

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
FINANCIAL REPORT
DECEMBER 31, 2018

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

FINANCIAL REPORT

DECEMBER 31, 2018

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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, 2018, 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, 2018, 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 October 15, 2019, 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

October 15, 2019

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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, 2018. 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 \$24,393,298.
- During the year, the Service Agency program *expenses* were \$1,644,641.
- The changes in net position amounted to \$355,672.
- During the year, the Service Agency program *revenues* were \$822,948 and general revenues were \$1,177,365.
- During the year, the Service Agency collected \$1,102,235 in *property taxes*, an increase of \$104,416 from 2017.
- The *general fund* balance is \$783,965, all of which is unassigned.
- The *capital projects fund balance* is \$2,814,566, of which \$1,916,764 is restricted and \$897,802 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, 2018

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 \$128,489 from 2017 to 2018.
- 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 increased by \$171,215 from 2017 to 2018.

STANSBURY SERVICE AGENCY OF TOOEELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

FINANCIAL ANALYSIS OF THE SERVICE AGENCY AS A WHOLE

Net Position. The Service Agency's combined net position for 2018 was \$24,393,298. (See Table 1)

Table 1
Stansbury Service Agency of Tooele County Net Assets

	Governmental Activities		Percentage Change
	2017	2018	
ASSETS			
Total Current Assets	\$ 3,475,175	\$ 3,795,251	9.21%
Non Current Assets:			
Property, plant and equipment (net of accumulated depreciation)	20,738,799	20,809,634	0.34%
Total Assets	\$ 24,213,974	\$ 24,604,885	1.61%
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflow of resources	\$ -	\$ 59,505	
Total deferred outflows of resources	\$ -	\$ 59,505	
LIABILITIES			
Total Current Liabilities	\$ 176,348	\$ 136,108	-22.82%
Non Current Liabilities:			
Long-term Debt	-	71,320	
Total Liabilities	\$ 176,348	\$ 207,428	17.62%
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflow of resources	\$ -	\$ 3,052	
Grants paid in advance	-	60,612	
Total deferred inflows of resources	\$ -	\$ 63,664	
NET POSITION			
Investment in capital assets (net of related debt)	\$ 20,738,799	\$ 20,809,634	0.34%
Restricted For:			
Impact Fees	1,592,885	1,916,764	20.33%
Unrestricted:	1,705,942	1,666,900	-2.29%
Total Net Position	\$ 24,037,626	\$ 24,393,298	1.48%

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 TOOEELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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

	Governmental Activities		Percentage Change
	2017	2018	
REVENUES			
Program revenues			
Charges for services	\$ 135,749	\$ 170,685	25.74%
Capital grants and contributions	369,132	652,263	76.70%
General revenues			
Property taxes – general	997,819	1,102,235	10.46%
Interest allocated to impact fees	18,874	39,297	108.21%
Interest	19,465	35,833	84.09%
Gain (Loss) on disposal of equipment	-	-	
Total Revenues	<u>1,541,039</u>	<u>2,000,313</u>	29.80%
Expenses			
General government	567,187	969,191	70.88%
Park	266,912	297,631	11.51%
Clubhouse	36,849	44,094	19.66%
Pool	152,152	77,883	-48.81%
Golf course	112,866	138,007	22.28%
Lake	55,496	31,827	-42.65%
Cemetery	63,788	79,995	0.00%
Greenbelt	20,422	6,013	-70.56%
Interest on long-term debt	<u>1,968</u>	<u>-</u>	-100.00%
Total Expenses	1,277,640	1,644,641	28.72%
Increase in net position	263,399	355,672	35.03%
Net position – beginning	<u>23,774,227</u>	<u>24,037,626</u>	1.11%
Net position – ending	<u>\$ 24,037,626</u>	<u>\$ 24,393,298</u>	1.48%

