

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2019

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

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INDEPENDENT AUDITOR’S REPORT

Board of Trustees
Stansbury Service Agency of Tooele County
Stansbury Park, Utah

Report on the Financial Statements

We have audited the accompanying 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, 2019, 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund	Qualified
Capital Projects Fund	Unmodified

Basis for Qualified Opinions on Governmental Activities and General Fund

It was discovered that during the year ended December 31, 2019, there was actual misappropriation of assets of general funds. Because of the nature of the misappropriation and the ongoing examination, we are unable to quantify the actual amount of funds misappropriated from the Agency during 2019. Due to the uncertainty we were unable to obtain sufficient appropriate audit evidence for the actual expenditures of the General Fund. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinions

In our opinion, based on our audit, except for the possible effects of the matter discussed in the “Basis for Qualified Opinion on Governmental Activities and General Fund” paragraph, the financial statements referred to above present fairly in all material respects, the financial position of the Governmental Activities and General Fund of the Agency as of December 31, 2019, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the capital projects fund of the Agency, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information, 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 a report dated April 13, 2021 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.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
April 13, 2021

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Management's Discussion and Analysis

December 31, 2019

This section of the Stansbury Service Agency of Tooele County's (Agency) annual financial report presents our discussion and analysis of the Agency's financial performance during the fiscal year ended December 31, 2019. 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 Agency of Tooele County's *total combined net position* is \$24,481,034.
- During the year, the Agency program *expenses* were \$2,696,463.
- The changes in net position amounted to \$87,736.
- During the year, the Agency's program *revenues* were \$1,352,435 and general revenues were \$1,431,764.
- During the year, the Agency collected \$1,329,661 in *property taxes*, an increase of \$227,426 from 2018.
- The *general fund balance* is \$654,326, all of which is unassigned.
- The *capital projects fund balance* is \$2,572,420, of which \$1,721,715 is restricted and \$850,705 is assigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The 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 Agency:

- The Statement of Net Position provides government-wide long-term and short-term information about the 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 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 Agency's revenues and expenses for the year.

Government-wide statements:

The government-wide statements report information about the 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 Agency's most significant funds - not the Agency as a whole. Funds are accounting devices that the 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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Management's Discussion and Analysis

December 31, 2019

The 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 decreased by \$129,639 from 2018 to 2019.

- 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 \$242,146 from 2018 to 2019.

Net Position. The Agency's combined net position for 2019 was \$24,481,034.

Stansbury Service Agency of Tooele County's Net Assets

	Governmental Activities	
	2019	2018
Current and other assets	\$ 3,506,340	\$ 3,795,251
Capital assets	21,269,155	20,809,634
Deferred outflows	59,505	59,505
Total assets and deferred outflows	<u>24,835,000</u>	<u>24,664,390</u>
Other liabilities	279,594	136,108
Long-term liabilities outstanding	71,320	71,320
Deferred inflows	3,052	63,664
Total liabilities and deferred inflows	<u>353,966</u>	<u>271,092</u>
Net assets:		
Invested in capital assets, net of related debt	21,269,155	20,809,634
Restricted	1,721,715	1,916,764
Unrestricted	1,490,164	1,666,900
Total net assets	<u>\$ 24,481,034</u>	<u>\$ 24,393,298</u>

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 Agency programs in the next fiscal year. However, this does not mean that the 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, 2019

Stansbury Service Agency of Tooele County's Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 529,823	\$ 170,685
Capital grants and contributions	822,612	652,263
General revenues:		
Property taxes - general	1,329,661	1,102,235
Interest	85,791	75,130
Gain (loss) on sale of assets	(3,985)	
Other	20,297	-
Total revenues	<u>2,784,199</u>	<u>2,000,313</u>
Expenses:		
General government	1,375,964	969,191
Park	507,544	297,631
Clubhouse	97,001	44,094
Pool	78,989	77,883
Golf course	496,445	138,007
Lake	53,143	31,827
Cemetery	75,476	79,995
Greenbelt	11,901	6,013
Total expenses	<u>2,696,463</u>	<u>1,644,641</u>
Increase in net assets	87,736	355,672
Net assets - beginning	24,393,298	24,037,626
Net assets - ending	<u>\$ 24,481,034</u>	<u>\$ 24,393,298</u>

The total of all program revenues and general revenues was \$2,784,199 for the year. General property tax was \$1,329,661 for the year. The total of all program expenses was \$2,696,463 for the year.

