

Snyderville Basin Special Recreation District

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018

Snyderville Basin Special Recreation District

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December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Snyderville Basin
Special Recreation District**

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12, budgetary comparison information and pension information on pages 45-49 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated May 15, 2019, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.



Greg Ogden,
Certified Public Accountant
May 15, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Snyderville Basin Special Recreation District
Management's Discussion and Analysis
December 31, 2018

As management of Snyderville Basin Special Recreation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District operated in a fiscally responsible nature, which resulted in positive outcomes as displayed through this analysis.

- Total net position for the District increased by \$2,903,145 or 6.7%
- Total unrestricted net position increased by \$59,970 or 0.7%
- Total assets and deferred outflows increased by \$125,385 or 0.1%
- Total liabilities and deferred inflows decreased by \$2,777,759 or 5.1%

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the District. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the District available to cover any remaining costs of the functions or programs.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

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Management's Discussion and Analysis
December 31, 2018

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities in the government-wide financial statements.

The District maintains four major governmental funds:

- **General Fund** – The purpose of this fund is to account for all financial resources except those required to be accounted for in another fund (described below). General Fund monies are primarily used for the operations and maintenance of the District facilities, programs, administration, trails, and open space.
- **Debt Service Fund** – The purpose of this fund is to account for the assessed and collected taxes for the payment of general long-term debt principal and interest.
- **Special Revenue Fund** – The District imposes impact fees for the development of community park, recreation, and trail facilities. The Impact Fees Act requires the District to separately account for the receipts and disbursement of these fees. Impact fee expenditures may only be used for authorized facilities identified in the District's Impact Fee Facilities Plan.
- **Capital Projects Fund** – The objective of this fund is to account for the financial resources to be used for the acquisition or construction of major capital facilities as authorized by the voters. The fund also accounts for grants received for specific capital projects. Excess funds accumulated through the operational tax levy may be earmarked for capital projects as approved by the District Board.

The District adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund and the special revenue fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

Snyderville Basin Special Recreation District
Management's Discussion and Analysis
December 31, 2018

FINANCIAL ANALYSIS

Snyderville Basin Special Recreation District's Net Position

| | Governmental Activities | |
|---|----------------------------|--------------------------|
| | Current | Previous |
| | Year | Year |
| Current and other assets | \$ 4,159,950 | 4,122,158 |
| Non-current assets | 90,482,546 | 90,130,702 |
| Deferred outflows of resources | 2,659,325 | 2,923,576 |
| Total assets and deferred outflows | <u>\$97,301,821</u> | <u>97,176,436</u> |
| Other liabilities | \$ 249,228 | 142,529 |
| Long-term liabilities outstanding | 50,346,728 | 53,397,547 |
| Deferred inflows of resources | 619,479 | 453,117 |
| Total liabilities and deferred inflows | <u>51,215,434</u> | <u>53,993,193</u> |
| Net position: | | |
| Net investment in capital assets | 31,293,046 | 28,794,755 |
| Restricted | 6,081,306 | 5,736,423 |
| Unrestricted | 8,712,034 | 8,652,064 |
| Total net position | <u>\$46,086,387</u> | <u>43,183,242</u> |

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$46,086,387, an increase of \$2,903,145 from the previous year's net position. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$8,712,034, which represents an increase of \$59,970 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash, receivables, prepaid items, and other assets on hand at the end of the year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid or refunded during the year.

Snyderville Basin Special Recreation District
Management's Discussion and Analysis
December 31, 2018

Snyderville Basin Special Recreation District's Change in Net Position

| | Governmental Activities | |
|--|----------------------------|-------------------|
| | Current Year | Previous Year |
| Program revenues: | | |
| Charges for services | \$ 1,817,935 | 1,632,343 |
| Operating grants and contributions | 10,000 | 35,000 |
| Capital grants and contributions | 477,649 | 1,391,121 |
| General revenues: | | |
| Property taxes | 8,142,845 | 8,315,182 |
| Unrestricted investment earnings | 720,282 | 426,948 |
| Other revenues | 17,929 | 17,061 |
| Special items: | | |
| Premium on bonds | - | 1,875,992 |
| Discovery parcels donation | 445,000 | 1,550,000 |
| Increase in water impact fee credits | 14,017 | 154,301 |
| Loss on retired assets | (12,161) | - |
| Total revenues | 11,633,495 | 15,397,948 |
| Expenses: | | |
| Administration | 1,169,486 | 1,040,424 |
| Parks | 1,116,117 | 1,287,936 |
| Trails | 1,251,168 | 1,222,890 |
| Fieldhouse | 2,063,773 | 1,743,253 |
| Recreation | 625,676 | 592,107 |
| Summit County Public Works contribution | 500,000 | - |
| Park City ice arena contribution | 50,000 | 50,000 |
| Change in water impact fee credits | - | - |
| Long-term debt interest and cost of issuance | 1,954,130 | 2,215,739 |
| Total expenses | 8,730,351 | 8,152,349 |
| Change in net position | 2,903,145 | 7,245,599 |
| Net position - beginning | 43,183,242 | 35,937,643 |
| Net position - ending | \$ 46,086,387 | 43,183,242 |

Total revenues decreased by \$3,764,453 compared to the previous year, while total expenses increased by \$578,002. The total net change of \$2,903,145 is, in private sector terms, the net income for the year, which is \$4,342,454 less than the previous year's net change.

Revenues:

The primary reason for the \$3,764,453 decrease in revenues was due to premiums on refunding bonds and developer agreements in the prior year.

Charges for services include recreation program, special event, field rental, and Fieldhouse fees. The 2018 increase of \$185,592, or 11.4%, can be largely attributed to an increase in Fieldhouse memberships which increased by \$146,605.

Snyderville Basin Special Recreation District
Management's Discussion and Analysis
December 31, 2018

Expenses:

Expenses increased overall from the previous year by \$578,002. While Parks expenses decreased by \$171,818, Administration, Trails, Fieldhouse, and Recreation expenses increased by \$129,062, \$28,278, \$318,221 and \$35,868, respectively. Additional water impact fee credits were recognized in the amount of \$14,017, compared to the previous year increase of water source fee credits in the amount of \$154,301. Interest expenses and cost of issuance decreased by \$261,609.

The *Administration Department* primarily holds operational expenses such as payroll expenses and all related benefits for Administration personnel, such as the District Director, Planning & Legal Affairs Manager, District Administrator, and other Finance and Administration staff. Also included are administrative overhead expenses such as utilities, legal, and other professional consulting fees, liability insurance, public relation/promotions, and office supplies and equipment. Other expenses for the purposes of Net Position are compensated absences, pension plan adjustments, current depreciation expenses, and capital expenditures not capitalized.

