

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY**

**ANNUAL FINANCIAL REPORT**

**For the Year Ended December 31, 2021**



# 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 Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, and each major fund of Stansbury Service Agency (the Service Area), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Service Area's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Service Area, as of December 31, 2021, and respective changes in in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Service Area and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements.**

The Service Area's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Service Area's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not of the purpose of expressing an opinion on the effectiveness of the Service Area's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Service Area's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **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 May 13, 2022, 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

May 13, 2022

## STANSBURY SERVICE AGENCY OF TOOELE COUNTY

### Management's Discussion and Analysis

December 31, 2021

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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, 2021. Please read it in conjunction with the financial statements, which follow this section:

#### FINANCIAL HIGHLIGHTS

- The Stansbury Agency of Tooele County's *total combined net position* is \$29,687,872.
- During the year, the Agency's program *expenses* were \$1,692,007.
- The changes in net position amounted to \$5,519,623, an increase of \$6,081,552 from the prior year.
- During the year, the Agency's program *revenues* were \$1,598,869 and general revenues were \$5,612,761.
- During the year, the Agency collected \$1,429,745 in *property taxes*, an increase of \$45,251 from 2020.
- During the year, the Agency was gifted land with a net value of \$4,085,464.
- The *general fund balance* is \$1,055,938, all of which is unassigned.
- The *capital projects fund balance* is \$1,464,470, of which \$717,216 is restricted and \$747,254 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, 2021**

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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 fund balance increased by \$264,407 from 2020 to 2021.
  
- 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 fund balance increased by \$91,522 from 2020 to 2021.

Net Position. The Agency’s combined net position for 2021 was \$29,687,872.

**Stansbury Service Agency of Tooele County’s Net Assets**

	Governmental Activities	
	2021	2020
Current and other assets	\$ 2,604,966	\$ 2,378,182
Capital assets	27,144,761	21,983,915
Deferred outflows	126,601	118,986
Total assets and deferred outflows	<u>29,876,328</u>	<u>24,481,083</u>
Other liabilities	84,558	462,847
Long-term liabilities outstanding	36,190	62,685
Deferred inflows	67,708	36,446
Total liabilities and deferred inflows	<u>188,456</u>	<u>561,978</u>
Net assets:		
Invested in capital assets, net of related debt	27,144,761	21,983,915
Restricted	717,216	787,388
Unrestricted	1,825,895	1,147,802
Total net assets	<u><b>\$ 29,687,872</b></u>	<u><b>\$ 23,919,105</b></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, 2021****Stansbury Service Agency of Tooele County's Changes in Net Position**

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 1,188,469	\$ 875,994
Capital grants and contributions	410,400	663,700
General revenues:		
Property taxes - general	1,429,745	1,384,494
Interest	5,973	41,975
Gain (loss) on sale of assets	(20,362)	(11,943)
Gift of capital assets	4,085,464	-
Other	111,941	2,950
Total revenues	<b>7,211,630</b>	<b>2,957,170</b>
Expenses:		
General government	920,848	1,538,106
Park	206,446	881,595
Clubhouse	138,891	107,555
Pool	17,483	81,372
Golf course	350,716	793,902
Lake	11,289	35,148
Cemetery	36,316	70,657
Greenbelt	10,018	10,764
Total expenses	<b>1,692,007</b>	<b>3,519,099</b>
Increase in net assets	5,519,623	(561,929)
Net assets - beginning	23,919,105	24,481,034
Prior period adjustment	249,144	-
Net assets - ending	<b>\$ 29,687,872</b>	<b>\$ 23,919,105</b>

The total of all program revenues and general revenues was \$7,211,630 for the year. General property tax was \$1,429,745 for the year. The total of all program expenses was \$1,692,007 for the year.

