ 5,674,452

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, 2021

	Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Expenses				Component Unit
Functions / Programs				
Primary Governmental activities				
General government	\$ 7,588,515	\$ 4,994,423	\$ -	\$ (2,541,108)
Public safety	60,697,103	66,050,824	34,294	6,369,345
Total governmental activities	68,285,618	71,045,247	1,034,314	3,828,237
Component Unit:				
SLVLESA	18,325,711	36,000	-	\$ (18,289,711)
Interest and fiscal charges on long-term debt	91,000	-	-	(91,000)
Total component unit	\$ 18,416,711	\$ 36,000	\$ -	(18,380,711)
General Revenues:				
Property taxes and fees in lieu of taxes				18,464,714
Investment earnings				46,275
Miscellaneous				71,871
				-
			Total general revenues	18,536,585
			Change in net position	155,874
			Net position - beginning, as restated	5,518,578
			Net position - ending	\$ 5,674,452

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Balance Sheet – Governmental Fund
June 30, 2021

	General Fund	Special Revenue Fund Precincts	Total Governmental
Assets			
Cash and cash equivalents	\$ 2,721,443	\$ 8,876,805	\$ 11,598,248
Receivables:			
Local	448,799	683,923	1,132,722
State	380,780	67,774	448,554
Federal	107,633	6,570	114,203
Other	82,602	228,884	311,486
Prepaid expenditures	1,046,578	52,608	1,099,186
Deposits	75,000	-	75,000
Supplies inventory	18,610	-	18,610
	<u>4,881,445</u>	<u>9,916,564</u>	<u>14,798,009</u>
Total assets	<u>\$ 4,881,445</u>	<u>\$ 9,916,564</u>	<u>\$ 14,798,009</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 593,004	\$ 262,178	\$ 855,182
Accrued liabilities	616,871	840,792	1,457,663
	<u>1,209,875</u>	<u>1,102,970</u>	<u>2,312,845</u>
Total liabilities	<u>1,209,875</u>	<u>1,102,970</u>	<u>2,312,845</u>
Fund balances:			
Nonspendable:			
Prepaid items and supplies inventory	1,065,188	52,608	1,117,796
Restricted for:			
Public safety	-	7,045,234	7,045,234
Grant requirements	-	112,517	112,517
Evidence	294,585	-	294,585
Forfeitures	353,235	-	353,235
Committed to:			
Public safety	-	-	-
Compensated absences obligation	2,131,496	1,603,235	3,734,731
Assigned to:			
Self-insurance	850,000	-	850,000
Unassigned	(1,022,934)	-	(1,022,934)
	<u>3,671,570</u>	<u>8,813,594</u>	<u>12,485,164</u>
Total fund balances	<u>3,671,570</u>	<u>8,813,594</u>	<u>12,485,164</u>
Total liabilities and fund balance	<u>\$ 4,881,445</u>	<u>\$ 9,916,564</u>	<u>\$ 14,798,009</u>

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, 2021

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

Total fund balances - total governmental funds \$ 12,485,164

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

Equipment	\$ 6,734,876	
Accumulated depreciation	<u>(5,267,371)</u>	1,467,505

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 liability	(10,925,986)	
Deferred outflows and inflows related to pensions	<u>3,425,028</u>	(7,500,958)

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

Cash and investments		4,369,692
Fleet vehicles in process	269,204	
Fleet vehicles	14,246,244	
Accumulated depreciation	<u>(8,238,695)</u>	6,276,753
Accounts payable		(66,058)
Compensated absences		(26,598)
Net pension liability		(77,250)
Deferred outflows and inflows related to pensions		23,991

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

Compensated absences	(4,603,778)	
General claims payable	(2,363,477)	
Dental claims payable	(58,132)	
OPEB obligation	<u>(318,220)</u>	<u>(7,343,607)</u>

