

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
FINANCIAL REPORT
DECEMBER 31, 2014

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Keddington & Christensen, LLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Stansbury Service Agency of Tooele County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund of Stansbury Service Agency of Tooele County (the Agency) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of Stansbury Service Agency of Tooele County as of and for the year ended December 31, 2014, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2015, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

Keddington & Christensen

June 26, 2015

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

This section of the Stansbury Service Agency of Tooele County's annual financial report presents our discussion and analysis of the Service Agency's financial performance during the fiscal year ended December 31, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the financial statements, which follow this section:

FINANCIAL HIGHLIGHTS

- The Stansbury Service Agency of Tooele County's *total combined net position* is \$22,914,577.
- During the year, the Service Agency program *expenses* were \$1,092,411.
- The changes in net position amounted to \$592,457.
- During the year, the Service Agency program *revenues* were \$686,440 and general revenues were \$998,428.
- During the year, the Service Agency collected \$990,395 in *property taxes*, a decrease of \$137 from 2013.
- The *general fund* balance is \$521,944, all of which is unassigned.
- The *capital projects fund balance* is \$1,632,094, of which \$488,925 is restricted and \$1,143,169 is assigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Stansbury Service Agency of Tooele County's basic financial statements. The Service Agency's basic financial statement comprises two components: 1) government wide financial statements and 2) fund financial statements.

The basic financial statements include two kinds of statements that present different views of the district:

- The Statement of Net Position provides government-wide long-term and short-term information about the Service Agency's overall financial status.
- The Governmental Funds Balance Sheet, and Reconciliation of Balance Sheet, provides government-wide long-term and short-term information about the Service Agency's restricted and unrestricted assets, liabilities, and fund balances.
- The Statement of Revenues, Expenses, & Changes in Fund Balances and its Reconciliation provide government-wide information about the Service Agency's revenues and expenses for the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Government-wide statements:

The government-wide statements report information about the Service Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Service Agency's most significant funds – not the Service Agency as a whole. Funds are accounting devices that the Service Agency uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Service Agency has two funds:

- General fund
 - This is the general operating fund of the Agency. The general fund is used for all financial resources except those accounted for in another fund.
 - The general fund increased by \$396,881 from 2013 to 2014.
- Capital projects fund
 - This fund is used to account for financial resources used in major capital construction projects. Funds used for such projects are provided by impact fees, capital grants, and transfers from the general fund.
 - The capital projects fund decreased by \$168,494 from 2013 to 2014.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

FINANCIAL ANALYSIS OF THE SERVICE AGENCY AS A WHOLE

Net Position. The Service Agency's combined net position for 2013 were \$22,322,120. (See Table 1)

Table 1
Stansbury Service Agency of Tooele County Net Assets

	Governmental Activities		Percentage Change
	2013	2014	
ASSETS			
Total Current Assets	\$ 2,210,539	2,173,627	-1.67%
Non Current Assets:			
Property, plant and equipment (net of accumulated depreciation)	<u>20,396,469</u>	<u>20,760,539</u>	1.78%
Total Assets	<u>\$ 22,607,008</u>	<u>\$ 22,934,166</u>	1.45%
LIABILITIES			
Total Current Liabilities	\$ 284,888	19,589	-93.12%
Non Current Liabilities:			
Long-term Debt	<u>-</u>	<u>-</u>	
Total Liabilities	<u>284,888</u>	<u>19,589</u>	-93.12%
NET POSITION			
Investment in capital assets (net of related debt)	\$ 20,396,469	\$ 20,760,539	1.78%
Restricted For:			
Impact Fees	412,164	488,925	18.62%
Unrestricted:	<u>1,513,487</u>	<u>1,665,113</u>	10.02%
Total Net Position	<u>22,322,120</u>	<u>22,914,577</u>	2.65%
Total Net Position and Liabilities	<u>\$ 22,607,008</u>	<u>\$ 22,934,166</u>	1.45%

A portion of the net position is either restricted as to the purposes they can be used for or they are invested in capital assets. Unrestricted net position may be used to fund Service Agency programs in the next fiscal year. However, this does not mean that the Service Agency has significant surplus resources available to pay its bills next year. Rather it is the result of having long-term commitments that are currently less than available resources. The balance has remained similar to the prior years.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Table 2
Stansbury Service Agency of Tooele County Changes in Net Position