The total of all program revenues and general revenues was \$2,000,313 for the year. General property tax was \$1,102,235 for the year. The total of all program expenses was \$1,644,641 for the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

General Fund Budgetary Highlights

- Over the course of the year the Service Agency did revise its budget.
- The general fund budgeted expenses were \$1,183,200 and actual expenses were \$1,183,200, which resulted in a positive budgetary variance of \$2,936.
- The capital projects fund budgeted expenses were \$750,000 and actual expenses were \$520,345, which resulted in a positive budgetary variance of \$229,655.
- Capital assets purchased for the year were \$520,203. The major components of these additions were:
 - Clubhouse improvements \$12,500
 - Equipment \$138,000
 - Park improvements \$120,000
 - Land contributed from a developer \$250,000
- 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 13, 2018 for the reasons described below:

- **Revenue:** Property tax revenues originally budgeted were lower than what was received. As a result, the revenue was increased in the final budget to reflect the increase.
- **Expenditures:** Expenditures were increased to balance the increased revenue.

Economic Factors and Next Year's Budgets

- Revenue from property tax is consistent with prior years. No significant change is expected for 2019.
- Impact fees have decreased approximately \$60,000. This change is a result of building permits paid to Tooele County. Fewer payments were received from the County in 2018.

These indicators were taken into account when adopting the budgets for 2019.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents - unrestricted	\$ 1,821,457
Cash and cash equivalents - restricted	1,846,564
Property taxes receivable	56,730
Other governmental entity - impact fees receivable	70,200
Other receivables	300
Capital assets:	
Land and construction in progress	15,441,517
Other capital assets, net of depreciation	5,368,117
Total Assets	<u>\$ 24,604,885</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related deferred outflow of resources	\$ 59,505
Total deferred outflows of resources	<u>\$ 59,505</u>
LIABILITIES	
Accounts payable	\$ 89,289
Accrued expenses	46,819
Noncurrent liabilities:	
Due in more than one year - net pension liability	71,320
Total liabilities	<u>\$ 207,428</u>
DEFERRED INFLOWS OF RESOURCES:	
Pension related deferred inflow of resources	\$ 3,052
Grants paid in advance	60,612
Total deferred inflows of resources	<u>\$ 63,664</u>
NET POSITION	
Net investment in capital assets	20,809,634
Restricted for:	
Impact fees	1,916,764
Unrestricted	<u>1,666,900</u>
Total net position	<u>\$ 24,393,298</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, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 969,191	\$ 74,543	\$ 137,663	\$ (756,985)
Park	297,631	-	514,600	216,969
Clubhouse	44,094	26,166	-	(17,928)
Pool	77,883	39,424	-	(38,459)
Golf course	138,007	25,182	-	(112,825)
Lake	31,827	-	-	(31,827)
Greenbelt	79,995	-	-	(79,995)
Cemetery	6,013	5,370	-	(643)
Total governmental activities	1,644,641	170,685	652,263	(821,693)
General revenues				
				1,102,235
				39,297
				35,833
				1,177,365
				355,672
				24,037,626
				\$ 24,393,298

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

ASSETS	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents - unrestricted	\$ 843,043	\$ 978,414	\$ 1,821,457
Cash and cash equivalents - restricted	-	1,846,564	1,846,564
Property taxes receivable	56,730	-	56,730
Other governmental entity - impact fees receivable	-	70,200	70,200
Other receivables	300	-	300
Due from other funds	20,000	-	20,000
Total assets	<u>\$ 920,073</u>	<u>\$ 2,895,178</u>	<u>\$ 3,815,251</u>
 LIABILITIES			
Accounts payable	\$ 89,289	\$ -	\$ 89,289
Accrued expenses	46,819	-	46,819
Due to other funds	-	20,000	20,000
Total liabilities	<u>136,108</u>	<u>20,000</u>	<u>156,108</u>
 DEFERRED INFLOWS OF RESOURCES:			
Grants paid in advance	-	60,612	60,612
Total deferred inflows of resources	<u>-</u>	<u>60,612</u>	<u>60,612</u>
 FUND BALANCES			
Restricted	-	1,916,764	1,916,764
Assigned	-	897,802	897,802
Unassigned	783,965	-	783,965
Total fund balances	<u>783,965</u>	<u>2,814,566</u>	<u>3,598,531</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 920,073</u>	<u>\$ 2,895,178</u>	<u>\$ 3,815,251</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, 2018