General Fund Budgetary Highlights

- Over the course of the year the Agency did revise its budget.
- The general fund budgeted expenses were \$1,960,210 and actual expenses were \$2,095,090, which resulted in a negative budgetary variance of \$134,880.
- Capital assets purchased for the year were \$991,940. The major components of these additions were:
 - Clubhouse improvements \$56,557
 - Equipment \$135,549
 - Park improvements \$ 348,796
 - Recreational facilities \$ 451,038
- There was no additional debt incurred.

General Fund Amended Budget

The budget of the general fund was amended by the Board of Trustees in December 2019 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 2020.
- Impact fees have increased 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 TOOEELE COUNTY

Management's Discussion and Analysis

December 31, 2019

Contacting the Agency's Financial Management

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

Basic Financial Statements

The basic financial statements include integrated sets of financial statements as required by accounting principles generally accepted in the United States of America. The statements include:

- Government-wide financial statements
 - Statement of net position
 - Statement of activities
- Fund financial statements
 - Balance sheet – governmental funds
 - Reconciliation of the governmental fund balance sheet to the government-wide statement of net position
 - Statement of revenues, expenditures, and changes in fund balance – governmental funds
 - Reconciliation of the governmental statement of revenues, expenditures, and changes in fund balance to the government-wide statement of activities

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
Government-Wide Statement of Net Position
December 31, 2019

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Assets:	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 1,726,903
Cash and cash equivalents - restricted	1,721,715
Property taxes receivable	<u>57,722</u>
Total current assets	<u>3,506,340</u>
Non-current assets:	
Capital Assets:	
Not being depreciated	15,384,968
Net of accumulated depreciation	<u>5,884,187</u>
Total non-current assets	<u>21,269,155</u>
Total assets	<u>24,775,495</u>
Deferred outflows of resources - pensions	<u>59,505</u>
Total assets and deferred outflows of resources	<u><u>\$ 24,835,000</u></u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	
Liabilities:	
Current Liabilities:	
Accounts payable	\$ 80,684
Accrued liabilities	<u>198,910</u>
Total current liabilities	<u>279,594</u>
Noncurrent liabilities:	
Net pension liability	<u>71,320</u>
Total non-current liabilities	<u>71,320</u>
Total liabilities	<u>350,914</u>
Deferred inflows of resources - pensions	<u>3,052</u>
Total liabilities and deferred inflow of resources	<u><u>353,966</u></u>
NET POSITION	
Net investment in capital assets	21,269,155
Restricted for:	
Impact fees	1,721,715
Unrestricted	<u>1,490,164</u>
Total net position	<u><u>\$ 24,481,034</u></u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
Government-Wide Statement of Activities
For the Year Ended December 31, 2019

Functions	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities					
General government	\$ 1,375,964	\$ -	\$ -	\$ 498,612	\$ (877,352)
Park	507,544	462,308	-	324,000	278,764
Clubhouse	97,001	38,100	-	-	(58,901)
Pool	78,989	14,765	-	-	(64,224)
Golf course	496,445	-	-	-	(496,445)
Lake	53,143	-	-	-	(53,143)
Greenbelt	75,476	-	-	-	(75,476)
Cemetery	11,901	14,650	-	-	2,749
Total governmental activities	\$ 2,696,463	\$ 529,823	\$ -	\$ 822,612	\$ (1,344,028)
General revenues:					
					1,329,661
					85,791
					(3,985)
					20,297
					<u>1,431,764</u>
					87,736
					<u>24,393,298</u>
					<u>\$ 24,481,034</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
Balance Sheet – Governmental Funds
December 31, 2019