**General Fund Budgetary Highlights**

- Over the course of the year the Agency did amend its budget.
- The general fund budgeted expenses were \$2,412,074 and actual expenses were \$2,361,637, which resulted in a positive budgetary variance of \$50,437.
- Capital assets purchased for the year were \$1,696,414. Land that was gifted the Agency was valued at \$4,085,464. The major components of these additions were:
  - Land \$4,085,464
  - Land improvements \$1,231,212
  - Equipment \$199,510
  - Recreation facilities \$265,692
- There was additional debt incurred from compensated absences for \$26,073 and pension related assets and liabilities for \$77,825.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY**  
**Management's Discussion and Analysis**  
**December 31, 2021**

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**General Fund Amended Budget**

The budget of the general fund was amended by the Board of Trustees in December 2021.

**Economic Factors and Next Year's Budgets**

- Revenue from property tax is consistent with prior years. No significant change is expected for 2021.
- Impact fees remained consistent with prior years. No significant change is expected for 2021.

These indicators were taken into account when adopting the budgets for 2021.

**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
  - o Statement of net position
  - o Statement of activities
- Fund financial statements
  - o Balance sheet – governmental funds
  - o Reconciliation of the governmental fund balance sheet to the government-wide statement of net position
  - o Statement of revenues, expenditures, and changes in fund balance – governmental funds
  - o 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, 2021**

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
<b>OF RESOURCES:</b>	
Assets:	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 914,070
Cash and cash equivalents - restricted	1,456,281
Property taxes receivable	124,615
Other receivables	110,000
Total current assets	<u>2,604,966</u>
Non-current assets:	
Capital Assets:	
Not being depreciated	19,447,647
Net of accumulated depreciation	7,697,114
Total non-current assets	<u>27,144,761</u>
Total assets	<u>29,749,727</u>
Deferred outflows of resources - pensions	126,601
<b>Total assets and deferred outflows of resources</b>	<u><u>\$ 29,876,328</u></u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>	
<b>OF RESOURCES:</b>	
Liabilities:	
Current Liabilities:	
Accounts payable	\$ 53,963
Accrued liabilities	30,595
Total current liabilities	<u>84,558</u>
Noncurrent liabilities:	
Net pension liability	10,117
Compensated absences	26,073
Total non-current liabilities	<u>36,190</u>
Total liabilities	<u>120,748</u>
Deferred inflows of resources - pensions	67,708
<b>Total liabilities and deferred inflow of resources</b>	<u><u>188,456</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	27,144,761
Restricted for:	
Impact fees	717,216
Unrestricted	1,825,895
Total net position	<u><u>\$ 29,687,872</u></u>

**STANSBURY SERVICE AGENCY OF TOOEELE COUNTY**  
**Government-Wide Statement of Activities**  
**For the Year Ended December 31, 2021**

Functions	Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Governmental activities</b>				
General government	\$ 920,848	\$ -	\$ -	\$ (920,848)
Park	206,446	1,120,954	-	1,324,908
Clubhouse	138,891	38,100	-	(100,791)
Pool	17,483	14,765	-	(2,718)
Golf course	350,716	-	-	(350,716)
Lake	11,289	-	-	(11,289)
Greenbelt	36,316	-	-	(36,316)
Cemetery	10,018	14,650	-	4,632
<b>Total governmental activities</b>	<b>\$ 1,692,007</b>	<b>\$ 1,188,469</b>	<b>\$ -</b>	<b>\$ (93,138)</b>
General revenues:				
Property taxes				1,429,745
Interest income				5,973
Gain (loss) on sale of assets				(20,362)
Gift of capital assets				4,085,464
Other income				111,941
Total general revenues				5,612,761
Change in net position				5,519,623
Net position - beginning				23,919,105
Prior period adjustment				249,144
Net position - ending				\$ 29,687,872

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

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY**  
**Balance Sheet – Governmental Funds**  
**December 31, 2021**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents - unrestricted	\$ -	\$ 914,070	\$ 914,070
Cash and cash equivalents - restricted	739,065	717,216	1,456,281
Receivables	49,015	75,600	124,615
Other receivables	-	110,000	110,000
Due from other funds	349,642	-	349,642
Total Assets	<u>\$ 1,137,722</u>	<u>\$ 1,816,886</u>	<u>\$ 2,954,608</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	51,189	2,774	\$ 53,963
Accrued liabilities	30,595	-	30,595
Due to other funds	-	349,642	349,642
Total liabilities	<u>81,784</u>	<u>352,416</u>	<u>434,200</u>
<b>Fund balance:</b>			
Restricted for:			
Impact fees	-	717,216	717,216
Assigned for:			
Building construction and equipment purchases	-	747,254	747,254
Unassigned	1,055,938	-	1,055,938
Total fund balance	<u>1,055,938</u>	<u>1,464,470</u>	<u>2,520,408</u>
Total liabilities and fund balance	<u>\$ 1,137,722</u>	<u>\$ 1,816,886</u>	<u>\$ 2,954,608</u>