Total governmental funds balances		\$ 3,598,531
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.		
Total capital assets not being depreciated	15,441,517	
Total capital assets being depreciated	15,295,743	
Less: Accumulated depreciation	<u>(9,927,626)</u>	
		20,809,634
Some amounts for deferred outflows/inflows of resources and liabilities are not due and payable in the current period and therefore are not reported in the funds. The amounts not reported in the funds are:		
Pension related deferred outflow of resources	59,505	
Pension related deferred inflow of resources	(3,052)	
Net pension liability	<u>(71,320)</u>	
		(14,867)
Net position of governmental activities		<u>\$ 24,393,298</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, 2018

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Impact fees	\$ -	\$ 264,600	\$ 264,600
Property taxes	1,102,235	-	1,102,235
Capital grants	-	137,663	137,663
Charges for services	145,503	-	145,503
Rental income	25,182	-	25,182
Contributions	-	250,000	250,000
Interest allocated to impact fees	-	39,297	39,297
Interest	<u>35,833</u>	<u>-</u>	<u>35,833</u>
 Total revenues	 <u>1,308,753</u>	 <u>691,560</u>	 <u>2,000,313</u>
Expenditures			
Current:			
General government	876,552	-	876,552
Park	39,077	-	39,077
Clubhouse	41,822	-	41,822
Pool	67,889	-	67,889
Golf course	84,071	-	84,071
Lake	19,183	-	19,183
Greenbelt	50,745	-	50,745
Cemetary	925	-	925
Capital outlay:			
Park	-	436,611	436,611
Clubhouse	-	5,100	5,100
Golf course	<u>-</u>	<u>78,634</u>	<u>78,634</u>
 Total expenditures	 <u>1,180,264</u>	 <u>520,345</u>	 <u>1,700,609</u>
 Net change in fund balance	 128,489	 171,215	 299,704
 Fund balance beginning of year	 <u>655,476</u>	 <u>2,643,351</u>	 <u>3,298,827</u>
 Fund balance end of year	 <u>\$ 783,965</u>	 <u>\$ 2,814,566</u>	 <u>\$ 3,598,531</u>

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, 2018

Excess of revenues over expenditures - governmental funds \$ 299,704

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

In the statement of activities, certain operating expenses, such as changes in the unfunded pension liability and changes in the deferred outflows/inflows of resources related to pension expenses are measured by the amount incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During 2019, the changes in these accounts are as follows:

Change in pension related deferred outflow of resources	59,505	
Change in pension related deferred inflow of resources	(3,052)	
Change in net pension liability	<u>(71,320)</u>	(14,867)

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 depreciation exceeded capital outlays in the current period.

