

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

FINANCIAL REPORT

DECEMBER 31, 2016



WIGGINS
CERTIFIED
PUBLIC
ACCOUNTANTS **& CO.**.P.C.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

FINANCIAL REPORT

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FINANCIAL REPORT

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KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
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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, 2016, 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, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2017, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

Keddington & Christensen

June 22, 2017

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

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, 2016. 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 \$23,831,375.
- During the year, the Service Agency program *expenses* were \$1,127,039.
- The changes in net position amounted to \$442,439.
- During the year, the Service Agency program *revenues* were \$559,705 and general revenues were \$1,009,773.
- During the year, the Service Agency collected \$987,623 in *property taxes*, an increase of \$2,017 from 2015.
- The *general fund* balance is \$380,972, all of which is unassigned.
- The *capital projects fund balance* is \$2,589,838, of which \$1,250,011 is restricted and \$1,339,827 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, 2016

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 decreased by \$97,097 from 2015 to 2016.
- 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 \$563,051 from 2015 to 2016.

STANSBURY SERVICE AGENCY OF TOOEELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

FINANCIAL ANALYSIS OF THE SERVICE AGENCY AS A WHOLE

Net Position. The Service Agency's combined net position for 2015 was \$23,831,375. (See Table 1)

Table 1
Stansbury Service Agency of Tooele County Net Assets

	Governmental Activities		Percentage Change
	2015	2016	
ASSETS			
Total Current Assets	\$ 2,532,119	2,998,112	18.40%
Non Current Assets:			
Property, plant and equipment (net of accumulated depreciation)	<u>20,884,080</u>	<u>20,860,565</u>	-0.11%
Total Assets	<u>\$ 23,416,199</u>	<u>\$ 23,858,677</u>	1.89%
LIABILITIES			
Total Current Liabilities	\$ 27,263	27,302	0.14%
Non Current Liabilities:			
Long-term Debt	<u>-</u>	<u>-</u>	
Total Liabilities	<u>27,263</u>	<u>27,302</u>	0.14%
NET POSITION			
Investment in capital assets (net of related debt)	\$ 20,884,080	\$ 20,860,565	-0.11%
Restricted For:			
Impact Fees	841,002	1,250,011	48.63%
Unrestricted:	<u>1,663,854</u>	<u>1,720,799</u>	3.42%
Total Net Position	<u>23,388,936</u>	<u>23,831,375</u>	1.89%
Total Net Position and Liabilities	<u>\$ 23,416,199</u>	<u>\$ 23,858,677</u>	1.89%

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

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

	Governmental Activities		Percentage Change
	2015	2016	
REVENUES			
Program revenues			
Charges for services	\$ 123,751	\$ 113,680	-8.14%
Capital grants and contributions	460,255	446,025	-3.09%
General revenues			
Property taxes – general	985,606	987,623	0.20%
Interest allocated to impact fees	3,376	11,303	234.80%
Interest	9,557	10,847	13.50%
Gain (Loss) on disposal of equipment	15,500	-	
Total Revenues	<u>1,598,045</u>	<u>1,569,478</u>	-1.79%
Expenses			
General government	508,907	644,822	26.71%
Park	335,458	244,785	-27.03%
Clubhouse	60,532	27,659	-54.31%
Pool	62,444	63,385	1.51%
Golf course	55,777	54,882	-1.60%
Lake	24,801	30,476	22.88%
Cemetery	7,415	52,203	0.00%
Greenbelt	68,353	8,827	-87.09%
Total Expenses	<u>1,123,687</u>	<u>1,127,039</u>	0.30%
Increase in net position	474,358	442,439	-6.73%
Net position – beginning	<u>22,914,578</u>	<u>23,388,936</u>	2.07%
Net position – ending	<u>\$ 23,388,936</u>	<u>\$ 23,831,375</u>	1.89%

The total of all program revenues and general revenues was \$1,569,478 for the year. General property tax was \$987,623 for the year. The total of all program expenses was \$1,127,039 for the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