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and cash equivalents - unrestricted	\$ 876,198	\$ 850,705	\$ 1,726,903
Cash and cash equivalents - restricted	-	1,721,715	1,721,715
Property taxes receivable	57,722	-	57,722
Total Assets	<u>\$ 933,920</u>	<u>\$ 2,572,420</u>	<u>\$ 3,506,340</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	80,684	-	\$ 80,684
Accrued liabilities	198,910	-	198,910
Total liabilities	<u>279,594</u>	<u>-</u>	<u>279,594</u>
Fund balance:			
Restricted for:			
Impact fees	-	1,721,715	1,721,715
Assigned for:			
Building construction and equipment purchases	-	850,705	850,705
Unassigned	654,326	-	654,326
Total fund balance	<u>654,326</u>	<u>2,572,420</u>	<u>3,226,746</u>
Total liabilities and fund balance	<u>\$ 933,920</u>	<u>\$ 2,572,420</u>	<u>\$ 3,506,340</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
December 31, 2019

Total fund balances - governmental fund:	<u>\$ 3,226,746</u>
Amounts reported for the governmental activities in the Government-wide statement of Net Position are different due to the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,269,155
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	59,505
Long-term liabilities are recorded in the government-wide statements but not in the fund statements.	
Pension related assets and liabilities	(74,372)
Net assets of government activities	<u>\$ 24,481,034</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
Statement of Revenues, Expenditures, and Changes
In Fund Balance
For the Year Ended December 31, 2019

	General	Capital Projects	Total Governmental Funds
REVENUES			
Property taxes	\$ 1,329,661	\$ -	\$ 1,329,661
Impact fees	-	324,000	324,000
Capital grants	-	498,612	498,612
Charges for services	529,823	-	529,823
Other income	20,297	-	20,297
Interest	85,670	121	85,791
Total revenues	<u>1,965,451</u>	<u>822,733</u>	<u>2,788,184</u>
EXPENDITURES			
Current:			
General government	1,261,895	-	1,261,895
Park	154,520	-	154,520
Clubhouse	42,856	-	42,856
Pool	71,074	-	71,074
Golf course	487,002	-	487,002
Lake	28,864	-	28,864
Greenbelt	47,044	-	47,044
Cemetery	1,835	-	1,835
Capital outlay			
Park		689,867	689,867
Clubhouse		93,630	93,630
Golf course		275,353	275,353
Cemetery		4,978	4,978
Greenbelt		1,051	1,051
Total expenditures	<u>2,095,090</u>	<u>1,064,879</u>	<u>3,159,969</u>
Excess revenues over (under) expenditures	<u>(129,639)</u>	<u>(242,146)</u>	<u>(371,785)</u>
Net change in fund balances	(129,639)	(242,146)	(371,785)
Fund balances - beginning of year	<u>783,965</u>	<u>2,814,566</u>	<u>3,598,531</u>
Fund balances - end of year	<u>\$ 654,326</u>	<u>\$ 2,572,420</u>	<u>\$ 3,226,746</u>

The notes to the financial statements are an integral part of this statement.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Net changes in fund balances - total governmental funds \$ (371,785)

Amounts reported for the governmental activities in the Government-wide Statement of Activities are different due to the following:

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. 463,506

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the equipment sold is removed from the capital asset account in the statement of net position and offset against the sale proceeds resulting in a gain (loss) on the sale of assets in the statement of activities. Thus more revenue is reported in the governmental funds than the gain in the statement of activities. (3,985)

Change in net assets of governmental activities \$ 87,736

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Notes to Financial Statements

The notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

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.

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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

The used 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 a 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.

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, 2019, the liability was \$13,746.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

E. Cash and Investments

Cash and short-term investments that are readily convertible to cash and have an original maturity date of three months or less are defined as cash equivalents and are presented as such on the statement of net position.

F. Receivables

The Agency records receivables from Tooele County for property taxes. Each year allowance for uncollectible receivables is evaluated and adjusted to the level deemed necessary. An allowance was not necessary as of year-end.

G. 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 \$324,000 were recognized in revenue and \$0 were available at Tooele County Assessor but not yet remitted as of December 31, 2019.

For the year ended December 31, 2018, the Agency expended \$566,267 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, 2019.

H. 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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

For the year ending December 31, 2019 the general fund exceeded budgeted appropriations by \$134,880.

I. 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.

J. 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.

K. 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.

L. 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.

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

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.

M. 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.

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 Useful Life (years)	5

The Agency's capitalizes all such assets in excess of \$5,000.