	Governmental Activities		Percentage Change
	2013	2014	
REVENUES			
Program revenues			
Charges for services	\$ 192,094	\$ 382,600	99.17%
Capital grants and contributions	293,150	303,840	3.65%
General revenues			
Property taxes – general	990,532	990,395	-0.01%
Interest allocated to impact fees	2,576	2,008	-22.05%
Interest	7,095	6,025	-15.08%
Loss on disposal of equipment	(1,097)	-	
Total Revenues	<u>1,484,350</u>	<u>1,684,868</u>	13.51%
Expenses			
General government	337,996	471,355	39.46%
Park	192,232	278,547	44.90%
Clubhouse	112,660	66,758	-40.74%
Pool	51,540	62,851	21.95%
Golf course	54,004	47,138	-12.71%
Lake	77,834	52,480	-32.57%
Cemetery	139,064	108,453	0.00%
Greenbelt	31,064	4,829	-84.45%
Total Expenses	<u>996,394</u>	<u>1,092,411</u>	9.64%
Increase in net assets	487,956	592,457	21.42%
Net position – beginning	<u>21,834,164</u>	<u>22,322,120</u>	2.23%
Net position – ending	<u>\$ 22,322,120</u>	<u>\$ 22,914,577</u>	2.65%

The total of all program revenues and general revenues was \$1,684,868 for the year. General property tax was \$990,395 for the year. The total of all program expenses was \$1,092,411 for the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

General Fund Budgetary Highlights

- Over the course of the year the Service Agency did revise its budget.
- The general fund budgeted expenses were \$1,280,890 and actual expenses were \$982,139, which resulted in a positive budgetary variance of \$298,751.
- The capital projects fund budgeted expenses were \$685,000 and actual expenses on the budgetary basis were \$474,342, which resulted in a positive budgetary variance of \$210,658.
- Capital assets purchased for the year were \$708,165. The major components of these additions were:
 - 28 Acre Park parking lot - \$189,847
 - Stansbury Park front entrance beautification project - \$154,234
 - Golf Course proshop and pavilion improvements - \$213,253
 - Swimming pool improvements - \$21,800
 - Frisbee golf course and soccer goals - \$13,454
 - Fencing for baseball field - \$24,523
 - New lake weed mower - \$52,960
 - Cemetery pavilion - \$21,255
 - Other improvements - \$19,839
- There was no additional debt incurred.

General Fund Amended Budget

The budget of the general fund was amended by the Board of Trustees on December 10, 2014 for the reasons described below:

- **Revenue:** The county reassessment of properties in the Stansbury area caused the valuation of many homes to go up, thus increasing our property tax revenue. New building in the area also contributed to more property tax revenue.
- **Expenditures:** Because of organizational changes we increased spending for personnel. Because of equipment failures during the season we also had a significant increase in our equipment purchases.

Economic Factors and Next Year's Budgets

- Property tax revenues are increasing due to increased value.
- Impact fee revenues are increasing due to increases in new home construction.

These indicators were taken into account when adopting the budgets for 2015.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Contacting the Service Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Stansbury Service Agency of Tooele County's finances and to demonstrate the Service Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Stansbury Service Agency, 1 Country Club, Suite 1, Stansbury Park, UT 84074, phone 435-882-6188.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2014

ASSETS	Governmental Activities
Current assets:	
Cash and cash equivalents - unrestricted	\$ 1,502,915
Cash and cash equivalents - restricted	407,925
Property taxes receivable	176,332
Other governmental entity - impact fees receivable	81,000
Other receivables	<u>5,455</u>
Total current assets	<u>2,173,627</u>
Capital assets:	
Land and construction in progress	15,138,768
Other capital assets, net of depreciation	<u>5,621,771</u>
Total capital assets:	<u>20,760,539</u>
Total Assets	<u>22,934,166</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 6,142
Accrued expenses	<u>13,447</u>
Total current liabilities	<u>19,589</u>
 NET POSITION	
Net investment in capital assets	20,760,539
Restricted for:	
Impact fees	488,925
Unrestricted	<u>1,665,113</u>
Total net position	<u>\$ 22,914,577</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
General government	\$ 471,355	\$ 277,391	\$ 39,240	\$ (154,724)
Park	278,547	-	264,600	(13,947)
Clubhouse	66,758	33,055	-	(33,703)
Pool	62,851	40,428	-	(22,423)
Golf course	47,138	20,626	-	(26,512)
Lake	52,480	-	-	(52,480)
Greenbelt	108,453	-	-	(108,453)
Cemetery	4,829	11,100	-	6,271
Total governmental activities	1,092,411	382,600	303,840	(405,971)
General revenues				990,395
Property taxes - general				2,008
Interest allocated to impact fees				6,025
Interest				998,428
Total general revenues				592,457
Change in net position				22,322,120
Net position - beginning				\$ 22,914,577
Net position - ending				22,914,577