The *Parks Department* contains operational expenses that include the department manager as well as year-round and seasonal wages for parks and facilities labor and all related benefits. It also includes utility fees for park operations, park facilities maintenance, vehicle and equipment expense, fertilizers, chemicals, and other departmental supplies. Other expenses for the purposes of Net Position are pension plan adjustments, capital expenditures not capitalized, and current depreciation expense.

The *Trails Department* contains operational expenses that include the department manager as well as year-round and seasonal wages for trails and open space labor and all related benefits. It also includes professional and technical consultant fees, contract services for trail repair and weed management, open space management and maintenance, utilities for trail facilities, and other departmental supplies. Other expenses for the purposes of Net Position are pension plan adjustments, capital expenditures not capitalized, and current depreciation expense.

The *Fieldhouse Department* contains operational expenses that include wages for the department manager and other year-round and seasonal staff, as well as all related benefits. It also includes Fieldhouse overhead expenditures and all expenditures for Fieldhouse-run fitness, sports, and camp programs. Other expenses for the purposes of Net Position are pension plan adjustments, capital expenditures not capitalized, and current depreciation expense.

The *Recreation Department* operational expenses reflect the department manager, year-round and seasonal wages and all related benefits, and all expenditures for District-run sports programs, camps, and special events. Other expenses for the purposes of Net Position are pension plan adjustments, capital expenditures not capitalized, and current depreciation expense.

The District is obligated (see Note 4-E) to contribute \$50,000 annually to Park City per the Interlocal Agreement for Regional Ice Facility.

The District's water source and water right impact fee credits with Mountain Regional Water are explained in Note 4-H of the financial statements. Water right impact fee credits were recognized in 2018 for the amount of \$14,017.

The District makes interest payments on general obligation bonds issued in prior years. Other expenses for the purposes of Net Position are the deferred amount on refunding and accrued interest payable.

Snyderville Basin Special Recreation District
Management's Discussion and Analysis
December 31, 2018

BALANCES AND TRANSACTIONS OF INDIVIDUAL GOVERNMENTAL FUNDS

Some of the more significant changes in fund balances, and any restrictions on those amounts, are described below:

General Fund

The General Fund balance increased by \$89,404 during the year. A total of \$1,012,534 was transferred from the General Fund to the Capital Projects Fund to be used on capital improvements. In accordance with Utah Code, the accumulated fund balance in the General Fund may not exceed 100% of the current year's property tax collections. The General Fund balance, after the transfer, was \$3,186,283, leaving the fund balance at 89.81% of the allowed balance.

Property taxes are the single largest source of revenue in the General Fund and represent 65.2% of total revenues in the fund. Property tax revenues amounted to \$3,547,657, compared with the previous year amount of \$3,517,777, an increase of \$29,880 or 0.8%.

Debt Service Fund

The Debt Service Fund balance decreased from \$3,298,732 to \$3,155,212, a decrease of 143,519 or 4.4%. Property tax revenues amounted to \$4,595,188, compared with the previous year amount of \$4,797,405, a decrease of \$202,217 or 4.2%. Property tax revenues of \$4,595,188 and interest revenue of \$69,974 exceeded the net result of debt service activity of \$4,613,855 by \$51,306.

Special Revenue Fund

The Special Revenue Fund balance increased from \$2,437,691 to \$2,926,094, an increase of \$488,403 or 20%. This increase is equal to the amount that impact fee revenues of \$451,573 and interest revenue of \$61,830 exceeded the transfer out to the Capital Projects Fund of \$25,000. The transfer to the Capital Projects Fund was used towards capital improvements for trails.

Capital Projects Fund

The Capital Projects Fund balance decreased from \$22,511,619 to \$22,469,163, a decrease of \$42,457 or 0.2%. Capital outlay expenditures during the year amounted to \$1,065,813, compared with the previous year amount of \$6,527,642.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the chief operation fund of the District. All activities which are not required to be accounted for in separate funds are accounted for in this fund.

During the calendar year 2018, the General Fund adopted budget for expenditures was amended down from an original budget expenditure of \$5,175,557 to a final budget of \$4,929,682. Actual expenditures were \$4,482,739 or 90.9% of the final amended budget.

The 2018 General Fund budget for revenues was amended up from an original budget revenue amount of \$5,225,557 to a final budget of \$5,347,390 to reflect slightly higher revenue from property taxes, charges for services and interest. Actual revenue came in above the final budget at \$5,439,850, which created excess revenues over expenditures of \$957,111. The Board authorized a transfer at 2018 year-end of \$1,012,534 to the Capital Projects Fund for capital projects and expenditures and to keep the General Fund balance in compliance with Utah Code.

Snyderville Basin Special Recreation District
Management's Discussion and Analysis
December 31, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Snyderville Basin Special Recreation District's Capital Assets

| | Governmental | |
|-------------------------------|----------------------|-------------------|
| | Activities | |
| | Current Year | Previous Year |
| Capital Assets: | | |
| Land | \$ 11,194,659 | 11,174,659 |
| Open space | 24,035,207 | 23,610,207 |
| Water shares | 20,000 | 20,000 |
| Buildings | 17,820,727 | 17,782,404 |
| Parks | 8,780,719 | 8,595,004 |
| Trails | 11,202,843 | 10,935,216 |
| Machinery and equipment | 1,790,603 | 1,768,777 |
| Construction in progress | 332,904 | 111,574 |
| Total capital assets | 75,177,661 | 73,997,840 |
| Less accumulated depreciation | (13,085,041) | (11,801,449) |
| Net Capital Assets | \$ 62,092,620 | 62,196,392 |

Net capital assets of \$62,092,620 is a decrease of \$103,772 from the previous year. This decrease is equal to the amount that depreciation charged on capital assets exceeded new investment in capital assets during the year.

Significant capital investments included an earnest money payment for additional Open Space (further discussed in Note 4-F), construction of Toll Canyon and Cooper Lane trails, and the replacement of the Fieldhouse turf and Trailside lower parking lot. Additionally, the District acquired two parcels of land through a development agreement for the Discovery CORE project. The first parcel of approximately 42 acres will be dedicated recreational open space. The second parcel, one acre in size, will be developed as a trailhead. The two parcels combined are valued at \$445,000.

Additional information regarding capital assets may be found in the notes to financial statements.

Snyderville Basin Special Recreation District's Outstanding Debt and Long-term Liabilities

| | Current Year | Previous Year |
|---|----------------------|-------------------|
| General obligation bonds: | | |
| 2008 Series | \$ - | 475,000 |
| 2010 Series | 2,555,000 | 3,335,000 |
| 2011 Series | 790,000 | 1,160,000 |
| 2012 Series | 2,835,000 | 3,020,000 |
| 2015 Series A | 21,390,000 | 22,450,000 |
| 2015 Series B | 6,405,000 | 6,440,000 |
| 2017 Series | 15,905,000 | 15,905,000 |
| Total general obligation bonds | 49,880,000 | 52,785,000 |
| Net pension liability | 402,536 | 501,520 |
| Compensates absences | 64,192 | 60,512 |
| Total outstanding debt and long-term liabilities | \$ 50,346,728 | 53,347,032 |

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

Snyderville Basin Special Recreation District
Management's Discussion and Analysis
December 31, 2018

ECONOMIC OUTLOOK

The economic outlook for the District remains positive as growth continues in the District as evidenced in the development projects detailed below.