N. 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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

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.

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 Agency 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, 2019, the carrying amount of the Agency's deposits was \$4,608 and the bank balance was \$149,499, 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 the Financial Statements

December 31, 2019

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, 2019 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	\$3,441,118	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, 2019:

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. 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.

STANSBURY SERVICE AGENCY OF TOOEE COUNTY

Notes to the Financial Statements

December 31, 2019

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 \$1,721,715 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

For the year ended December 31, 2019, depreciation expense was \$471,885. A summary of the fixed assets is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 15,384,968	\$ -	\$ -	\$ 15,384,968
Construction in progress	56,549	-	(56,549)	-
Total capital assets, not being depreciated	<u>15,441,517</u>	<u>-</u>	<u>(56,549)</u>	<u>15,384,968</u>
Capital assets, being depreciated				
Land Improvements	627,804	-	-	627,804
Greenbelt improvements	615,611	-	-	615,611
Buildings	981,321	56,557	-	1,037,878
Building improvements	105,762	-	-	105,762
Equipment and vehicles	1,016,533	135,549	(11,025)	1,141,057
Parks	4,447,760	348,796	-	4,796,556
Cemetery improvement	106,018	-	-	106,018
Recreation facilities	7,394,934	451,038	-	7,845,972
Total capital assets, being depreciated	<u>15,295,743</u>	<u>991,940</u>	<u>(11,025)</u>	<u>16,276,658</u>
Less accumulated depreciation:	(9,927,626)	(471,885)	7,040	(10,392,471)
Total capital assets being depreciated, net	<u>5,368,117</u>	<u>520,055</u>	<u>(3,985)</u>	<u>5,884,187</u>
Governmental activities capital assets, net	<u>\$ 20,809,634</u>	<u>\$ 520,055</u>	<u>\$ (60,534)</u>	<u>\$ 21,269,155</u>

Depreciation was allocated to the following functions:

General government	\$ 114,069
Park	210,331
Clubhouse	17,072
Pool	7,915
Golf course	65,750
Lake	24,279
Cemetery	27,381
Greenbelt	5,088
	<u>\$ 471,885</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

NOTE 4. RETIREMENT PLANS

General Information about the Pension Plan

The Agency was listed as a fiscal year end of June 30 according to the Utah Retirement Systems. Pension calculations for December 31, 2019 could not be recalculated by the URS. June 30 balances will be used as the measurement and report date for these statements.

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.

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits

Summary of Benefits by System

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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

Contribution Rate Summary

As a condition of a participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System			
111-Local Government Division Tier 2	N/A	15.54	1.15
Noncontributory System			
15-Local Government Division Tier 1	N/A	18.47	N/A
Tier 2 DC Only			
211-Local Government	N/A	6.69	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 June 30, 2019, 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 to 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 system.

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$71,320

	(Measurement Date): December 31, 2018			Proportionate Share December 31, 2017	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 62,958	0.0085498%	0.0000000%	0.0085498%
Tier 2 Public Employees System	-	8,362	0.0195237%	0.0000000%	0.0195237%
Total Net Pension Asset / Liability	\$ -	\$ 71,320			

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 June 30, 2019, we recognized pension expense of \$49,726.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

At June 30, 2019, 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	-
Contributions subsequent to the measurement date	31,672	-
Total	<u>\$ 91,177</u>	<u>\$ 3,052</u>

\$31,672 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

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

Mortality rates were 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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		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%, and 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 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)

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Notes to the Financial Statements

December 31, 2019

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.

The Agency 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:

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

NOTE 5. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS AND RESTRICTED NET POSITION

\$1,721,715 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 \$850,705 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 \$355,000 has been completed as of December 31, 2019.

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.

Required Supplementary Information (Unaudited)

Required supplementary information includes financial information and disclosures that are required by GASB, but are not considered part of the basic financial statement. Such information includes:

- Notes to required supplementary information
- Budgetary comparison schedule – general fund
- Schedule of the proportionate share of the net pension liability
- Schedule of contributions – pensions

Budgetary Comparison Schedules

The budgetary comparison schedule presented in this section of the report is for the Agency's General Fund.