Net position - governmental activities \$ 9,608,634

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, 2021

	General Fund	Special Revenue Fund Precincts	Governmental Funds
Revenues			
Charges for services:			
Member fees for law enforcement	\$ 19,991,952	\$ 49,557,601	\$ 69,549,553
Other community services	589,867	905,827	1,495,694
Grants and awards:			
State and local	63,541	287,757	351,298
Federal	549,672	118,559	668,231
Licenses and fees	9,780	4,705	14,485
Forfeitures	300	-	300
Donor contributions	3,850	30,444	34,294
Interest income	46,275	-	46,275
Miscellaneous	292,065	7,248	299,313
	<u>21,547,302</u>	<u>50,912,141</u>	<u>72,459,443</u>
Expenditures			
Current:			
General government	7,472,945	-	7,472,945
Public safety	15,264,830	45,001,302	60,266,132
Capital outlay	271,496	80,938	352,434
	<u>23,009,271</u>	<u>45,082,240</u>	<u>68,091,511</u>
Total expenditures	<u>23,009,271</u>	<u>45,082,240</u>	<u>68,091,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,461,969)</u>	<u>5,829,901</u>	<u>4,367,932</u>
Other financing sources (uses)			
Transfers in	16,400	-	16,400
Transfers out	-	(106,400)	(106,400)
	<u>16,400</u>	<u>(106,400)</u>	<u>(90,000)</u>
Total other financing sources (uses)	<u>16,400</u>	<u>(106,400)</u>	<u>(90,000)</u>
Net change in fund balances	<u>(1,445,569)</u>	<u>5,723,501</u>	<u>4,277,932</u>
Fund balances, beginning of year	<u>5,117,139</u>	<u>3,090,093</u>	<u>8,207,232</u>
Fund balances, end of year	<u>\$ 3,671,570</u>	<u>\$ 8,813,594</u>	<u>\$ 12,485,164</u>

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, 2021

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

Net change in fund balances - total governmental funds \$ 4,277,932

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

Capital outlays	782,129	
Gain on sale of capital assets	(25,755)	
Depreciation expense	<u>(357,648)</u>	398,726

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 (252,080)

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	116,512	
Claims expense	(63,098)	
OPEB expense	66,914	
Net pension expense	<u>(371,081)</u>	(250,753)

Change in net position of governmental activities \$ 4,173,825

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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Charges for services:				
Member fees for law enforcement	\$ 19,342,350	\$ 19,991,952	\$ 19,991,952	\$ -
Other community services	450,100	529,350	589,867	60,517
Grants and awards:				
State	141,500	158,800	63,541	(95,259)
Federal	641,500	653,673	549,672	(104,001)
Licenses and fees	15,000	15,000	9,780	(5,220)
Forfeitures	-	-	300	300
Donor contributions	27,000	29,850	3,850	(26,000)
Interest income	175,000	175,000	46,275	(128,725)
Miscellaneous	215,750	218,210	292,065	73,855
Total revenues	21,008,200	21,771,835	21,547,302	(224,533)
Expenditures				
Current:				
General government:				
Salaries and employee benefits	5,437,375	5,996,546	5,003,538	993,008
Administration	2,345,845	2,342,945	2,390,888	(47,943)
Contracted services:				
Other services	4,600	4,600	5,066	(466)
Supplies, uniforms, and materials	41,775	31,775	32,316	(541)
Operations and building maintenance	10,300	16,300	16,731	(431)
Vehicle fuel and cleaning	28,650	28,650	19,269	9,381
Education and training	2,400	1,400	277	1,123
Other expenses	1,900	5,000	4,860	140
Public safety:				
Salaries and employee benefits	7,888,000	8,466,325	7,824,074	642,251
Administration	1,358,680	1,359,005	1,226,079	132,926
Contracted services:				
Emergency dispatch	2,788,250	2,788,250	2,788,250	-
Other services	1,783,900	1,733,400	1,613,138	120,262
Supplies, uniforms, and materials	568,100	618,130	582,616	35,514
Operations and building maintenance	91,900	86,915	110,516	(23,601)
Vehicle fuel and cleaning	658,475	667,975	605,614	62,361
Education and training	160,950	116,255	85,350	30,905
Other expenses	823,500	1,006,425	429,193	577,232
Capital outlay:				
Law enforcement equipment	90,000	106,050	266,996	(160,946)
K-9 Service Animal	10,000	10,000	4,500	5,500
Total expenditures	24,094,600	25,385,946	23,009,271	2,376,675
Excess of revenues over expenditures	(3,086,400)	(3,614,111)	(1,461,969)	2,152,142
Other Financing Sources (Uses)				
Transfers in	16,400	16,400	16,400	-
Total other financing sources (uses)	16,400	16,400	16,400	-
Net change in fund balance	\$ (3,070,000)	\$ (3,597,711)	(1,445,569)	\$ 2,152,142
Fund balance, beginning of year			5,117,139	
Fund balance, end of year			\$ 3,671,570	