- A 240-acre residential and commercial development agreement for the southeast corner of Silver Creek Junction was approved by the Summit County Council on June 3, 2015. The development, Silver Creek Village, anticipates 1,290 residential units and 50,000 square feet of neighborhood commercial space. Site improvements began in 2016 and construction of residential units started in 2019. Specifically, subdivision plats have been approved and recorded for Parcels 2, 5, 6 and 7 for a total of 184 single family dwellings. A subdivision plat dividing Parcel 9 into three lots has been forwarded for approval to the County Manager. Lot 2 on Parcel 9 is slated for 64 apartments.
- The Discovery CORE project was approved in 2018. This development, located between Pinebrook and Summit Park, will have 97 residential units, 30 of which will be deed restricted. The units are broken down into Single Family Attached and Single Family Detached and integrated throughout the project. Construction recently began on the first phase of units.
- The Park City Tech Center at Kimball Junction is entitled to 1.2 million square feet of office space. The development agreement states that the developer will contribute \$300,000 to Summit County after construction of 300,000 gross square feet of research space based upon the issuance of Certificates of Occupancy. An agreement exists between Summit County and the District that such funds will be paid to the District to reimburse the District for a portion of the costs associated with the construction of the SR 224 Underpass, which was completed in 2011. There are currently two buildings in the Tech Center: one office building consisting of approximately 30,000 square feet and the recently completed Skull Candy building consisting of approximately 49,000 square feet. In addition, the developer has public trail obligations to uphold contingent upon the development.
- Development continues near the Canyons Village of Park City Mountain. First, both LV10 (eight of the approved 30 multi-family residential units) and the RC-14-YotelPAD Condominiums (73,185 square feet of 145 micro lodging units) are currently under construction. Construction is scheduled to begin on the Viridian Townhomes (41,106 square feet consisting of 22 multi-family residential units) and the Ridge Townhomes (106,000 square feet consisting of 44 multi-family residential units) in June 2019.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

District Administrator
Snyderville Basin Special Recreation District
5715 Trailside Drive
Park City, Utah 84098

BASIC FINANCIAL STATEMENTS

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Snyderville Basin Special Recreation District

STATEMENT OF NET POSITION

December 31, 2018

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES: | |
| Assets: | |
| Current assets: | |
| Cash and cash equivalents | \$ 3,221,458 |
| Accounts receivable | 730,180 |
| Prepaid expenses | 8,082 |
| Other assets | 200,231 |
| Total current assets | <u>4,159,950</u> |
| Non-current assets: | |
| Restricted cash and cash equivalents | 28,389,926 |
| Capital assets: | |
| Not being depreciated | 35,582,770 |
| Net of accumulated depreciation | 26,509,850 |
| Total non-current assets | <u>90,482,546</u> |
| Total assets | 94,642,496 |
| Deferred outflows of resources | 2,659,325 |
| Total assets and deferred outflows of resources | <u><u>\$ 97,301,821</u></u> |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES: | |
| Liabilities: | |
| Current liabilities: | |
| Accounts payable | \$ 123,410 |
| Customer deposits | 20,350 |
| Unearned revenue | 37,415 |
| Accrued interest payable | 68,053 |
| Compensated absences, current portion | 58,653 |
| General obligation bonds, current portion | 3,005,000 |
| Total current liabilities | <u>3,312,881</u> |
| Non-current liabilities: | |
| Compensated absences, long-term portion | 5,539 |
| General obligation bonds, long-term portion | 46,875,000 |
| Net pension liability | 402,536 |
| Total non-current liabilities | <u>47,283,075</u> |
| Total liabilities | 50,595,956 |
| Deferred inflows of resources - property taxes | 431,717 |
| Deferred inflows of resources - pensions | 187,762 |
| Total liabilities and deferred inflows of resources | <u><u>51,215,434</u></u> |
| NET POSITION: | |
| Net investment in capital assets | 31,293,046 |
| Restricted | 6,081,306 |
| Unrestricted | 8,712,034 |
| Total net position | <u><u>46,086,387</u></u> |
| Total liabilities, deferred inflows of resources and net position | <u><u>\$ 97,301,821</u></u> |

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

Snyderville Basin Special Recreation District

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

| | Expenses | Program Revenues | | | Net |
|--|---------------------|----------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | (Expense) Revenue (To Next Page) |
| <u>FUNCTIONS/PROGRAMS:</u> | | | | | |
| Governmental activities: | | | | | |
| Administration | \$ 1,169,486 | 7,025 | 10,000 | - | (1,152,461) |
| Parks | 1,116,117 | 82,219 | - | 373,083 | (660,815) |
| Trails | 1,251,168 | 7,421 | - | 104,565 | (1,139,182) |
| Fieldhouse | 2,063,773 | 1,378,402 | - | - | (685,371) |
| Recreation | 625,676 | 342,867 | - | - | (282,809) |
| Summit County Public Works contribution | 500,000 | - | - | - | (500,000) |
| Park City ice arena contribution | 50,000 | - | - | - | (50,000) |
| Interest and cost of issuance | 1,954,130 | - | - | - | (1,954,130) |
| Total governmental activities | \$ 8,730,351 | 1,817,935 | 10,000 | 477,649 | (6,424,767) |

(The statement of activities continues
on the following page)

Snyderville Basin Special Recreation District
STATEMENT OF ACTIVITIES (continued)
For the Year Ended December 31, 2018

| | Governmental Activities |
|---|----------------------------|
| CHANGES IN NET POSITION: | |
| Net (expense) revenue (from previous page) | \$ (6,424,767) |
| General revenues: | |
| Property taxes | 8,142,845 |
| Unrestricted investment earnings | 720,282 |
| Miscellaneous | 17,929 |
| Special items: | |
| Discovery parcels donation | 445,000 |
| Increase in water impact fee credits | 14,017 |
| Loss on retired assets | (12,161) |
| Total general revenues | 9,327,912 |
| Change in net position | 2,903,145 |
| Net position - beginning | 43,183,242 |
| Net position - ending | \$ 46,086,387 |