General Fund Budgetary Highlights

- Over the course of the year the Service Agency did revise its budget.
- The general fund budgeted expenses were \$1,058,068 and actual expenses were \$709,247, which resulted in a positive budgetary variance of \$348,821.
- The capital projects fund budgeted expenses were \$563,000 and actual expenses were \$394,277, which resulted in a positive budgetary variance of \$168,723.
- Capital assets purchased for the year were \$560,927. The major components of these additions were:
 - Greenbelt equipment \$38,907
 - Lakeshore reclamation project \$251,734
 - Cement curbing \$32,661
 - Clubhouse grounds improvements \$11,100
 - Delgada fountain project \$17,810
 - Delgada nature trail \$6,989
 - New roofing \$9,101
 - Playground equipment \$22,125
 - Parking lot resurfacing \$17,422
 - Other small projects \$5,497
 - Pond relining project \$6,900
- 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 14, 2016 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 2017.
- Due to new home construction, impact fees have increased approximately \$75,600. These levels should remain consistent considering the demand for homes in the area.
- Expenditures increased approximately .3% from 2015 to 2016. 2017 expenditures are expected to be consistent with prior years.
-

These indicators were taken into account when adopting the budgets for 2017.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

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, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 1,638,109
Cash and cash equivalents - restricted	1,182,511
Property taxes receivable	106,285
Other governmental entity - impact fees receivable	67,500
Other receivables	<u>3,707</u>
Total current assets	<u>2,998,112</u>
Capital assets:	
Land and construction in progress	15,142,370
Other capital assets, net of depreciation	<u>5,718,195</u>
Total capital assets:	<u>20,860,565</u>
Total Assets	<u>23,858,677</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 11,953
Accrued expenses	<u>15,349</u>
Total current liabilities	<u>27,302</u>
NET POSITION	
Net investment in capital assets	20,860,565
Restricted for:	
Impact fees	1,250,011
Unrestricted	<u>1,720,799</u>
Total net position	<u>\$ 23,831,375</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, 2016

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
General government	\$ 644,822	\$ 10,283	\$ 22,125	\$ (612,414)
Park	244,785	-	423,900	179,115
Clubhouse	27,659	35,770	-	8,111
Pool	63,385	44,149	-	(19,236)
Golf course	54,882	15,578	-	(39,304)
Lake	30,476	-	-	(30,476)
Greenbelt	52,203	-	-	(52,203)
Cemetery	8,827	7,900	-	(927)
Total governmental activities	1,127,039	113,680	446,025	(567,334)
General revenues				987,623
Property taxes - general				11,303
Interest allocated to impact fees				10,847
Interest				1,009,773
Total general revenues				442,439
Change in net position				23,388,936
Net position - beginning				\$ 23,831,375
Net position - ending				

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

ASSETS	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents - unrestricted	\$ 298,282	\$ 1,339,827	\$ 1,638,109
Cash and cash equivalents - restricted	-	1,182,511	1,182,511
Property taxes receivable	106,285	-	106,285
Other governmental entity - impact fees receivable	-	67,500	67,500
Other receivables	<u>3,707</u>	<u>-</u>	<u>3,707</u>
 Total assets	 <u>\$ 408,274</u>	 <u>\$ 2,589,838</u>	 <u>\$ 2,998,112</u>
 LIABILITIES			
Accounts payable	\$ 11,953	\$ -	\$ 11,953
Accrued expenses	<u>15,349</u>	<u>-</u>	<u>15,349</u>
 Total current liabilities	 <u>27,302</u>	 <u>-</u>	 <u>27,302</u>
 FUND BALANCES			
Restricted	-	1,250,011	1,250,011
Assigned	-	1,339,827	1,339,827
Unassigned	<u>380,972</u>	<u>-</u>	<u>380,972</u>
 Total fund balances	 <u>380,972</u>	 <u>2,589,838</u>	 <u>2,970,810</u>
 Total liabilities and fund balances	 <u>\$ 408,274</u>	 <u>\$ 2,589,838</u>	 <u>\$ 2,998,112</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, 2016

Total governmental funds balances	\$ 2,970,810
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>20,860,565</u>
Net position of governmental activities	<u>\$ 23,831,375</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, 2016