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY**  
**Reconciliation of the Governmental Fund Balance Sheet to the**  
**Government-Wide Statement of Net Position**  
**December 31, 2021**

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Total fund balances - governmental fund:	<u>\$ 2,520,408</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.	27,144,761
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the fund statements.	126,601
Long-term liabilities are recorded in the government-wide statements but not in the fund statements.	
Compensated absences	(26,073)
Pension related assets and liabilities	(77,825)
Net assets of government activities	<u>\$ 29,687,872</u>

**STANSBURY SERVICE AGENCY OF TOOEE COUNTY**  
**Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance**  
**For the Year Ended December 31, 2021**

	General	Capital Projects	Total Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 1,429,745	\$ -	\$ 1,429,745
Impact fees	-	410,400	410,400
Charges for services	1,188,469	-	1,188,469
Other income	1,941	110,000	111,941
Interest	5,889	84	5,973
Total revenues	<u>2,626,044</u>	<u>520,484</u>	<u>3,146,528</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,811,499	-	1,811,499
Park	67,837	-	67,837
Clubhouse	24,526	-	24,526
Pool	17,483	-	17,483
Golf course	415,386	-	415,386
Lake	11,289	-	11,289
Greenbelt	8,687	-	8,687
Cemetery	4,930	-	4,930
Capital outlay			
Park	-	330,603	330,603
Clubhouse	-	1,100	1,100
Golf course	-	95,559	95,559
Cemetery	-	1,700	1,700
Total expenditures	<u>2,361,637</u>	<u>428,962</u>	<u>2,790,599</u>
Excess revenues over (under) expenditures	<u>264,407</u>	<u>91,522</u>	<u>355,929</u>
Net change in fund balances	264,407	91,522	355,929
Fund balances - beginning of year	<u>542,387</u>	<u>1,372,948</u>	<u>1,915,335</u>
Prior period adjustment	249,144	-	249,144
Fund balances - end of year	<u><b>\$ 1,055,938</b></u>	<u><b>\$ 1,464,470</b></u>	<u><b>\$ 2,520,408</b></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, 2021**

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Net changes in fund balances - total governmental funds	<u>\$ 355,929</u>
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.	1,095,744
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.	(20,362)
The land that was gifted to the agency was recorded as additions in the capital assets. The gift was recorded as income in the statement of activities.	4,085,464
The Statement of Activities show pension benefits and pension expenses related to long-term pension costs that are not shown in the fund statements.	28,921
Change in compensated absences liability	<u>(26,073)</u>
Change in net assets of governmental activities	<u><u>\$ 5,519,623</u></u>

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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, 2021**

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**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 as defined by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

The Agency is not a component unit of Tooele County as defined under the same pronouncements.

**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, 2021

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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, 2021, the liability was \$13,746.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY**

**Notes to the Financial Statements**

**December 31, 2021**

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**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 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 \$410,400 were recognized in revenue and \$75,600 were available at Tooele County Assessor but not yet remitted as of December 31, 2021.

For the year ended December 31, 2018, the Agency expended \$- 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, 2021.

**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, 2021**

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

For the year ending December 31, 2021 the general fund remained under budgeted appropriations by \$50,347.

**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.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY**

**Notes to the Financial Statements**

**December 31, 2021**

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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.