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

Snyderville Basin Special Recreation District
BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2018

| | General Fund | Debt Service Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|--|---------------------|-------------------------|----------------------------|-----------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 3,221,458 | - | - | - | 3,221,458 |
| Receivables: | | | | | |
| Accounts receivable | 18,824 | - | - | - | 18,824 |
| Property taxes | 389,835 | 321,521 | - | - | 711,356 |
| Prepaid expenses | 8,082 | - | - | - | 8,082 |
| Restricted cash and cash equivalents | - | 2,994,181 | 2,926,094 | 22,469,651 | 28,389,926 |
| TOTAL ASSETS | \$ 3,638,198 | 3,315,702 | 2,926,094 | 22,469,651 | 32,349,645 |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 122,922 | - | - | 488 | 123,410 |
| Deposits payable | 20,350 | - | - | - | 20,350 |
| Unearned revenue | 37,415 | - | - | - | 37,415 |
| Total liabilities | 180,687 | - | - | 488 | 181,175 |
| Deferred inflows of resources: | | | | | |
| Property taxes | 271,226 | 160,490 | - | - | 431,717 |
| Total deferred inflows of resources | 271,226 | 160,490 | - | - | 431,717 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 451,913 | 160,490 | - | 488 | 612,892 |
| FUND BALANCES: | | | | | |
| Nonspendable | 8,082 | - | - | - | 8,082 |
| Restricted for: | | | | | |
| Debt service | - | 3,155,212 | - | - | 3,155,212 |
| Impact fees | - | - | 2,926,094 | - | 2,926,094 |
| Construction and land acquisition | - | - | - | 19,080,426 | 19,080,426 |
| Assigned for: | | | | | |
| Capital replacement | - | - | - | 1,750,074 | 1,750,074 |
| Capital projects | - | - | - | 1,638,662 | 1,638,662 |
| Unassigned | 3,178,203 | - | - | - | 3,178,203 |
| TOTAL FUND BALANCES | 3,186,284 | 3,155,212 | 2,926,094 | 22,469,163 | 31,736,753 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 3,638,198 | 3,315,702 | 2,926,094 | 22,469,651 | 32,349,645 |

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

Snyderville Basin Special Recreation District
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended December 31, 2018

| | General Fund | Debt Service Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|--|---------------------|-------------------------|----------------------------|-----------------------------|--------------------------------|
| Revenues: | | | | | |
| Property taxes | \$ 3,547,657 | 4,595,188 | - | - | 8,142,845 |
| Intergovernmental revenues | 10,000 | - | - | 26,076 | 36,076 |
| Charges for services | 1,817,935 | - | - | - | 1,817,935 |
| Impact fees | - | - | 451,573 | - | 451,573 |
| Interest | 58,579 | 69,974 | 61,830 | 529,899 | 720,282 |
| Miscellaneous revenue | 5,679 | - | - | 12,250 | 17,929 |
| Total revenues | 5,439,850 | 4,665,161 | 513,403 | 568,225 | 11,186,639 |
| Expenditures: | | | | | |
| Administration | 1,097,110 | - | - | - | 1,097,110 |
| Parks | 621,219 | - | - | 9,500 | 630,719 |
| Trails | 666,821 | - | - | 49,613 | 716,434 |
| Fieldhouse | 1,490,890 | - | - | 23,290 | 1,514,180 |
| Recreation | 606,698 | - | - | - | 606,698 |
| Capital outlay | - | - | - | 1,065,813 | 1,065,813 |
| Debt service: | | | | | |
| Principal | - | 2,905,000 | - | - | 2,905,000 |
| Interest and finance charges | - | 1,708,855 | - | - | 1,708,855 |
| Total expenditures | 4,482,738 | 4,613,855 | - | 1,148,216 | 10,244,809 |
| Excess (deficiency) of revenues over (under) expenditures | 957,112 | 51,306 | 513,403 | (579,991) | 941,830 |
| Other financing sources (uses): | | | | | |
| Summit County Public Works contribution | - | - | - | (500,000) | (500,000) |
| Park City ace arena contribution | (50,000) | - | - | - | (50,000) |
| Transfers in | 194,826 | - | - | 1,037,534 | 1,232,360 |
| Transfers out | (1,012,534) | (194,826) | (25,000) | - | (1,232,360) |
| Total other financing sources (uses) | (867,708) | (194,826) | (25,000) | 537,534 | (550,000) |
| Net change in fund balances | 89,404 | (143,519) | 488,403 | (42,457) | 391,830 |
| Fund balances - beginning of year | 3,096,881 | 3,298,732 | 2,437,691 | 22,511,619 | 31,344,922 |
| Fund balance - end of year | \$ 3,186,284 | 3,155,212 | 2,926,094 | 22,469,163 | 31,736,753 |

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

Snyderville Basin Special Recreation District
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 December 31, 2018

| | |
|--|------------------------------------|
| Total Fund Balance for Governmental Funds | <u>\$ 31,736,753</u> |
| Total net position reported for governmental activities in the statement of net position is different because: | |
| Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds: | |
| Capital assets, at cost | 75,177,661 |
| Less accumulated depreciation | <u>(13,085,041)</u> |
| Net capital assets | <u>62,092,620</u> |
| Impact fee credits are available for use in future periods and are not recorded as income in the current period; therefore, they are not reported in the funds. | |
| | <u>200,231</u> |
| Deferred outflows of resources related to pensions and bond refundings represent a consumption of net position that applies to future periods, and therefore, are not reported in the funds. | |
| | <u>2,659,325</u> |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds: | |
| Compensated absences | (64,192) |
| Accrued interest | (68,053) |
| Long-term debt | (49,880,000) |
| Net pension liability | <u>(402,536)</u> |
| Total long-term liabilities | <u>(50,414,781)</u> |
| Deferred inflows of resources related to pensions are recorded in the government-wide statements, but not in the fund statements. | |
| | <u>(187,762)</u> |
| Total Net Position of Governmental Activities | <u><u>\$ 46,086,387</u></u> |

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

Snyderville Basin Special Recreation District
**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, 2018

| | |
|---|-----------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ 391,830</u> |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses:</p> | |
| Capital outlay | 1,065,813 |
| Developer contributions | 445,000 |
| Depreciation expense | <u>(1,602,424)</u> |
| Net | <u>(91,611)</u> |
| <p>Cost of assets retired is not reported in governmental funds, while it is reported in the statement of activities.</p> | |
| | <u>(12,161)</u> |
| <p>Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p> | |
| | <u>2,905,000</u> |
| <p>The change in compensated absences is not reported as an expenditure for the current period, while it is recorded in the statement of activities.</p> | |
| | <u>(3,680)</u> |
| <p>The amortization of the deferred amount on refunding is not reported as an expenditure for the current period, while it is recorded in the statement of activities.</p> | |
| | <u>(223,899)</u> |
| <p>Accrued interest for long-term debt is not reported as an expenditure for the current period, while it is recorded in the statement of activities.</p> | |
| | <u>(21,376)</u> |
| <p>The change in impact fee credits is not reported as expenditure or revenue for the current period, while it is recorded in the statement of activities.</p> | |
| | <u>14,017</u> |
| <p>The Statement of Activities show pension benefits, pension expenses, and non-employer contributions related to GASB 68 that are not shown in the fund statements.</p> | |
| | <u>(54,976)</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 2,903,145</u></u> |

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

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Snyderville Basin Special Recreation District (the District) was established on July 1, 1986 by Summit County, Utah as a governmental service district under Title 11, Chapter 23 of the Utah Code Annotated, 1953, as amended. The District was established to provide recreation for the Snyderville Basin area of Summit County. In September 1995, the District residents authorized the first bond to fund community parks, trails and recreation. Operations commenced in 1996.