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Impact fees	\$ -	\$ 423,900	\$ 423,900
Property taxes	987,623	-	987,623
Capital grants	-	22,125	22,125
Charges for services	98,102	-	98,102
Rental income	15,578	-	15,578
Interest allocated to impact fees	-	11,303	11,303
Interest	<u>10,847</u>	<u>-</u>	<u>10,847</u>
Total revenues	<u>1,112,150</u>	<u>457,328</u>	<u>1,569,478</u>
Expenditures			
Current:			
General government	607,720	-	607,720
Clubhouse	12,801	-	12,801
Pool	55,255	-	55,255
Golf course	6	-	6
Lake	8,106	-	8,106
Greenbelt	21,620	-	21,620
Cemetary	3,739	-	3,739
Capital outlay:			
Park	-	325,311	325,311
Clubhouse	-	202	202
Golf course	-	6,900	6,900
Lake	-	15,000	15,000
Greenbelt	<u>-</u>	<u>46,864</u>	<u>46,864</u>
Total expenditures	<u>709,247</u>	<u>394,277</u>	<u>1,103,524</u>
Excess of revenues over expenditures	<u>402,903</u>	<u>63,051</u>	<u>465,954</u>
Other financing sources (uses)			
Transfers in	-	500,000	500,000
Transfers out	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	(97,097)	563,051	465,954
Fund balance beginning of year	<u>478,069</u>	<u>2,026,787</u>	<u>2,504,856</u>
Fund balance end of year	<u>\$ 380,972</u>	<u>\$ 2,589,838</u>	<u>\$ 2,970,810</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, 2016

Excess of revenues over expenditures - governmental funds \$ 465,954

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

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

(23,514)

Change in net position of governmental activities

\$ 442,440

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 943,752	\$ 964,168	\$ 987,623	\$ 23,455
Charges for services	65,550	69,900	98,102	28,202
Rental income	20,000	20,000	15,578	(4,422)
Interest	4,000	4,000	10,847	6,847
Total revenues	<u>1,033,302</u>	<u>1,058,068</u>	<u>1,112,150</u>	<u>54,082</u>
Expenditures				
Current:				
General government	996,000	877,000	607,720	269,280
Clubhouse	73,602	30,368	12,801	17,567
Pool	68,200	68,200	55,255	12,945
Golf course	10,000	10,000	6	9,994
Lake	30,000	25,000	8,106	16,894
Greenbelt	60,000	40,000	21,620	18,380
Cemetery	7,500	7,500	3,739	3,761
Total expenditures	<u>1,245,302</u>	<u>1,058,068</u>	<u>709,247</u>	<u>348,821</u>
Excess of revenues over expenditures	(212,000)	-	402,903	402,903
Other financing sources (uses)				
Transfers out	-	(500,000)	(500,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balance	<u>(212,000)</u>	<u>(500,000)</u>	<u>(97,097)</u>	<u>402,903</u>
Fund balance beginning of year	<u>478,069</u>	<u>478,069</u>	<u>478,069</u>	<u>-</u>
Fund balance end of year	<u>\$ 266,069</u>	<u>\$ (21,931)</u>	<u>\$ 380,972</u>	<u>\$ 402,903</u>

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016

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, 2016

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, 2016, the liability was \$8,654.

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 \$423,900 were recognized in revenue and \$67,500 were available at Tooele County Assessor but not yet remitted as of December 31, 2016.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

E. Impact Fees (Continued)

For the year ended December 31, 2016, 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, 2016.

F. Budgets and Budgetary Accounting

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

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

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

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

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

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

K. Fixed Assets

The Agency used the straight line method of depreciation over estimated lives of three to twenty-five years. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost.

NOTE 2. CASH AND CASH EQUIVALENTS

The Agency considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents. Following are the components of the Agency's cash and investments at December 31, 2016:

Cash and cash equivalents - unrestricted	\$ 1,638,109
Cash and cash equivalents - restricted	<u>1,182,511</u>
 Total	 <u>\$ 2,820,620</u>

Deposits

At December 31, 2016, the carrying amount of the Agency's deposits was \$30,030 and the bank balance was \$59,140, 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.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2016

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

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

Investment

At December 31, 2016, 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	\$2,790,587	N/A	Unrated

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

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

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

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

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

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

Restricted Assets

Capital Projects Fund – The restricted cash of \$1,182,511 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, 2016, depreciation expense was \$443,761. A summary of the fixed assets is as follows:

	12/31/15	Additions	Disposals/ Reclass	12/31/16
Capital assets not being depreciated				
Land	\$ 15,134,968	\$ -	\$ -	\$ 15,134,968
Construction in progress	-	7,402	-	7,402
Total capital assets not being depreciated	15,134,968	7,402	-	15,142,370
Capital assets being depreciated:				
Land Improvements	610,382	17,422	-	627,804
Greenbelt improvements	534,317	77,005	-	611,322
Buildings	965,757	-	-	965,757
Building improvements	38,809	9,101	-	47,910
Equipment and vehicles	815,887	29,122	-	845,009
Parks	4,421,832	22,126	-	4,443,958
Cemetery improvement	106,018	-	-	106,018
Recreation facilities	6,847,447	258,070	-	7,105,517
Total capital assets being depreciated	14,340,449	412,846	-	14,753,295
Less: Accumulated depreciation	(8,591,339)	(443,761)	-	(9,035,100)
Total capital assets being depreciated, net	5,749,110	(30,915)	-	5,718,195
Capital assets, net	<u>\$ 20,884,078</u>	<u>\$ (23,513)</u>	<u>\$ -</u>	<u>\$ 20,860,565</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

Depreciation is reported in the following functions:

General government	\$ 89,389
Park	229,756
Clubhouse	14,656
Pool	8,130
Golf course	54,876
Lake	14,545
Cemetery	5,088
Greenbelt	<u>27,321</u>
	<u>\$ 443,761</u>

NOTE 4. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS AND RESTRICTED NET POSITION

\$1,250,011 is reported as restricted net position in the government-wide statement of activities and restricted fund balance in the capital projects fund. This is the amount of impact fees collected and not yet expended. All of the restricted net position is restricted by enabling legislation. The capital projects fund also reports \$1,339,827 of assigned fund balance, which is the amount set aside by the Board of Trustees, for future projects. The Board of Trustees is the highest level of authority within the Agency. Formal Board resolution is required to commit Agency funds.

NOTE 5. SUBSEQUENT EVENTS

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

**STANSBURY SERVICE AGENCY
OF TOOELE COUNTY**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2016

**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***



KEDDINGTON & CHRISTENSEN, CPAS
CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated June 22, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Agency's Response to Findings

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

Purpose of this Report

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

Keddington & Christensen

June 22, 2017



Keddington & Christensen, LLC
Certified Public Accountants

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

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

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

To the Board of Trustees
Stansbury Service Agency of Tooele County

We have audited Stansbury Service Agency of Tooele County's (the Agency) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Agency for the year ended December 31, 2016.

General state compliance requirements were tested for the year ended December 31, 2016 in the following areas:

Budgetary Compliance	Fund Balance
Open and Public Meetings Act	Treasurer's Bond
Impact Fees	

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, 2016.

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

June 22, 2017

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
December 31, 2016**

SIGNIFICANT DEFICIENCIES

1. SEGREGATION OF DUTIES – CASH RECEIPTING AND DEPOSITING (Significant Deficiency)

Finding:

We noted that cash receipts are received and recorded into the general ledger and deposit prepared by the office manager with no independent verification or review. This segregation of duties weakness creates the risk that funds could be misappropriated and go undetected.

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

Recommendation:

We recommend that Agency continue to maintain the quality of records observed during our audit, and improve any areas we have mentioned in the findings and recommendations. We realize that it may not be in the Agency's best interest to hire enough staff to correct this problem. Therefore, the Agency should continue to implement controls designed to prevent or detect these types of problems, as it has in the past. Such as, having the general manager compare the Z tape to the total cash counted by the office manager, and to the total on the bank deposit. In addition, the office manager should compare the amount deposited per the bank statement to the deposit she prepared. This will provide documentation and accountability of the Agency's revenues which will help compensate for the lack of segregation of duties.

Agency's Response:

The Agency has reviewed the procedures over depositing and now require the General Manager to review the supporting documents as part of his review process.

STATE LEGAL COMPLIANCE – Immaterial Instances of Noncompliance

2. None Noted

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)
December 31, 2016**

STATE LEGAL COMPLIANCE – Immaterial Instances of Noncompliance

3. None Noted