Capital outlays	520,205	
Depreciation expense	<u>(449,370)</u>	<u>70,835</u>

Change in net position of governmental activities \$ 355,672

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 1,005,272	\$ 1,005,272	\$ 1,102,235	\$ 96,963
Charges for services	74,010	72,860	145,503	72,643
Rental income	15,000	15,000	25,182	10,182
Interest	5,000	5,000	35,833	30,833
Total revenues	<u>1,099,282</u>	<u>1,098,132</u>	<u>1,308,753</u>	<u>210,621</u>
Expenditures				
Current:				
General government	782,282	856,000	876,552	(20,552)
Park	54,000	71,000	39,077	31,923
Clubhouse	44,000	43,000	41,822	1,178
Pool	77,000	72,200	67,889	4,311
Golf course	30,000	31,000	84,071	(53,071)
Lake	30,000	20,000	19,183	817
Greenbelt	44,000	58,000	50,745	7,255
Cemetery	3,000	1,000	925	75
Capital outlay:				
General government	35,000	31,000	-	31,000
Total expenditures	<u>1,099,282</u>	<u>1,183,200</u>	<u>1,180,264</u>	<u>2,936</u>
Excess of revenues over expenditures	<u>-</u>	<u>(85,068)</u>	<u>128,489</u>	<u>213,557</u>
Net change in fund balance	<u>-</u>	<u>(85,068)</u>	<u>128,489</u>	<u>213,557</u>
Fund balance beginning of year (restated)	<u>655,476</u>	<u>655,476</u>	<u>655,476</u>	<u>-</u>
Fund balance end of year	<u>\$ 655,476</u>	<u>\$ 570,408</u>	<u>\$ 783,965</u>	<u>\$ 213,557</u>

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. The Reporting Entity

The Agency follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity* 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, 2018

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, 2018

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, 2018, the liability was \$13,003.

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 \$70,200 were available at Tooele County Assessor but not yet remitted as of December 31, 2018.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

E. Impact Fees (Continued)

For the year ended December 31, 2018, the Agency expended \$0 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, 2018.

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.

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.

Unused appropriations for all of the above annually budgeted funds lapse at the end of year.

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, 2018

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, 2018

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

J. Net Position/Fund Balances (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.

K. Capital Assets

Capital assets include land, buildings, improvements other than buildings, leasehold improvements, furniture, fixtures and equipment, vehicles and construction in progress. These assets are reported in the government-wide financial statements in the relevant column on the Statement of Net Position under governmental activities. Capital assets acquired by governmental funds are recorded as expenditures in the governmental fund financial statements. Assets purchased or constructed are generally recorded at cost. If precise cost is not available, the asset is recorded at estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Depreciation of all exhaustible capital assets is charged to the various functional expenses in the government-wide Statement of Activities. Accumulated depreciation is reported on the government-wide Statement of Net Assets. Depreciation is provided over the estimated useful lives using the straight-line method.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

The capitalization threshold and estimated useful lives are as follows:

<u>Asset Category</u>	<u>Useful Life (years)</u>
Land	Indefinite
Land improvements	15 – 25
Lake improvements	15 – 20
Recreational facilities	5 – 15
Buildings	15 – 25
Building improvements	10 – 25
Equipment	5 – 20
Vehicles	5

The Agency’s capitalizes all such assets in excess of \$1,000.

L. Pensions

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) and additions to/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.

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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2. CASH AND CASH EQUIVALENTS

The Agency maintains a deposit and investment pool that is available for use by all funds of the Agency. Each fund type's portion of this pool is disclosed on the combined balance sheet as "cash and cash equivalents".

The District follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and temporary investment transactions. The Act requires the depositing of Agency funds in a qualified depository. The Act defines 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 State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a formal deposit policy for custodial credit risk.

At December 31, 2018, the carrying amount of the Agency's deposits was \$63,051 and the bank balance was \$64,352, which is fully insured 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.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the Agency's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

These statutes authorize the Agency to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurer's Investment Fund.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

The Utah State Public Treasurer's Investment Fund (PTIF) 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. The Utah State Treasurer's Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. 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. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

At December 31, 2018, 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	\$3,604,970	N/A	Unrated

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency has the following recurring fair value measurements as of December 31, 2018:

Utah Public Treasurer's Investment Fund (PTIF) - Level 2 - using the published fair value factor obtained from the PTIF.

Interest Rate Risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency has no policy regarding interest rate risk. As a means of managing its exposure to fair value loss arising from increasing interest rates, the Agency complies with the State's Money Management Act, Section 51-7-11 of the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

Credit Risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Agency has no policy regarding credit risk. As a means of managing its exposure to credit risk, the Agency complies with the State's Money Management Act, as previously discussed.