1-B. Government-wide and fund financial statements

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, report information on all the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of net position reports the financial position of the governmental activities of the District at year-end.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. Major individual governmental funds are reported in separate columns.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP).

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

The *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. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

1-D. Fund types and major funds

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of principal, interest and related costs on certain general long-term debt paid primarily from taxes levied by the District. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.

The *Special Revenue Fund* is used to account for the collection and use of impact fees for parks, recreation, and trails.

The *Capital Projects Fund* is used to account for the acquisition or construction of major capital facilities of the District.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1-E-1. Deposit and Investments

Cash includes cash on hand, demand deposits with bank and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The District's policy allows for investment in fund in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

1-E-2. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1-E-3. Receivables and Payables

Property tax and intergovernmental receivables are considered collectible.

During the course of operations, there may be transactions that occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either due to or due from other funds.

Property taxes are assessed and collected for the District by Summit County and remitted to the District shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

1-E-4. Restricted Assets

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

1-E-5. Inventories and Prepaid items

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

1-E-6. Capital Assets

Capital assets, which includes land, buildings, parks, trails, vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects as constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts.

Property and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------------|--------------|
| Buildings | 10-40 |
| Parks | 8-40 |
| Trails | 15-30 |
| Vehicles and equipment | 7-10 |

1-E-7. Long-term Obligations

In the government-wide financial statements, long-term debt and obligations are reported as liabilities. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

1-E-8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports two types of deferred outflows: 1) deferred charges on refunding of \$2,036,986, which resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of refunded or refunding debt, and 2) deferred outflows related to pensions of \$622,340.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

In addition to liabilities, the statement of net position will sometimes include 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 so will not be recognized as an inflow of resources (revenue) until then. The District has two types of deferred inflows which consists of 1) revenue due from property taxes of \$431,717; and 2) deferred inflows related to pensions of \$187,762.

1-E-9. 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.

1-E-10. Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted – net position is applied.

1-E-11. Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-12. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the District's highest level of decision-making authority. The Summit County Council is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Summit County Council, the governing body of the District, has the authority to assign fund balance based on recommendations by the District Board during the budget process. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

1-F. Tax abatements

The District has not entered into any tax abatement agreements and the District is not aware of any tax abatement agreements that have been entered into by other governments that would reduce the District's tax revenues.

1-G. Estimates

GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Budgetary procedures for the District have been established by Utah Statute in the Fiscal Procedures Act for Utah Counties, (the Act). The Act requires counties and special districts formed by counties to adopt annual budgets. The basis of accounting applied to each fund budget is the same basis as the related fund's financial statements. In accordance with State law, all appropriations lapse at the end of the budget year, accordingly, no encumbrances are recorded. At its option the District may permit its expenditure accounts to remain open for a period of 30 days after the close of its fiscal year for the payment of approved invoices for goods received or services rendered prior to the close of the fiscal year. The District prepares a budget for the general fund.

Under Utah State law, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events. A public hearing must be held to increase the total appropriations of the governmental fund.

2-B. Deficit fund balance and net position

None of the District's funds have deficit balances.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of December 31, 2018 consist of the following:

| | Fair Value |
|--------------------|------------------------------------|
| Cash on hand | \$ 455 |
| Demand deposits | 159,286 |
| Investments - PTIF | 31,451,642 |
| Total cash | <u><u>\$ 31,611,383</u></u> |

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

| | |
|--|------------------------------------|
| Cash and cash equivalents (current) | \$ 3,221,458 |
| Restricted cash and cash equivalents (non-current) | 28,389,926 |
| Total cash and cash equivalents | <u><u>\$ 31,611,383</u></u> |

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that District funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The Weighted Average Maturity for the PTIF is 50.08 as of December 2018. The District maintains monies not immediately needed for expenditure in PTIF accounts. A copy of the financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

3-A. Deposits and investments (continued)

Fair value of investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At December 31, 2018, the District had \$31,451,642 invested in the PTIF, which uses a Level 2 fair value measurement.

Deposit and investment risk

The District maintains no investment policy containing any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The District's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the District are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At December 31, 2018, all of the District's demand deposits are covered by FDIC insurance.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

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. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

Property taxes were levied on January 1 of 2018, and were due in November of 2018. The property taxes that have been remitted to the District within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred inflows. All other items are considered to be measurable and available only when cash is received by the District.

Property taxes of \$711,356 were receivable at December 31, 2018. Of that amount, \$711,356 was collected by Summit County and remitted to the District within 60 days of year-end. An additional \$18,824 was receivable from other various sources at December 31, 2018.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

3-C. Capital assets

Capital asset activity for governmental activities was as follows:

| Governmental activities | Beginning Balance | Additions | Retirements | Ending Balance |
|--|----------------------|------------------|----------------|-------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 11,174,659 | 20,000 | - | 11,194,659 |
| Open space | 23,610,207 | 425,000 | - | 24,035,207 |
| Water shares | 20,000 | - | - | 20,000 |
| Construction in progress | 111,574 | 232,050 | 10,720 | 332,904 |
| Total capital assets, not being depreciated | 34,916,440 | 677,050 | 10,720 | 35,582,770 |
| Capital assets, being depreciated: | | | | |
| Buildings | 17,782,404 | 195,048 | 156,725 | 17,820,727 |
| Parks | 8,595,004 | 277,291 | 91,576 | 8,780,719 |
| Trails | 10,935,216 | 267,627 | - | 11,202,843 |
| Machinery and equipment | 1,768,777 | 104,518 | 82,691 | 1,790,603 |
| Total capital assets, being depreciated | 39,081,400 | 844,483 | 330,992 | 39,594,891 |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,503,568 | 576,852 | 156,725 | 3,923,696 |
| Parks | 3,812,582 | 375,610 | 79,415 | 4,108,777 |
| Trails | 3,496,353 | 480,783 | - | 3,977,137 |
| Machinery and equipment | 988,945 | 169,178 | 82,691 | 1,075,432 |
| Total accumulated depreciation | 11,801,449 | 1,602,424 | 318,831 | 13,085,041 |
| Total capital assets being depreciated, net | 27,279,952 | (757,941) | 12,161 | 26,509,850 |
| Governmental activities capital assets, net | \$ 62,196,392 | (80,891) | 22,881 | 62,092,620 |