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, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>Revenues</u>				
Charges for services:				
Member fees for law enforcement	\$ 48,494,460	\$ 49,559,942	\$ 49,557,601	\$ (2,341)
Other community services	999,000	999,000	905,827	(93,173)
Grants and awards:				
State	351,500	376,250	287,757	(88,493)
Federal	33,500	530,018	118,559	(411,459)
Licenses and fees	120,000	120,000	4,705	(115,295)
Donor contributions	59,500	73,841	30,444	(43,397)
Miscellaneous	25,000	-	7,248	7,248
Total revenues	50,082,960	51,659,051	50,912,141	(746,910)
<u>Expenditures</u>				
Current:				
Public safety:				
Salaries and employee benefits	43,953,450	46,180,700	39,876,235	6,304,465
Administration	1,041,945	1,049,845	837,824	212,021
Contracted services:				
Other services	41,950	41,450	27,203	14,247
Supplies, uniforms, and materials	629,090	638,915	534,596	104,319
Operations and building maintenance	119,675	132,625	162,482	(29,857)
Vehicle fuel and cleaning	3,787,600	3,787,850	3,417,085	370,765
Education and training	231,575	221,425	68,388	153,037
Other expenses	127,925	131,491	77,489	54,002
Capital outlay:				
Precinct buildings and improvements	60,000	110,000	80,938	29,062
Total expenditures	49,993,210	52,294,301	45,082,240	7,212,061
Excess of revenues over expenditures	89,750	(635,250)	5,829,901	6,465,151
<u>Other Financing Sources (Uses)</u>				
Transfers out	(106,400)	(106,400)	(106,400)	-
Total other financing sources (uses)	(106,400)	(106,400)	(106,400)	-
Net change in fund balance	\$ (16,650)	\$ (741,650)	5,723,501	\$ 6,465,151
Fund balance, beginning of year			3,090,093	
Fund balance, end of year			\$ 8,813,594	

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Net Position – Proprietary Fund
June 30, 2021

	Governmental Activities <hr style="border-top: 1px solid black;"/> Fleet Management <hr style="border-top: 1px solid black;"/>
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 4,369,692
Total current assets	<hr style="border-top: 1px solid black;"/> 4,369,692
Noncurrent assets:	
Capital assets:	
Vehicles (including police up-fitting)	14,246,244
Vehicles in process	269,204
Accumulated depreciation	<hr style="border-top: 1px solid black;"/> (8,238,695)
Net capital assets	<hr style="border-top: 1px solid black;"/> 6,276,753
Total noncurrent assets	<hr style="border-top: 1px solid black;"/> 6,276,753
Total assets	<hr style="border-top: 1px solid black;"/> 10,646,445
<u>Deferred Outflows of Resources</u>	
Related to state pensions	<hr style="border-top: 1px solid black;"/> 76,923
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	\$ 66,058
Compensated absences	12,628
Total current liabilities	<hr style="border-top: 1px solid black;"/> 78,686
Noncurrent liabilities:	
Compensated absences	13,970
Net pension liability	<hr style="border-top: 1px solid black;"/> 77,250
Total noncurrent liabilities	<hr style="border-top: 1px solid black;"/> 91,220
Total liabilities	<hr style="border-top: 1px solid black;"/> 169,906
<u>Deferred Inflows of Resources</u>	
Related to state pensions	<hr style="border-top: 1px solid black;"/> 52,932
<u>Net Position</u>	
Investment in capital assets	6,276,753
Unrestricted	<hr style="border-top: 1px solid black;"/> 4,223,777
Total net position	<hr style="border-top: 1px solid black;"/> \$ 10,500,530

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 – Proprietary Fund
For the Year Ended June 30, 2021