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

ASSETS	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents - unrestricted	\$ 359,746	\$ 1,143,169	\$ 1,502,915
Cash and cash equivalents - restricted	-	407,925	407,925
Property taxes receivable	176,332	-	176,332
Other governmental entity - impact fees receivable	-	81,000	81,000
Other receivables	<u>5,455</u>	<u>-</u>	<u>5,455</u>
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 541,533</u>	 <u>\$ 1,632,094</u>	 <u>\$ 2,173,627</u>
 LIABILITIES			
Accounts payable	\$ 6,142	\$ -	\$ 6,142
Accounts payable from restricted assets	-	-	-
Accrued expenses	13,447	-	13,447
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
 Total current liabilities	 <u>19,589</u>	 <u>-</u>	 <u>19,589</u>
 FUND BALANCES			
Restricted	-	488,925	488,925
Assigned	-	1,143,169	1,143,169
Unassigned	<u>521,944</u>	<u>-</u>	<u>521,944</u>
 Total fund balances	 <u>521,944</u>	 <u>1,632,094</u>	 <u>2,154,038</u>
 Total liabilities and fund balances	 <u>\$ 541,533</u>	 <u>\$ 1,632,094</u>	 <u>\$ 2,173,627</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2014

Total governmental funds balances	\$ 2,154,038
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>20,760,539</u>
Net position of governmental activities	<u>\$ 22,914,577</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Capital Projects	Total
Revenues			
Impact fees	\$ -	\$ 264,600	\$ 264,600
Property taxes	990,395	-	990,395
Capital grants	-	39,240	39,240
Charges for services	361,974	-	361,974
Rental income	20,626	-	20,626
Interest allocated to impact fees	-	2,008	2,008
Interest	6,025	-	6,025
Total revenues	1,379,020	305,848	1,684,868
 Expenditures			
Current:			
General government	466,522	-	466,522
Park	117,953	-	117,953
Clubhouse	61,175	-	61,175
Pool	55,256	-	55,256
Golf course	195,192	-	195,192
Lake	44,321	-	44,321
Greenbelt	41,059	-	41,059
Cemetery	661	-	661
Capital outlay:			
Park	-	376,473	376,473
Clubhouse	-	2,970	2,970
Golf course	-	3,800	3,800
Cemetery	-	21,256	21,256
Greenbelt	-	69,843	69,843
Total expenditures	982,139	474,342	1,456,481
Excess of revenues over expenditures	396,881	(168,494)	228,387
 Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	396,881	(168,494)	228,387
Fund balance beginning of year	125,063	1,800,588	1,925,651
Fund balance end of year	\$ 521,944	\$ 1,632,094	\$ 2,154,038

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Excess of revenues over expenditures - governmental funds \$ 228,387

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

364,070

Change in net position of governmental activities

\$ 592,457

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 889,481	\$ 917,390	\$ 990,395	\$ 73,005
Charges for services	74,500	339,500	361,974	22,474
Rental income	20,000	20,000	20,626	626
Other income	-	-	-	-
Interest	4,000	4,000	6,025	2,025
Total revenues	<u>987,981</u>	<u>1,280,890</u>	<u>1,379,020</u>	<u>98,130</u>
Expenditures				
Current:				
General government	616,250	747,990	466,522	281,468
Park	75,000	91,000	117,953	(26,953)
Clubhouse	57,000	70,500	61,175	9,325
Pool	74,900	72,900	55,256	17,644
Golf course	17,000	200,000	195,192	4,808
Lake	52,000	50,000	44,321	5,679
Greenbelt	36,000	38,500	41,059	(2,559)
Cemetery	10,500	10,000	661	9,339
Total expenditures	<u>938,650</u>	<u>1,280,890</u>	<u>982,139</u>	<u>298,751</u>
Excess of revenues over expenditures	49,331	-	396,881	396,881
Other financing sources (uses)				
Transfers out	(49,331)	-	-	-
Total other financing sources (uses)	<u>(49,331)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>396,881</u>	<u>396,881</u>
Fund balance beginning of year	<u>125,063</u>	<u>125,063</u>	<u>125,063</u>	<u>-</u>
Fund balance end of year	<u>\$ 125,063</u>	<u>\$ 125,063</u>	<u>\$ 521,944</u>	<u>\$ 396,881</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Stansbury Service Agency of Tooele County (the Agency), was created in 1992 by an Interlocal Agreement between Stansbury Recreation Service Area of Tooele County and Stansbury Greenbelt Service Area of Tooele County, both political subdivisions of the State of Utah created by authority of the Utah County Service Area Act, Code 17A-2-401. The Agency is a separate entity of government and, as such, is subject to providing Greenbelt and Recreation services to the Stansbury Park area. The Board members are elected by vote of Stansbury Park property owners.