Depreciation expense was charged to functions/programs of the primary government governmental activities was as follows:

| | |
|---------------------------------|---------------------|
| Governmental activities: | |
| Administration | \$ 13,720 |
| Parks | 485,398 |
| Trails | 534,735 |
| Fieldhouse | 549,593 |
| Recreation | 18,979 |
| Total | \$ 1,602,424 |

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

3-D. Long-term liabilities

Long-term debt activity for governmental activities was as follows:

| | Original Principal | % Rate | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-----------------------|-----------|----------------------|-----------------|------------------|-------------------|---------------------------|
| General obligations bonds: | | | | | | | |
| 2008 Series | | 4.00 to | | | | | |
| Matures 2018 | \$ 10,000,000 | 4.65 | \$ 475,000 | - | 475,000 | - | - |
| 2010 Series | | 2.00 to | | | | | |
| Matures 2021 | 5,125,000 | 5.00 | 3,335,000 | - | 780,000 | 2,555,000 | 815,000 |
| 2011 Series | | 3.00 to | | | | | |
| Matures 2020 | 20,000,000 | 4.75 | 1,160,000 | - | 370,000 | 790,000 | 390,000 |
| 2012 Series | | 0.35 to | | | | | |
| Matures 2023 | 3,180,000 | 2.00 | 3,020,000 | - | 185,000 | 2,835,000 | 180,000 |
| 2015 Series A | | 2.00 to | | | | | |
| Matures 2034 | 25,000,000 | 3.125 | 22,450,000 | - | 1,060,000 | 21,390,000 | 1,080,000 |
| 2015 Series B | | 2.125 to | | | | | |
| Matures 2028 | 7,385,000 | 4.00 | 6,440,000 | - | 35,000 | 6,405,000 | 540,000 |
| 2017 Series | | 3.00 to | | | | | |
| Matures 2030 | 15,905,000 | 4.00 | 15,905,000 | - | - | 15,905,000 | - |
| Total general obligations bonds | | | 52,785,000 | - | 2,905,000 | 49,880,000 | 3,005,000 |
| Net pension liability | | | 501,520 | (98,984) | - | 402,536 | - |
| Compensates absences | | | 60,512 | 3,680 | - | 64,192 | 58,653 |
| Total governmental activity | | | | | | | |
| long-term liabilities | | | \$ 53,347,032 | (95,304) | 2,905,000 | 50,346,728 | 3,063,653 |

Debt service requirements to maturity for governmental activities are as follows:

| For the year ending December 31, | Principal | Interest | Total |
|----------------------------------|----------------------|-------------------|-------------------|
| 2019 | \$ 3,005,000 | 1,633,261 | 4,638,261 |
| 2020 | 3,110,000 | 1,521,291 | 4,631,291 |
| 2021 | 3,215,000 | 1,412,761 | 4,627,761 |
| 2022 | 3,325,000 | 1,304,631 | 4,629,631 |
| 2023 | 3,410,000 | 1,221,981 | 4,631,981 |
| 2024-2028 | 18,940,000 | 4,495,013 | 23,435,013 |
| 2029-2033 | 13,230,000 | 1,302,100 | 14,532,100 |
| 2034 | 1,645,000 | 51,406 | 1,696,406 |
| Total | \$ 49,880,000 | 12,942,445 | 62,822,445 |

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the District's financial statements. As of December 31, 2018, \$28,825,000 of bonds outstanding are considered defeased.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

3-E. Interfund transfers

During 2018, the District transferred money from the general fund and the impact fee fund to the capital projects fund for current and planned future projects. The interfund transfers made were as follows:

| | Transfers In | Transfers Out |
|-----------------------|---------------------|------------------|
| General Fund | \$ 194,826 | 1,012,534 |
| Debt Service Fund | - | 194,826 |
| Impact Fee Fund | - | 25,000 |
| Capital Projects Fund | 1,037,534 | - |
| Total | \$ 1,232,360 | 1,232,360 |

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The District paid annual premiums to Olympus Insurance Agency. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

4-B. 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, retirement 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.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

4-B. Retirement Plans (continued)

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 District, Utah 84102 or visiting the website: www.urs.org.

Benefits provided:

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

| System | Final Average Salary | Years of service required and/or age eligible for benefit | Benefit percentage 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.

Contribution Rate Summary: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of December 31, 2018 are as follows:

| <u>Utah Retirement Systems</u> | Employee | Employer | Employer 401(k) |
|-------------------------------------|----------|----------|--------------------|
| Contributory System | | | |
| 111 - Local Government Div - Tier 2 | N/A | 15.54 | 1.15 |
| Noncontributory System | | | |
| 15 - Local Government Div - Tier 1 | N/A | 18.47 | N/A |
| Tier 2 DC Only | | | |
| 211 Local Government | N/A | 6.69 | 10.00 |

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

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

4-B. Retirement Plans (continued)

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

| <u>System</u> | <u>Employer Contributions</u> | <u>Employee Contributions</u> |
|--------------------------------|-----------------------------------|-----------------------------------|
| Noncontributory System | \$ 89,276 | N/A |
| Tier 2 Public Employees System | 109,637 | - |
| Tier 2 DC Only System | 29,866 | N/A |
| Total Contributions | \$ 228,779 | - |

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At December 31, 2018, we reported a net pension asset of \$0 and a net pension liability of \$402,536.

| | <u>(Measurement Date): December 31, 2017</u> | | <u>Proportionate</u> | | |
|--------------------------------|--|----------------------------------|--------------------------------|-----------------------------|------------------------------|
| | <u>Net Pension Asset</u> | <u>Net Pension Liability</u> | <u>Proportionate Share</u> | <u>Share 12/31/2016</u> | <u>Change (Decrease)</u> |
| Noncontributory System | \$ - | \$ 396,466 | 0.0904905% | 0.0762075% | 0.0142830% |
| Tier 2 Public Employees System | - | 6,070 | 0.0688445% | 0.1091374% | -0.0402929% |
| Total | \$ - | \$ 402,536 | | | |

The net pension asset and liability were measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2018, we recognized pension expense of \$291,602.

At December 31, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| | Difference between expected and actual experience | \$ 9,071 |
| Changes in assumptions | 150,578 | 9,877 |
| Net difference between projected and actual earnings on pension plan investments | - | 145,701 |
| Changes in proportion and difference between contributions and proportionate share of contributions | 233,912 | 2,236 |
| Contributions subsequent to the measurement date | 228,779 | - |
| Total | \$ 622,340 | \$ 187,762 |

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

4-B. Retirement Plans (continued)

\$228,779 was 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, 2017.