	Governmental Activities
	Fleet Management
<u>Operating Revenues</u>	
Charges for services	\$ 2,658,200
Miscellaneous	5,100
Total operating revenues	2,663,300
<u>Operating Expenses</u>	
Administrative:	
Salaries and related	226,636
Other	144,426
Repairs, maintenance, and servicing	
Fleet vehicles	35,174
Buildings	46,372
Depreciation	1,922,077
Total operating expenses	2,374,685
Operating income	288,615
<u>Nonoperating Revenues (Expenses)</u>	
Loss on assets transferred due to member departures	(630,695)
Loss before transfers	(342,080)
Transfers in	90,000
Change in net position	(252,080)
Total net position, beginning	10,752,610
Total net position, ending	\$ 10,500,530

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2021

	Governmental Activities <hr style="border-top: 1px solid black;"/> Fleet Management <hr style="border-top: 1px solid black;"/>
Cash flows from operating activities	
Receipts for interfund services provided	\$ 2,663,300
Payments to employees	(231,791)
Payments to suppliers	(35,199)
Net cash provided by operating activities	<hr style="border-top: 1px solid black;"/> 2,396,310
Cash flows from noncapital financing activities	
Transfer from precincts fund	90,000
Net cash provided by noncapital financing activities	<hr style="border-top: 1px solid black;"/> 90,000
Cash flows from capital and related financing activities	
Acquisition of fleet vehicles and up-fitting	(2,150,534)
Proceeds from sale of fleet vehicles	315,545
Net cash used by capital and related financing activities	<hr style="border-top: 1px solid black;"/> (1,834,989)
Net increase in cash and cash equivalents	651,321
Cash and cash equivalents, beginning of year	<hr style="border-top: 1px solid black;"/> 3,718,371
Cash and cash equivalents, end of year	<hr style="border-top: 1px solid black;"/> \$ 4,369,692 <hr style="border-top: 1px solid black;"/>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 288,615
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,922,077
Changes in assets and liabilities:	
Prepaid expenses	135,345
Accounts payable	46,347
Accrued expenses	3,926
Net cash used by operating activities	<hr style="border-top: 1px solid black;"/> \$ 2,396,310 <hr style="border-top: 1px solid black;"/>

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Statement of Fiduciary Assets and Liabilities
June 30, 2021

Assets

Cash and investments \$ 637,938

Total assets \$ 637,938

Liabilities

Deposits held for others:

Evidence \$ 547,734

Pending forfeitures 154,673

Civil service fees (64,469)

Total liabilities \$ 637,938

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, 2021

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, Taylorsville, 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, 2021

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 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 six municipal precincts and countywide law enforcement services for Salt Lake County, including five townships 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) 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, pending forfeitures, and civil service fees, 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, 2021

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, 2021

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, 2021

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, 2021, 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, 2021.

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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

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

2. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as of June 30, 2021, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 6,923,835
Carrying amount of petty cash at precincts	9,439
Carrying amount of investments (PTIF)	9,672,604
Total cash and investments	<u>\$ 16,605,878</u>
Governmental funds cash and investments	11,598,248
Proprietary fund cash and investments	<u>4,369,692</u>
Governmental activity cash and investments	15,967,940
Agency fund cash and investments	<u>637,938</u>
Total cash and investments	<u><u>\$ 16,605,878</u></u>

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

2. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2021, UPD had the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Total deposits	\$ 6,923,835	\$ 4,616,026	\$ 352,904

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, 2021, \$4,263,122 of UPD's bank deposits were uninsured and uncollateralized. No deposits are collateralized nor are they required to be by Utah State statute.

Investments - As of June 30, 2021, UPD had \$9,672,604 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.

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021:

- Public Treasurers' Investment Fund position of \$9,672,604 is valued at UPD's position in the PTIF (Level 2 inputs).

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, is as follows:

	07/01/20	Increases	Decreases	06/30/21
<u>Governmental activities</u>				
Capital assets, being depreciated:				
Equipment	\$ 6,137,431	\$ 782,129	\$ (184,684)	\$ 6,734,876
Fleet vehicles	15,066,512	1,881,330	(2,701,598)	14,246,244
Fleet vehicles in process	-	269,204	-	269,204
	<u>21,203,943</u>	<u>2,932,663</u>	<u>(2,886,282)</u>	<u>21,250,324</u>
Total capital assets, being depreciated				
	21,203,943	2,932,663	(2,886,282)	21,250,324
Accumulated depreciation:				
Equipment	(5,068,652)	(357,648)	158,929	(5,267,371)
Fleet vehicles	(8,071,976)	(1,922,077)	1,755,358	(8,238,695)
	<u>(13,140,628)</u>	<u>(2,279,725)</u>	<u>1,914,287</u>	<u>(13,506,066)</u>
Total accumulated depreciation	(13,140,628)	(2,279,725)	1,914,287	(13,506,066)
Governmental capital assets, net	<u>\$ 8,063,315</u>	<u>\$ 652,938</u>	<u>\$ (971,995)</u>	<u>\$ 7,744,258</u>