**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, 2021**

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*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, 2021, the carrying amount of the Agency's deposits was \$246,653 and the bank balance was \$248,896 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, 2021**

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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	\$2,123,693	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, 2021:

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, 2021**

*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 \$717,216 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, 2021, depreciation expense was \$577,885. A summary of the fixed assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 15,384,968	\$ 4,085,464	\$ (22,785)	\$ 19,447,647
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>15,384,968</u>	<u>4,085,464</u>	<u>(22,785)</u>	<u>19,447,647</u>
Capital assets, being depreciated				
Land Improvements	627,804	1,231,212	-	1,859,016
Greenbelt improvements	648,940	-	-	648,940
Buildings	1,037,878	-	(2,000)	1,035,878
Building improvements	105,762	-	(9,914)	95,848
Equipment and vehicles	1,250,461	199,510	(161,675)	1,288,296
Parks	5,890,416	-	-	5,890,416
Cemetery improvement	106,018	-	-	106,018
Recreation facilities	7,845,972	265,692	-	8,111,664
Total capital assets, being depreciated	<u>17,513,251</u>	<u>1,696,414</u>	<u>(173,589)</u>	<u>19,036,076</u>
Less accumulated depreciation:	(10,914,304)	(577,885)	153,227	(11,338,962)
Total capital assets being depreciated, net	<u>6,598,947</u>	<u>1,118,529</u>	<u>(20,362)</u>	<u>7,697,114</u>
Governmental activities capital assets, net	<u>\$ 21,983,915</u>	<u>\$ 5,203,993</u>	<u>\$ (43,147)</u>	<u>\$ 27,144,761</u>

Depreciation was allocated to the following functions:

General government	\$ 154,707
Park	276,096
Clubhouse	114,365
Cemetery	27,629
Greenbelt	5,088
	<u>\$ 577,885</u>

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY**

**Notes to the Financial Statements**

**December 31, 2021**

**NOTE 4. RETIREMENT PLANS**

***General Information about the Pension Plan***

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

**Defined Benefit Plans**

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirements 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](http://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, 2021**

**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 and additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019, are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
<b>Contributory System</b>			
111-Local Government Division Tier 2	N/A	16.07	0.62
<b>Noncontributory System</b>			
15-Local Government Division Tier 1	N/A	18.47	N/A
<b>Tier 2 DC Only</b>			
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 December 31, 2021, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Tier 2 Public Employees System	\$ 81,140	-
Tier 2 DC Only System	2,717	N/A
<b>Total Contributions</b>	<b>\$ 83,857</b>	<b>\$ -</b>

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 December 31, 2021, we reported a net pension asset of \$0 and a net pension liability of \$10,116.

	(Measurement Date): December 31, 2020				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2019	Change (Decrease)
Noncontributory System	\$ -	\$ 7,018	0.0136824%	0.0149882%	-0.0013058%
Tier 2 Public Employees System	-	3,098	0.0215426%	0.0275500%	-0.0060074%
<b>Total Net Pension Asset / Liability</b>	<b>\$ -</b>	<b>\$ 10,116</b>			

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY**

**Notes to the Financial Statements**

**December 31, 2021**

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer’s actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2021, we recognized pension expense of \$54,907.

At December 31, 2021, 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	\$ 12,268	\$ 1,419
Changes in assumptions	3,919	1,031
Net difference between projected and actual earnings on pension plan investments	-	60,305
Changes in proportion and differences between contributions and proportionate share of contributions	26,557	4,953
Contributions subsequent to the measurement date	83,857	-
Total	<u>\$ 126,601</u>	<u>\$ 67,708</u>

\$83,857 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, 2020.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions, will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2020	\$ 1,579
2021	(3,956)
2022	(20,333)
2023	(9,057)
2024	1,109
Thereafter	5,694

**Actuarial Assumptions**

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

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

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY****Notes to the Financial Statements****December 31, 2021**

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, 2020 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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:

<b>Asset Class</b>	<b>Expected Return Arithmetic Basis</b>		
	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long-Term expected portfolio real rate of return</b>
Equity securities	37.00%	6.30%	2.33%
Debt securities	20.00%	0.00%	0.00%
Real assets	15.00%	6.19%	0.93%
Private equity	12.00%	9.50%	1.14%
Absolute return	16.00%	2.75%	0.44%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

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

*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.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY**

**Notes to the Financial Statements**

**December 31, 2021**

*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:

<b>System</b>	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 121,676	\$ 7,018	\$ (88,566)
Tier 2 Public Employees System	52,137	3,098	(34,415)
Total	\$ 173,813	\$ 10,116	\$ (122,981)

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

**Defined Contribution Savings Plans**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

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:

<b>401(k) Plan</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Employer Contributions	\$ 7,787	\$ 6,866	\$ 6,729
Employee Contributions	\$ -	\$ -	\$ -

**NOTE 5. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS AND RESTRICTED NET POSITION**

\$717,216 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 \$747,254 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. 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, 2021, actual expenditures remained below budgeted appropriations by \$50,437 in the General Fund. The capital projects fund exceeded budgeted appropriations by \$40,209.

### **Change in assumptions related to pensions**

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

**STANSBURY SERVICE AGENCY OF TOOEE COUNTY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual**  
**General Fund**  
**December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over(Under)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,233,851	\$ 1,416,000	\$ 1,429,745	\$ 13,745
Charges for services	607,200	951,294	1,174,231	222,937
Rental income	-	2,847	14,238	11,391
Interest	-	-	5,889	5,889
Other Income	-	41,933	1,941	(39,992)
Total revenues	<u>1,841,051</u>	<u>2,412,074</u>	<u>2,626,044</u>	<u>213,970</u>
<b>EXPENDITURES</b>				
Current				
General government	1,190,601	2,000,074	1,811,499	(188,575)
Park	-	-	67,837	67,837
Clubhouse	35,000	8,000	24,526	16,526
Pool	70,500	62,000	17,483	(44,517)
Golf course	480,950	82,000	415,386	333,386
Lake	18,000	-	11,289	11,289
Greenbelt	43,500	260,000	8,687	(251,313)
Cemetery	2,500	-	4,930	4,930
Total expenditures	<u>1,841,051</u>	<u>2,412,074</u>	<u>2,361,637</u>	<u>(50,437)</u>
Excess revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>264,407</u>	<u>264,407</u>
Fund balances - beginning of year			<u>542,387</u>	
Prior period adjustment			<u>249,144</u>	
Fund balances - end of year			<u><u>\$ 1,055,938</u></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, 2021**  
Last 10 fiscal years\*

		Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)			
	2019	0.8549800%	0.0195237%
	2020	0.0149882%	0.0275500%
	2021	0.0136824%	0.0215426%
Proportionate share of the net pension liability (asset)			
	2019	\$ 62,958	\$ 8,362
	2020	\$ 56,489	\$ 6,196
	2021	\$ 7,018	\$ 3,098
Covered Employee Payroll			
	2019	\$ -	\$ 226,399
	2020	\$ -	\$ 383,141
	2021	\$ -	\$ 344,527
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll			
	2019	0.0%	3.69%
	2020	0.0%	1.62%
	2021	0.0%	0.90%
Plan fiduciary net position as a percentage of the total pension liability.			
	2019	87.0%	90.8%
	2020	93.7%	96.5%
	2021	99.2%	98.3%

\* 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, 2021**  
 Last 10 fiscal years\*

As of fiscal year ended December, 31	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution			Contributions as a percentage of covered employee payroll
		Actuarial Determined Contributions	Contribution deficiency (excess)	Covered Payroll	
2018	\$ 34,856	\$ -	\$ 226,399	15.40%	
2019	59,757	-	383,141	15.60%	
2020	54,191	-	344,527	15.73%	
2021	81,140	-	508,485	15.96%	
2018	\$ -	\$ -	\$ -	0.00%	
2019	1,699	1,699	25,396	6.69%	
2020	2,379	2,379	35,554	6.69%	
2021	2,717	2,717	40,615	6.69%	

\* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.

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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, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated May 13, 2022.

**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.

## **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

May 13, 2022



**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, 2021.

General state compliance requirements were tested for the year ended December 31, 2021 in the following areas:

Budgetary compliance	Open and public meetings act
Fund balance	Fraud risk assessment
Restricted taxes and other related restricted revenue	

**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, 2021.

## 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 May 13, 2022. 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  
May 13, 2022