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the government's accounting policies are described below.

A. The Reporting Entity

The Agency follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the Agency is financially accountable. The Agency is not a participant in any joint venture and has not identified any entities which would be component units of the Agency.

The Agency is not a component unit of Tooele County.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the Agency's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures are recorded only when payment is due.

Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period.

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (continued)

USE OF RESTRICTED FUNDS

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed. The order in which unrestricted resources are expended is in the following order: 1) committed, 2) assigned and 3) unassigned.

The Agency reports the following major governmental funds:

GENERAL FUND

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those accounted for in another fund.

CAPITAL PROJECTS FUND

The capital projects fund is used to account for resources to be used for capital projects.

D. Other Accounting Policies

Encumbrance accounting is not maintained by the Agency. Due to the size of the Agency, maintaining files is considered adequate to keep track of purchase orders, contracts, and other commitments. The Agency recognizes a liability for accumulated unpaid vacation for eligible employees. As of December 31, 2014, the liability was \$5,152.

E. Impact Fees

The Agency imposes impact fees for the development of open space, trails, recreation facilities and parks for the Stansbury Park area. The Agency adopted a capital facilities plan to determine the construction costs for calculating the amount of the impact fees. The Agency accounts for all impact fees by depositing them into a separate interest bearing account.

Impact fees amounting to \$264,600 were recognized in revenue and \$81,000 were available at Tooele County Assessor but not yet remitted as of December 31, 2014.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

E. Impact Fees (Continued)

For the year ended December 31, 2014, the Agency expended \$189,847 for capital improvements from impact fees. The Agency is required to refund all impact fees, plus interest, if they have not expended the collected impact fees according to the capital facilities plan within six years of their receipt. The Agency is not liable for any refunds at December 31, 2014.

F. Budgets and Budgetary Accounting

The Agency follows these procedures in establishing the budgetary date reflected in the financial statements:

1. By the first regular scheduled board meeting in November, a proposed operating budget is submitted for the year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. By December 15th, the budget is legally enacted through passage of an ordinance.
4. The Board approves, by ordinance, total budget appropriations only. The Treasurer is authorized to transfer budget amounts between line items within the fund; however, any revisions that alter the total appropriations of any fund must be approved by the Board. The Agency must hold a hearing to alter the total expenditures of the general fund. Therefore, the level of budgetary responsibility is total appropriations; however, for report purposes, this level has been expanded to a functional basis.
5. Unused appropriations for all of the above annually budgeted funds lapse at the end of year.
6. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

G. Estimates and Assumptions

The Agency uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

H. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on June 15th and are due November 30th.

I. Risk Management

The Agency purchases insurance from an independent carrier to provide worker's compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

J. Net Position/Fund Balances

The difference between assets and liabilities is "Net Position" on the government-wide and "Fund Balance" on the governmental fund financial statements. Net position is divided into invested in capital assets (net of related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon them by external parties or are imposed by constitutional provisions or enabling legislation.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance classification includes 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 fund balance classification includes amounts that are restricted if (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, which is the Board of Trustees of the Agency.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees of the Agency has retained authority to assign amounts to specific purposes which have been approved in the adopted budget.

Unassigned fund balance classification represents fund balance that has not been assigned to other funds and that has not been restricted committed, or assigned to specific purposes.

When both restricted and unrestricted sources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

When committed, assigned, or unassigned sources are available for use, it is the Agency's policy to use committed resources first, assigned resources second, then unassigned resources as they are needed.