Depreciation expense for the year ended June 30, 2021, is charged to functions of UPD as follows:

Governmental activities:	
General government	\$ 156,560
Public Safety	<u>2,123,165</u>
Total depreciation expense - governmental activities	<u>\$ 2,279,725</u>

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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.

Changes in the estimated claims payable liability carried in the liabilities of the governmental activities since July 1, 2010 shows in the table below, as of the year ended June 30, 2021:

	(As Restated) 07/01/20	Current Year Claims and Changes in Estimates	Claim Payments	06/30/21	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>

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

5. LONG-TERM LIABILITIES (CONTINUED)

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)

	(As Restated) 07/01/20	Current Year Claims and Changes in Estimates	Claim Payments	06/30/21	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 for only those employees that qualify for state retirement and in accordance with UPD policy; only 25% of the value of the sick leave accumulation is accrued.

UPD estimates these vacation and sick accrual obligations as of June 30, 2021, to be \$4,630,376. These obligations will be paid by the General, Precinct, and Fleet Management Funds.

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, 16 retirees are receiving health benefits from the plan. During fiscal year 2020, three members turned 65 years old and aged out of the plan; one member was dropped for nonpayment.

The following is a summary of the changes in the OPEB liability as of and for the year ended June 30, 2021:

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

The following is a summary of the long-term debt as of June 30, 2021:

	07/01/20	Increases	Decreases	06/30/21	Due Within One Year
<u>Governmental activities</u>					
Compensated absences	\$ 4,743,682	\$ 3,419,144	\$ (3,532,450)	\$ 4,630,376	\$ 2,198,362
OPEB obligation	385,134	-	(66,914)	318,220	44,122
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
	\$ 7,492,860	\$ 4,466,154	\$ (4,588,809)	\$ 7,370,205	\$ 2,654,076

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021

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
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 all years 2.00% per year July 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, 2021

6. STATE RETIREMENT PLANS (CONTINUED)

Contribution rates as of June 30, 2021 are as follows:

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k)</u>
Contributory System			
111- Local Governmental Division Tier 2	N/A	15.80%	0.89%
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, 2021, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 605,055	N/A
Public Safety System	5,978,080	-
Tier 2 Public Employees System	214,341	-
Tier 2 Public Safety and Firefighter	1,073,675	102,641
Tier 2 DC Only System	24,513	N/A
Tier 2 DC Public Safety and Firefighter System	72,348	N/A
Total Contributions	<u>\$ 7,968,012</u>	<u>\$ 102,641</u>

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

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

As of June 30, 2021, UPD reported a net pension asset of \$0 and a net pension liability of \$11,003,236.

	<u>Measurement Date: December 31, 2020</u>				
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31, 2019</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 205,018	0.3996906%	0.4333565%	-0.0336659%
Public Safety System	\$ -	\$ 10,595,263	29.4695725%	30.4226552%	-0.9530827%
Tier 2 Public Employees System	\$ -	\$ 12,384	0.0861029%	0.0941832%	-0.0080803%
Tier 2 Public Safety and Firefighter	\$ -	\$ 190,571	2.1246744%	2.1782627%	-0.0535883%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 11,003,236</u>			

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

6. STATE RETIREMENT PLANS (CONTINUED)

The net pension asset and liability were measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020, 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, 2021, UPD recognized pension expense of \$8,340,090.

As of June 30, 2021, 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	\$12,390,681	\$ 5,732
Changes in assumptions	1,190,645	557,197
Net difference between projected and actual earnings on pension plan investments	-	12,486,816
Changes in proportion and differences between contributions and proportionate share of contributions	99,344	1,093,784
Contributions subsequent to the measurement date	3,911,878	-
Total	\$17,592,548	\$14,143,529

\$3,911,878 reported as deferred outflows of resources related to pensions results from contributions made by UPD prior to the fiscal year ended June 30, 2021, but subsequent to the measurement date of December 31, 2020.