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. The Agency has no policy on custodial credit risk.

Concentration of Credit Risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Agency has no policy regarding concentration of credit risk. As a means of managing its exposure to credit risk, the Agency complies with the State's Money Management Act, as previously discussed.

Restricted Assets

The restricted cash in the capital projects fund of \$1,846,564 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.

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STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3. SUMMARY OF CHANGES IN FIXED ASSETS

For the year ended December 31, 2018, depreciation expense was \$449,370. A summary of the fixed assets is as follows:

	<u>12/31/17</u>	<u>Additions</u>	<u>Disposals/ Reclass</u>	<u>12/31/18</u>
Capital assets not being depreciated				
Land	\$ 15,134,968	\$ 250,000	\$ -	\$ 15,384,968
Construction in progress	<u>83,657</u>	<u>119,809</u>	<u>(146,917)</u>	<u>56,549</u>
Total capital assets not being depreciated	15,218,625	369,809	(146,917)	15,441,517
Capital assets being depreciated:				
Land Improvements	627,804	-	-	627,804
Greenbelt improvements	615,611	-	-	615,611
Buildings	968,734	12,587	-	981,321
Building improvements	105,762	-	-	105,762
Equipment and vehicles	878,725	137,808	-	1,016,533
Parks	4,447,760	-	-	4,447,760
Cemetery improvement	106,018	-	-	106,018
Recreation facilities	<u>7,248,017</u>	<u>-</u>	<u>146,917</u>	<u>7,394,934</u>
Total capital assets being depreciated	14,998,431	150,395	146,917	15,295,743
Less: Accumulated depreciation	<u>(9,478,256)</u>	<u>(449,370)</u>	<u>-</u>	<u>(9,927,626)</u>
Total capital assets being depreciated, net	<u>5,520,175</u>	<u>(298,975)</u>	<u>146,917</u>	<u>5,368,117</u>
Capital assets, net	<u>\$ 20,738,800</u>	<u>\$ 70,834</u>	<u>\$ -</u>	<u>\$ 20,809,634</u>

Depreciation is reported in the following functions:

General government	\$ 99,159
Park	208,468
Clubhouse	14,859
Pool	9,994
Golf course	59,120
Lake	23,432
Cemetery	5,088
Greenbelt	<u>29,250</u>
	<u>\$ 449,370</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4. RETIREMENT PLANS

General Information about the Pension Plan

Plan Description. Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System)
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees 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 on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, 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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 4. 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%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* *with actuarial reductions*

** *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.*

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STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 4. RETIREMENT PLANS (Continued)

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 URS 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. Contribution rates as of December 31, 2018 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111 – Local Gov Div - Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 – Local Gov Div - Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 – Local Government	N/A	6.99%	10.00%

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

For fiscal year ended December 31, 2018, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Tier 2 Public Employees System	\$54,848	\$-
Tier 2 DC Only System	\$227	N/A
Total Contributions	\$55,075	\$-

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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4. RETIREMENT PLANS (Continued)

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

At December 31, 2018, we reported a net pension asset of \$0 and a net pension liability of \$71,320.

(Measurement Date): December 31, 2018	Proportionate Share	Net Pension Liability
Noncontributory System	0.0085498%	\$62,958
Tier 2 Public Employees System	0.0195237%	8,362
Total Net Pension Asset / Liability		<u>\$71,320</u>

December 31, 2017	Proportionate Share	Change (Decrease)
Noncontributory System	-%	0.0085498%
Tier 2 Public Employees System	-%	0.0195237%

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018 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 December 31, 2018 we recognized pension expense of \$49,726.