NOTE 2. CASH AND CASH EQUIVALENTS

The Agency considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents. Following are the components of the Agency's cash and investments at December 31, 2014:

Cash and cash equivalents - unrestricted	\$ 1,502,915
Cash and cash equivalents - restricted	<u>407,925</u>
Total	<u>\$ 1,910,840</u>

Deposits

At December 31, 2014, the carrying amount of the Agency's deposits was \$71,731 and the bank balance was \$182,666, the full balance is under the \$250,000 covered by the NCUA. Deposits are not collateralized nor are they required to be by state statute. However, the State Commissioner of Financial Institutions monitors financial institutions and establishes limits for deposit of public money at individual financial institutions, and the Agency follows these recommendations.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

The Agency follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of Agency funds in a “qualified depository”. The Act defined a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investment

At December 31, 2014, the Agency’s investments balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Utah Public Treasurer’s Investment Fund	\$1,839,108	N/A	Unrated

Interest Rate Risk. The Agency has no policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency invests in the Utah Public Treasurer’s Investment Fund which is short term.

Credit Risk. The Agency has no policy regarding credit risk. The investment in the Utah Public Treasurer’s Investment Fund is unrated. These monies are invested primarily in money market securities.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure to this risk, the Agency tries to limit its deposits in each depository to the FDIC or NCUA insured limits.

Concentration of Credit Risk. The Agency places no limit on the amount that the Agency may invest in any one issuer. The Agency has no concentration of credit risk.

The Utah Public Treasurer’s Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund is not SEC registered nor is it rated. The fair value of the Agency’s position in the fund is the same as the value of the fund shares.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

Restricted Assets

Capital Projects Fund – The restricted cash of \$407,925 consists of reserves from impact fees received and funds for construction to be used only for the purpose defined by contract or under legal provisions.

NOTE 3. SUMMARY OF CHANGES IN FIXED ASSETS

The Agency used the straight line method of depreciation over estimated lives of three to twenty-five years. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. For the year ended December 31, 2014, depreciation expense was \$347,895. A summary of the fixed assets is as follows:

	<u>12/31/13</u>	<u>Additions</u>	<u>Disposals/ Reclass</u>	<u>12/31/14</u>
Capital assets not being depreciated				
Land	\$ 15,134,968	\$ -	\$ -	\$ 15,134,968
Construction in progress	<u>2,727,136</u>	<u>3,800</u>	<u>(2,727,136)</u>	<u>3,800</u>
Total capital assets not being depreciated	17,862,104	3,800	(2,727,136)	15,138,768
Capital assets being depreciated:				
Land Improvements	156,939	189,847	263,596	610,382
Greenbelt improvements	519,482	14,835	-	534,317
Buildings	796,005	154,233	-	950,238
Building improvements	38,809	-	-	38,809
Equipment and vehicles	678,485	54,964	(2,107)	731,342
Parks	1,657,145	-	2,454,963	4,112,108
Cemetery improvement	84,762	21,256	-	106,018
Recreation facilities	<u>6,437,580</u>	<u>273,030</u>	<u>8,577</u>	<u>6,719,187</u>
Total capital assets being depreciated	10,369,207	708,165	2,725,029	13,802,401
Less: Accumulated depreciation	<u>(7,834,842)</u>	<u>(347,895)</u>	<u>2,107</u>	<u>(8,180,630)</u>
Total capital assets being depreciated, net	<u>2,534,365</u>	<u>360,270</u>	<u>2,727,136</u>	<u>5,621,771</u>
Capital assets, net	<u>\$ 20,396,469</u>	<u>\$ 364,070</u>	<u>\$ -</u>	<u>\$ 20,760,539</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE 3. SUMMARY OF CHANGES IN FIXED ASSETS (Continued)

Depreciation is reported in the following functions:

General government	\$	80,001
Park		160,594
Clubhouse		11,317
Pool		7,595
Golf course		47,138
Lake		8,159
Cemetery		4,663
Greenbelt		<u>28,428</u>
	<u>\$</u>	<u>347,895</u>

NOTE 4. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS AND RESTRICTED NET POSITION

\$488,925 is reported as restricted net position in the government-wide statement of activities and restricted fund balance in the capital projects fund. This is the amount of impact fees collected and not yet expended. All of the restricted net position is restricted by enabling legislation. The capital projects fund also reports \$1,143,169 of assigned fund balance, which is the amount set aside by the Board of Trustees, for future projects. The Board of Trustees is the highest level of authority within the Agency. Formal Board resolution is required to commit Agency funds.

NOTE 5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the auditor's report date, which is the date the financial statements were available to be issued. There were no subsequent events to disclose.