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
2021	\$ 2,854,421
2022	1,714,478
2023	(3,087,039)
2024	(2,063,811)
2025	13,116
Thereafter	105,976

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

6. STATE RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2021, UPD recognized pension expense of (\$102,177).

As of June 30, 2021, 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	\$ 275,047	\$ -
Changes in assumptions	-	26,818
Net difference between projected and actual earnings on pension plan investments	-	1,497,056
Changes in proportion and differences between contributions and proportionate share of contributions	-	484,217
Contributions subsequent to the measurement date	301,089	-
Total	\$ 576,136	\$ 2,008,091

\$301,089 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, 2020.

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
2021	\$ (642,826)
2022	(309,557)
2023	(532,469)
2024	(248,192)
2025	-
Thereafter	-

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

6. STATE RETIREMENT PLANS (CONTINUED)

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

For the year ended June 30, 2021, UPD recognized pension expense of \$7,742,516.

As of June 30, 2021, 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	\$12,005,695	\$ -
Changes in assumptions	1,130,694	509,511
Net difference between projected and actual earnings on pension plan investments	-	10,831,771
Changes in proportion and differences between contributions and proportionate share of contributions	56,198	593,320
Contributions subsequent to the measurement date	2,896,844	-
Total	\$16,089,431	\$11,934,602

\$2,896,844 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, 2020.

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
2021	\$ 3,528,117
2022	2,044,797
2023	(2,514,288)
2024	(1,800,641)
2025	-
Thereafter	-

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, UPD recognized pension expense of \$120,389.

As of June 30, 2021, 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	\$ 11,400	\$ 5,671
Changes in assumptions	15,664	451
Net difference between projected and actual earnings on pension plan investments	-	36,199
Changes in proportion and differences between contributions and proportionate share of contributions	20,396	13,574
Contributions subsequent to the measurement date	120,824	-
Total	\$ 168,284	\$ 55,895

\$120,824 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, 2020.

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
2021	\$ (7,034)
2022	(4,491)
2023	(9,262)
2024	(3,306)
2025	3,368
Thereafter	12,291

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, UPD recognized pension expense of \$579,362.

As of June 30, 2021, 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	\$ 98,539	\$ 61
Changes in assumptions	44,287	20,417
Net difference between projected and actual earnings on pension plan investments	-	121,790
Changes in proportion and differences between contributions and proportionate share of contributions	22,750	2,673
Contributions subsequent to the measurement date	593,121	-
	<hr/>	<hr/>
Total	<u>\$ 758,697</u>	<u>\$ 144,941</u>

\$593,121 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, 2020.

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
2021	\$ (23,836)
2022	(16,271)
2023	(31,020)
2024	(11,672)
2025	9,748
Thereafter	93,685

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

6. STATE RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were 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, 2020, 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%	6.30%	2.33%
Debt securities	20.00%	0.00%	0.00%
Real assets	15.00%	6.19%	0.93%
Private equity	12.00%	9.50%	1.14%
Absolute return	16.00%	2.75%	0.44%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

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

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

6. STATE RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates 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 of 6.95% was unchanged from the prior measurement period.

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

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 3,554,411	\$ 205,018	\$ (2,587,204)
Public Safety System	38,733,434	10,595,263	(12,332,127)
Tier 2 Public Employees System	208,386	12,384	(137,552)
Tier 2 Public Safety and Firefighter	898,483	190,571	(374,033)
Total	<u>\$43,394,714</u>	<u>\$11,003,236</u>	<u>\$(15,430,916)</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, 2021

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:

	2021	2020	2019
401(k) Plan			
Employer Contributions	\$ 2,831,529	\$ 3,039,377	\$ 3,063,100
Employee Contributions	1,008,644	1,020,145	935,169
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	446,318	480,229	425,381
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	158,899	146,157	135,348
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	9,316	10,941	8,561

7. COMMITMENTS

UPD is committed under operating leases for buildings:

- Annual rent is \$36,000 for the Magna building and the lease expired on December 31, 2020; at which time it was converted to month-to-month. Management is currently negotiating new terms.
- Quarterly rent is \$78,800 for the sheriff's office and operations buildings and expires December 31, 2060
- Monthly rent is \$10,965 for the Kearns building and is a month-to-month lease.
- Monthly rent is \$10,580 for the Millcreek building and is a month-to-month lease.
- Annual rent is \$600 for the Copperton Substation building.