At December 31, 2018 we 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	\$869	\$2,902
Changes in assumptions	10,530	150
Net difference between projected and actual earnings on pension plan investments	15,824	-
Changes in proportion and differences between contributions and proportionate share of contributions	32,282	-
Total	<u>\$59,505</u>	<u>\$3,052</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 4. RETIREMENT PLANS (Continued)

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
2019	\$21,037
2020	\$15,256
2021	\$9,907
2022	\$7,591
2023	\$301
Thereafter	\$2,360

Actuarial assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
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 developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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:

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4. RETIREMENT PLANS (Continued)

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	-%	-%	-%
Totals	100%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

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

Discount rate: The discount rate used to measure the total pension liability was 6.95 percent. 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 remained unchanged at 6.95 percent.

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 percent, 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 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$129,031	\$62,958	\$7,938
Tier 2 Public Employees System	33,498	8,362	(11,038)
Total	\$162,529	\$71,320	(\$3,100)

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018

NOTE 4. RETIREMENT PLANS (Continued)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

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.

Uintah School District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

401(k) Plan

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
401(k) Plan			
Employer Contributions	\$4,398	\$1,198	\$-
Employee Contributions	\$-	\$-	\$-

NOTE 5. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS AND RESTRICTED NET POSITION

\$1,916,764 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 \$993,152 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 6. COMMITMENTS

The Agency has entered into a contract for the construction of improvements. The contract was signed on September 1, 2018. The total contract obligation is \$943,775, of which \$0 has been completed as of December 31, 2018.

NOTE 7. 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. See below regarding subsequent event of significance.

UTAH RETIREMENT SYSTEMS
REQUIRED SUPPLEMENTARY INFORMATION

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF THE PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
FOR THE YEAR ENDED DECEMBER 31, 2018
LAST 10 FISCAL YEARS*

	As of Fiscal Year Ended June 30,	Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	2019	0.0085498%	0.0195237%
Proportionate share of the net pension liability (asset)	2019	\$62,958	\$8,362
Covered employee payroll	2019	\$0	\$226,399
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2019	0%	3.69%
Plan fiduciary net position as a percentage of the total pension liability	2019	87.0%	90.8%

*Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of their proportionate share of the net pension liability (asset) in RSI. This schedule provides the annual information since adoption of GASB 68.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
FOR THE YEAR ENDED DECEMBER 31, 2018
LAST 10 FISCAL YEARS*

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
*Tier 2 Public Employees System	2017	\$-	\$-	\$-	\$-	0.00%
	2018	11,454	11,454	-	75,802	15.11%
	2019	54,848	54,848	-	352,949	15.54%
*Tier 2 Public Employees DC Only System	2017	\$-	\$-	\$-	\$-	0.00%
	2018	-	-	-	-	0.00%
	2019	227	227	-	3,386	6.69%

*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 issues.

Changes in Assumptions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

**STANSBURY SERVICE AGENCY
OF TOOELE COUNTY**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2018

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SUPPLEMENTAL REPORTS
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**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, 2018, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements and have issued our report thereon dated October 15, 2019.

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. 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.

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*.

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

October 15, 2019



Keddington & Christensen, LLC
Certified Public Accountants

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

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY *STATE COMPLIANCE AUDIT GUIDE***

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, 2018.

State compliance requirements were tested for the year ended December 31, 2018 in the following areas:

- | | |
|-------------------------|--|
| Budgetary Compliance | Fund Balance |
| Utah Retirement System | Open and Public Meetings Act |
| Public Treasurer’s Bond | Special and Local Service District Board Members |

Management’s Responsibility

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

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 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 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the Agency’s compliance.

Opinion on General State Compliance Requirements

In our opinion, Stansbury Service Agency of Tooele County, complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2018.

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 state compliance requirements that could have a direct and material effect on the Agency to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with state compliance requirements 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 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 general 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 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. 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.

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

October 15, 2019

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
December 31, 2018**

FINDINGS - FINANCIAL AUDIT AND GOVERNMENT AUDITING STANDARDS

None Noted

STATE COMPLIANCE – Immaterial Instances of Noncompliance

None Noted