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

| <u>Year Ended December 31,</u> | <u>Net Deferred Outflows (Inflows) of Resources</u> |
|--------------------------------|---|
| 2018 | \$ 112,765 |
| 2019 | 124,131 |
| 2020 | 14,960 |
| 2021 | (50,507) |
| 2022 | (1,420) |
| Thereafter | 5,870 |

Actuarial assumptions:

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2017, valuations were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class 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.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

4-B. Retirement Plans (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Assets class | Expected Return Arithmetic Basis | | |
|---------------------------|---|------------------------------------|--|
| | Target Asset Allocation | Real Return Arithmetic Basis | Long Term expected portfolio real rate of return |
| Equity securities | 40% | 6.15% | 2.46% |
| Debt securities | 20% | 0.40% | 0.08% |
| Real assets | 15% | 5.75% | 0.86% |
| Private equity | 9% | 9.95% | 0.89% |
| Absolute return | 16% | 2.85% | 0.46% |
| Cash and cash equivalents | 0% | 0.00% | 0.00% |
| Totals | 100.00% | | 4.75% |
| | Inflation | | 2.50% |
| | Expected arithmetic nominal return | | 7.25% |

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.60% that is net of investment expense.

Discount rate:

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

| System | 1% Decrease (5.95%) | Discount Rate (6.95%) | 1% Increase (7.95%) |
|--------------------------------|------------------------|--------------------------|------------------------|
| Noncontributory System | \$ 1,072,230 | \$ 396,466 | \$ (165,398) |
| Tier 2 Public Employees System | 71,469 | 6,070 | (44,363) |
| Total | \$ 1,143,699 | \$ 402,536 | \$ (209,761) |

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
 December 31, 2018

4-B. Retirement Plans (continued)

Pension plan fiduciary net position:

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

Defined Contribution Savings Plan:

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

- 401(k) Plan
- 457(b) Plan
- Traditional IRA Plan

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended December 31, were as follows:

| | 2018 | 2017 | 2016 |
|-----------------------------|-----------|-----------|--------|
| 401(k) Plan | | | |
| Employer Contributions | \$ 54,322 | \$ 50,888 | 15,931 |
| Employee Contributions | 12,303 | 5,856 | 2,224 |
| 457 Plan | | | |
| Employer Contributions | \$ - | \$ - | - |
| Employee Contributions | 1,950 | 1,950 | 150 |
| Traditional IRA Plan | | | |
| Employer Contributions | N/A | N/A | N/A |
| Employee Contributions | 2,600 | 2,500 | 450 |

Note 4-C. Deferred Compensation Plan

The District sponsors a defined contribution deferred compensation plan under the Internal Revenue Code Section 457 for participating employees through ICMA Retirement Corporation. The plan, available to full-time annual employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to the District or its general creditors. During the years ended December 31, 2018 and 2017 contributions totaling \$84,866 and \$97,765, respectively, were made to the plan by employees.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 4-D. Interlocal Agreement with Park City School District

The District entered into a Lease and Joint Use Agreement – Middle School Facilities for Recreation in 1996 to lease 18.43 acres of land at Ecker Hill Middle School from Park City School District (PCSD). The lease is for thirty years, with a twenty-year option to renew at a cost of \$1 per year. The District fulfilled its capital obligations required by the agreement, by contributing \$1,327,000 for field development, community pool enhancements and additional parking space at the school. Additionally, the District constructed field support buildings, which include park equipment storage and restrooms, made hardscape improvements, and expanded the field space at the Ecker Hill Field Complex. Improvements were made at the sole expense of the District within an area subject to the long-term lease agreement. These capital expenditures are shown as capital assets of the PCSD and are not included in the District’s financial statements. The total capital contributions to PCSD as of December 31, 2018 amounted to \$2,107,396.

In addition to the Lease Agreement, the District and PCSD entered into an Agreement for Use of School Facilities for Recreation to provide for the shared use of facilities and amenities between the two entities and to designate the rights and responsibilities of each party regarding the shared use.

Subsequently, the District, PCSD and Park City Municipal Corporation (PCMC or City) adopted a three-way Joint Use Agreement for Recreation in May 2007. The three parties desired to clarify and augment existing agreements, including the aforementioned Lease and Joint Use Agreement - Middle School Facilities for Recreation. Additionally, the agreement encouraged the joint use of fields and facilities and established procedures for cooperative working relationships between the parties. The agreement is currently being reviewed by the three entities.

Note 4-E. Interlocal Agreement with Park City for a Regional Ice Facility

The District and PCMC entered into an interlocal cooperative agreement to construct a regional ice facility in August 2004. In the agreement, the parties recognized the value in combining financial resources to jointly construct, maintain, and operate the ice facility. The parties also recognized the challenges of having multiple parties involved in the construction and operation of the facility. Given the nature of a larger proposed City-owned recreation complex, of which the ice rink is just one component, the parties agreed that the City shall solely own the facility (located on City-owned land near the State Route 248/Highway 40 interchange at Quinn’s Junction). Also, no title or interest in the City-owned real property upon which the Ice Facility is located will transfer or otherwise vest in the District as a result of the agreement. Each party agreed to fund \$2,000,000 toward the design, planning, construction and initial outfitting of the rink and this payment by the District was made in March 2005. Substantial completion of the Park City Ice Arena occurred in February 2006 and the rink, operated by PCMC, opened for business.

As part of the agreement, the District agreed to budget for and contribute a minimum of \$50,000 per fiscal year toward operational costs of the facility in the first two years, after which the contribution will be placed in a Capital Replacement Reserve Fund (CRRF) by Park City. Payments have been made each year since December 2005 and are due no later than December 15 each year.

The District and PCMC review the agreement every three (3) years and most recently did so in 2018. The District Board reserves the right to modify the annual distribution during the three-year review. Either party has the right to request renegotiation of the agreement at any time.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 4-F. Open Space Acquisition

The Basin Open Space Advisory Committee (BOSAC) was established by the Summit County Commission on May 14, 2003 for the purpose of creating a consortium of interests and agencies to review, prioritize and recommend potential recreational open space purchases. The District holds one voting seat on this committee. BOSAC developed selection criteria to evaluate open space land acquisition opportunities in the Snyderville Basin for recommendation to the Summit County Council (Council) to meet collective community goals of recreational open space preservation.

Public funds for recreational open space are acquired using the voter authorized tax levy for bonds sold through the District, along with private donations through trusts and the public. The District serves as the sole taxing entity in the Snyderville Basin with the ability to fund open space purchased through general obligation bonds. Purchased open lands come with a perpetual interest to allow public trail access. Recreational open space acquired with District funds may be protected under a third-party conservation easement provided public trail access to the open space is preserved. Typically, conservation easements permit the right to construct and maintain non-motorized trails for use by the public in perpetuity, including the installation of trail signage and low impact trail related improvements. They also permit the relocation of existing trails in the interest of connecting the system to adjoining future open space parcels and trail corridors.