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

8. DISCRETELY PRESENTED COMPONENT UNIT

Capital assets activity for SLVLESA for the year ended December 31, 2020, was as follows:

<u>Component Unit</u>	<u>01/01/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/20</u>
Capital assets, being depreciated:				
Buildings	\$ 330,245	\$ -	\$ -	\$ 330,245
Accumulated depreciation:				
Buildings	(9,304)	(9,614)	-	(18,918)
Total component unit capital assets, net	<u>\$ 320,941</u>	<u>\$ (9,614)</u>	<u>\$ -</u>	<u>\$ 311,327</u>

9. LITIGATION AND CONTINGENCIES

UPD leases 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.

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. PRIOR PERIOD ADJUSTMENT

A restatement was needed to correctly measure the estimates of the outstanding general liability, workers' compensation, and auto claims as of June 30, 2020. The restatement of \$1.2 million is a decrease in the liability and net position that was a result of management's determination that claims handled by the contracted administrator were not accurate.

11. SUBSEQUENT EVENT

Effective July 1, 2021, the Taylorsville City Precinct elected to withdraw from UPD. As part of this withdrawal, certain assets, including fleet vehicles, and liabilities will be transferred to the respective cities at an amount yet to be fully determined.

Required Supplementary Information

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Schedule of Changes in Total OPEB Obligation and Related Ratios
(Last Two Plan Years)

	2021	2020
Total OPEB obligation:		
Changes in assumptions or other inputs	\$ (9,546)	\$ (10,697)
Benefit payments	(57,368)	(72,666)
Net changes	(66,914)	(83,363)
Total OPEB obligation, beginning	385,134	468,497
Total OPEB obligation, ending	\$ 318,220	\$ 385,134

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
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 7 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%
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%
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%
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%
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%
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%

*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

There were a number of demographic assumptions (e.g., rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020, actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019, for all systems combined. The Actuarial Experience Study report as of December 31, 2019, provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org, under the "Retirement Office" column using the "Reports and Stats" tab.

Supplementary Information

UNIFIED POLICE DEPARTMENT OF GREATER SALT LAKE
Balance Sheet Information – Special Revenue Fund
Jun 30, 2021

	Millicreek Precinct	Holladay Precinct	Taylorsville Precinct	Midvale Precinct	Kearns Precinct	Magna Precinct	Southwest Islands District	White City District	Copperton District	Emigration District	Southwest Islands District	Salt Lake County Precinct	Total
Assets													
Cash and cash equivalents	\$ 1,729,515	\$ 760,891	\$ 791,610	\$ 953,825	\$ 1,099,288	\$ 1,390,601	\$ 187,672	\$ 169,139	\$ 10,807	\$ 12,414	\$ 232,205	\$ 1,538,838	\$ 8,876,805
Receivables:													
Local	-	-	603,179	10,716	-	-	-	-	-	-	-	70,028	683,923
State	-	-	-	-	-	-	-	-	-	-	-	67,774	67,774
Federal	-	-	-	-	-	-	-	-	-	-	-	6,570	6,570
Other	-	-	-	-	-	-	-	-	-	-	-	228,884	228,884
Prepaid expenditures	10,279	-	-	-	-	-	-	-	300	-	-	42,029	52,608
Total assets	\$ 1,739,794	\$ 760,891	\$ 1,394,789	\$ 964,541	\$ 1,099,288	\$ 1,390,601	\$ 187,672	\$ 169,139	\$ 11,107	\$ 12,414	\$ 232,205	\$ 1,954,123	\$ 9,916,564
Liabilities and fund balances													
Liabilities:													
Accounts payable	\$ 42,467	\$ 25,352	\$ 29,098	\$ 34,290	\$ 31,948	\$ 27,894	\$ 3,173	\$ 2,419	\$ 1,227	\$ 639	\$ 2,375	\$ 61,296	\$ 262,178
Accrued liabilities	115,075	57,970	178,633	96,188	80,719	78,241	11,435	14,553	2,446	3,552	7,071	194,909	840,792
Total liabilities	157,542	83,322	207,731	130,478	112,667	106,135	14,608	16,972	3,673	4,191	9,446	256,205	1,102,970
Fund balances:													
Nonspendable:													
Prepaid expenditures	10,279	-	-	-	-	-	-	-	300	-	-	42,029	52,608
Restricted for:													
Public safety	1,294,686	548,634	994,330	644,998	784,590	1,138,460	148,406	111,857	2,304	(3,182)	197,153	1,182,998	7,045,234
Grant requirements	76,037	-	2,935	-	33,545	-	-	-	-	-	-	-	112,517
Committed for:													
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	472,891	1,603,235
Total fund balances	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
Total liabilities and fund balances	\$ 1,739,794	\$ 760,891	\$ 1,394,789	\$ 964,541	\$ 1,099,288	\$ 1,390,601	\$ 187,672	\$ 169,139	\$ 11,107	\$ 12,414	\$ 232,205	\$ 1,954,123	\$ 9,916,564