Budgeting and Budgetary Control

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the Agency Board prior to the beginning of the year. Final budgets represent the original budget amount plus any amendments made to the budget during the year by the Board through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended December 31, 2019, actual expenditures exceeded budgeted appropriations by \$134,880.

Change in assumptions related to pensions

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

STANSBURY SERVICE AGENCY OF TOOEE COUNTY

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

General Fund

December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Over(Under)
REVENUES				
Taxes	1,230,850	1,269,333	\$ 1,329,661	\$ 60,328
Charges for services	372,550	460,158	491,723	31,565
Rental income	33,160	36,539	38,100	1,561
Interest	15,000	4,180	85,670	81,490
Other Income	70,540	-	20,297	20,297
Total revenues	<u>1,722,100</u>	<u>1,770,210</u>	<u>1,965,451</u>	<u>195,241</u>
EXPENDITURES				
Current				
General government	1,079,700	1,053,674	1,261,895	208,221
Park	175,000	172,960	154,520	(18,440)
Clubhouse	48,000	45,604	42,856	(2,748)
Pool	80,200	73,150	71,074	(2,076)
Golf course	498,700	508,754	487,002	(21,752)
Lake	30,000	29,658	28,864	(794)
Greenbelt	75,000	75,501	47,044	(28,457)
Cemetery	500	909	1,835	926
Total expenditures	<u>1,987,100</u>	<u>1,960,210</u>	<u>2,095,090</u>	<u>134,880</u>
Excess revenues over (under) expenditures	<u>(265,000)</u>	<u>(190,000)</u>	<u>(129,639)</u>	<u>60,361</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ (265,000)</u>	<u>\$ (190,000)</u>	<u>(129,639)</u>	<u>\$ 60,361</u>
Fund balances - beginning of year			783,965	
Fund balances - end of year			<u>\$ 654,326</u>	

The notes to the required supplementary information are an integral part of this statement

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
Schedule of the Proportionate Share of the Net Pension Liability
December 31, 2019
Last 10 fiscal years*

		Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	2019	0.8549800%	0.0195237%
Proportionate share of the net pension liability (asset)	2019	\$ 62,958	\$ 8,362
Covered Employee Payroll	2019	\$ -	\$ 226,399
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2019	0.0%	3.69%
Plan fiduciary net position as a percentage of the total pension liability.	2019	87.0%	90.8%

* In accordance with paragraph 81 of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above provides the annual information since the adoption of GASB 68.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

Schedule of Contributions - Pensions

December 31, 2019

Last 10 fiscal years*

	As of fiscal year ended December, 31	Actuarial Determined Contributions	Contributions In relation to the contractually required contribution	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered employee payroll
Noncontributory 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. The schedule will need to be built prospectively. The schedule above presents the annual information since the adoption of GASB. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

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Additional Reports

Additional Auditor's Reports

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- Independent Auditor's Report on Compliance and on Internal Control Over Compliance as Required by the State Compliance Audit Guide

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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 FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Stansbury Service Agency of Tooele County
Stansbury Park, Utah

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 of Stansbury Service Agency of Tooele County (Agency), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated April 13, 2021.

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 have not been identified. We did identify certain deficiencies in internal control, described in our letter to management dated April 13, 2021, as item number IC-2019.1 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contract, and grant agreements, noncompliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
April 13, 2021



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

Board of Trustees
Stansbury Service Agency of Tooele County
Stansbury Park, Utah

Report on Compliance with General State Compliance Requirements

We have audited Stansbury Service Agency of Tooele County's (Agency) compliance with 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, 2019.

General state compliance requirements were tested for the year ended December 31, 2019 in the following areas:

Budgetary compliance	Open and public meetings act
Fund balance	Public treasurer's bond
Utah retirement systems	Cash management
Restricted taxes and other related restricted revenue	Impact fees
	Special and local service district board members

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 of the Agency 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. 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 compliance requirements referred to above that could have a direct and material effect on the Agency for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in our letter to management dated April 13, 2021. Our opinion on compliance is not modified with respect to these matters.

The Agency's response to the noncompliance findings identified in our audit is described in our letter to management. The Agency's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *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 to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
April 13, 2021