**STANSBURY SERVICE AGENCY
OF TOOELE COUNTY**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2014



Keddington & Christensen, LLC
Certified Public Accountants

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SUPPLEMENTAL REPORTS
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Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

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

Board of Trustees
Stansbury Service Agency of Tooele County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Stansbury Service Agency of Tooele County (the Agency) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated June 26, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying *Schedule of Findings and Recommendations* that we consider to be a significant deficiency in internal control over financial reporting (items 1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stansbury Service Agency of Tooele County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Agency's Response to Findings

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Keddington & Christensen

June 26, 2015



Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

**INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE STATE COMPLIANCE
AUDIT GUIDE ON:**

- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
- INTERNAL CONTROL OVER COMPLIANCE

To the Board of Trustees
Stansbury Service Agency of Tooele County

We have audited Stansbury Service Agency of Tooele County's (the Agency) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Agency for the year ended December 31, 2014.

General state compliance requirements were tested for the year ended December 31, 2014 in the following areas:

Budgetary Compliance	Fund Balance
Cash Management	Open and Public Meetings Act
Nepotism	

The Agency did not have any state funding classified as a major program during the year ended December 31, 2014.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Agency's compliance based on our audit of the 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 *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Agency or its major state programs occurred. An audit includes examining, on a test basis, evidence about the Agency'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 with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the Agency's compliance. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Stansbury Service Agency of Tooele County, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Agency for the year ended December 31, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the compliance requirements that could have a direct and material effect on the Agency or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 general state or major state program 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 general state or major state program 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 general state or major state program 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the *Schedule of Findings and Recommendations* as items 2 and 3, that we consider to be significant deficiencies.

The Agency's response to the internal control over compliance findings identified in our audit is described in *Schedule of Findings and Recommendations*. The Agency's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Keddington & Christensen
Keddington & Christensen, LLC
Salt Lake City, Utah
June 26, 2015

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
December 31, 2014

SIGNIFICANT DEFICIENCIES

1. SEGREGATION OF DUTIES – CASH DISBURSEMENTS (Significant Deficiency)

Finding:

We noted that the office manager writes checks, mails checks, is a check signor, and reconciles the bank accounts. In addition, there is no review of the bank reconciliations. This segregation of duties weakness creates the risk of unauthorized disbursements being made and going undetected, as well as increases the risk that misstatements could occur and not be discovered.

This weakness is due to the limited resources of the Agency to have a different individual perform each aspect of the cash disbursement function.

Recommendation:

We recommend that Agency continue to maintain the quality of records observed during our audit, and improve any areas we have mentioned in the findings and recommendations. We realize that it may not be in the Agency's best interest to hire enough staff to correct this problem. Therefore, the Agency should continue to implement controls designed to prevent or detect these types of problems, as it has in the past. Such as, having two signers on all disbursements, having the board members look at the financial records during their meetings etc. This will provide adequate documentation and accountability of the Agency's revenues and expenditures which will help compensate for the lack of segregation of duties.

Agency's Response:

The Agency agrees with the finding and will consider additional procedures to address the finding.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)
December 31, 2014**

STATE LEGAL COMPLIANCE – Immaterial Instances of Noncompliance

2. CASH MANAGEMENT (Significant Deficiency)

Finding:

Public treasurers are required to complete a "Deposit and Investment Report Form" at June 30th and December 31st, and file it with the Money Management Council by the end of the following month. During the audit we were informed that the Agency did not complete and file the form for 12-31-14.

Recommendation:

We recommend that Agency complete a "Deposit and Investment Report Form" each June 30th and December 31st, and file it with the Money Management Council by the end of the following month.

Agency's Response:

The Agency agrees with the finding and will consider additional procedures to address the finding.

3. OPEN AND PUBLIC MEETINGS (Significant Deficiency)

Finding:

Minutes to public meetings must be posted to the Utah Public Notice Website within three days of being approved. During the audit we noted the following. The minutes for board of trustee meeting on 3-26-14 was approved on 4-9-14, but not posted to the Utah Public Notice Website until 9-29-14. The minutes for board of trustee meeting on 10-22-14 was approved on 11-12-14, but not posted to the Utah Public Notice Website until 11-19-14.

Recommendation:

We recommend that Agency post the minutes of board of trustee meetings to the Utah Public Notice Website within three days of being approved.

Agency's Response:

The Agency agrees with the finding and will consider additional procedures to address the finding.