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, 2021

	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	Salt Lake County	Total
Revenues													
Charges for services:													
Member fees for law enforcement	\$ 7,750,689	\$ 3,868,800	\$ 7,238,150	\$ 5,996,996	\$ 5,569,400	\$ 5,224,835	\$ 775,300	\$ 858,375	\$ 135,590	\$ 180,250	\$ 639,130	\$ 11,330,086	\$ 49,557,601
Other community services	30,000	24,000	-	90,000	12,000	18,000	-	-	-	-	-	731,827	905,827
Grants and awards:													
State	50,276	-	-	-	-	-	-	-	-	-	-	237,481	287,757
Federal	4,500	-	-	-	-	-	-	-	-	-	-	114,059	118,559
Licenses and fees	-	-	-	-	-	-	-	-	-	-	-	4,705	4,705
Donor contributions	-	-	600	-	23,844	4,000	-	-	-	-	-	2,000	30,444
Miscellaneous	-	-	29	459	-	-	-	-	-	-	380	6,380	7,248
Total revenues	7,835,465	3,892,800	7,238,779	6,087,455	5,595,244	5,246,835	775,300	858,375	135,590	180,250	639,510	12,426,538	50,912,141
Expenditures													
Current:													
Public safety	6,841,658	3,364,245	6,419,366	5,504,465	4,819,211	4,482,863	625,394	717,915	132,453	164,461	466,602	11,462,669	45,001,302
Capital outlay	-	16,264	-	-	30,447	10,860	-	-	-	-	-	23,367	80,938
Total expenditures	6,841,658	3,380,509	6,419,366	5,504,465	4,849,658	4,493,723	625,394	717,915	132,453	164,461	466,602	11,486,036	45,082,240
Excess of revenues over expenditures	993,807	512,291	819,413	582,990	745,586	753,112	149,906	140,460	3,137	15,789	172,908	940,502	5,829,901
Other financing sources (uses)													
Transfers out	-	-	-	-	(53,200)	(53,200)	-	-	-	-	-	-	(106,400)
Total other financing sources (uses)	-	-	-	-	(53,200)	(53,200)	-	-	-	-	-	-	(106,400)
Net change in fund balances	993,807	512,291	819,413	582,990	692,386	699,912	149,906	140,460	3,137	15,789	172,908	940,502	5,723,501
Fund balances, beginning of year	588,445	165,278	367,645	251,073	294,235	584,554	23,158	11,707	4,297	(7,566)	49,851	757,416	3,090,093
Fund balances, end of year	\$ 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

Compliance Section



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
ACCOUNTANTS**

E. LYNN HANSEN, CPA
CLARKE R. BRADSHAW, CPA
GARY E. MALMROSE, CPA
EDWIN L. ERICKSON, CPA
MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
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 Auditors' 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, 2021, and the related notes to the financial statements, which collectively comprise UPD's basic financial statements, and have issued our report thereon dated December 14, 2021.

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 did not disclose instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

HBMC, LLC

December 14, 2021



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
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- 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, 2021.

State compliance requirements were tested for the year ended June 30, 2021 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, 2021.

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*.

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.

HBME, LLC

December 14, 2021