On February 20, 2008, the Council adopted a resolution authorizing the sale of up to \$10,000,000 General Obligation Recreation Bonds for the District, as authorized by voters in 2004. The District issued the full \$10,000,000 to finance the costs of acquiring recreational open space property negotiated by BOSAC, and to pay the costs and expenses incident to the issuance and sale of the Bonds. On November 12, 2008, the District and the County entered into an Interlocal Cooperation Agreement "For Distribution of Funds and Expenditure and Use of Open Space Bond Proceeds" which fully described the terms and conditions to acquire two major open space parcels.

The District retains a contractual interest in the perpetual uses this cooperative investment provides to taxpayers of the District and the County. Public trail improvements will be constructed and maintained by the District in these open space areas. Additionally, the District purchased half of the open space parcel known as the "Koleman Park Parcel" from the County, consisting of approximately 10 acres to be used for future play fields, plus a road right of way to access the site. The purchase price negotiated for the park land was \$1,000,000 and was paid for out of the District's impact fee fund. However, the purchase price negotiated and paid by the County to the property owner for the "Koleman Property" in its entirety was \$5,000,000. Because the District holds fee title to 50% of the land, the value of this asset is recorded as \$2,500,000. The Matt Knoop Memorial Park has since been built on the District's portion of the parcel.

On November 2, 2010, electors voted to approve issuance of \$20,000,000 General Obligation Bonds for the purpose of financing \$12,000,000 to acquire recreational open space property negotiated by BOSAC and \$8,000,000 for trails construction and trail-related improvements. 72% of voters were in favor of the issuance. The District issued the full \$20,000,000 and bonds were sold in March 2011. With these funds, the District Board approved the purchase of a conservation easement on 1,268 acres of land at Hi-Ute Ranch 3-Mile Canyon for \$2.8 million. The Conservation Easement Option contemplates an eventual Fee Purchase Option.

The District Board also approved a contribution of \$450,000 to Summit Land Conservancy as a contribution towards a conservation easement on the Osguthorpe 120 open space parcel in 2011. A 7.89% interest in the Conservation Easement Deed and Agreement was assigned to the District, as a qualified "co-holder" of the easement with PCMC and Summit Land Conservancy.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 4-F. Open Space Acquisition (continued)

In May 2012, the District and the County entered into a Real Estate Purchase and Settlement Agreement with Nadine Gillmor for the purchase of 292 acres of recreational open space land. The purchase price of \$7,425,000 was paid using \$6,000,000 of the District's Recreational Open Space Bond Funds paid to seller at closing along with a \$1,425,000 promissory note due in 2013.

In December 2012, the District, the County, and PCMC agreed to collaborate with Utah Open Lands to preserve 781 acres of open space in Toll Canyon at a cost of \$6,100,000. The acquisition involved several steps, one of which was selling the 292 acres of open space acquired from Nadine Gillmor to PCMC. The proceeds of the sale by the District to PCMC paid off the outstanding promissory note and provided additional funding for Toll Canyon. In addition to the cash exchanged for the Gillmor property, PCMC conveyed to the County its interest, valued at approximately \$3,500,000, in the Kimball Junction open space near the entrance to the Utah Olympic Park. In conjunction with the Gillmor transaction, the County conveyed to the District 63% of the Kimball Junction open space valued at approximately \$10,100,000. The closing for the Toll Canyon transaction occurred in December 2014. As the agreement outlined, the District holds the title and Utah Open Lands hold the conservation easement on Toll Canyon.

On November 4, 2014, electors voted to approve issuance of \$25,000,000 General Obligation Bonds for the purpose of financing \$15,000,000 to acquire recreational open space property, \$8,000,000 for recreation facilities, and \$2,000,000 for trails construction and trail-related improvements. 71.8% of voters were in favor of issuance. The District issued the full \$25,000,000 and bonds were sold in March 2015.

In May 2017, the Summit County Council entered into an Open Space Cooperation Agreement with PCMC. One component of the agreement dealt with the Triangle Parcel, approximately 111 acres of land originally purchased jointly by Summit County and Park City in equal 50% undivided interests. Under the cooperation agreement, the District reimbursed the City in exchange for its 50% interest in the amount of \$2,250,000. The property will be maintained as recreational open space.

In February 2018, the District and Summit County entered into a purchase agreement with the Estate of Florence J. Gillmor and the Florence J. Gillmor Foundation to acquire 458 acres east of U.S. Highway 40. The purchase price, including the settlement of environmental claims with the Environmental Protection Agency and Natural Resource Trustees, is approximately \$10.4 million. The due diligence phase of the acquisition is on-going, and the deal is expected to close in 2019. 2015 open space bond funds were used to pay the \$200,000 earnest money and will also be used for the remainder of the District's responsibility in this transaction.

In July 2018, the District acquired 42.33 acres of recreational open space with a value of \$425,000. It was donated to the District as a requirement of the Discovery CORE Project development agreement. A conservation easement will be placed on the property in 2019.

The Council, governing body of the District, using BOSAC recommendations, is actively pursuing additional open space opportunities throughout the District's jurisdiction.

Note 4-G. Bond Rating

The most recent review of the District by rating agencies was in December 2017, prior to refunding the series 2011 general obligation bonds. Both Moody's Investors and Standard and Poor's Rating Services affirmed the District's 2015 ratings. Moody's assigned an Aa1 rating while Standard and Poor assigned an AAA rating to the District.

Snyderville Basin Special Recreation District
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 4-H. Water Entitlements

In a separate transaction related to the Toll Canyon acquisition, Utah Open Lands conveyed water right entitlements and water source entitlements tied to the Toll Canyon property to the District in February 2013. The District then entered into a Water Transfer and Banking Agreement with Mountain Regional Water Special Service District (MRW) on August 7, 2013. This agreement transferred the water source and water right entitlements to MRW in return for impact fee credits. In 2018, an additional .8 acre feet was added to the entitlements after discovering the District had overpaid impact fees to MRW for the final expansion at the Fieldhouse. As of December 31, 2018, the District has the following entitlements: 29.26 acre feet water rights, 8.59 acre feet water source, .8 acre feet water storage, and .8 acre feet distribution, valued at approximately \$200,231.

Note 4-I. Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through May 17, 2019, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Snyderville Basin Special Recreation District
Notes to Required Supplementary Information
December 31, 2018

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the District's General Fund and Special Revenue Fund.

Budgeting and Budgetary Control

The budgets for the General Fund and Special Revenue 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 District Board and County Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the District Board and County Council 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.

Changes in Assumptions Related to Pensions

As a result of an experience study conducted as of December 31, 2016, the URS Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60 to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

Snyderville Basin Special Recreation District
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|------------------|------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Property taxes | \$ 3,437,890 | 3,496,157 | 3,547,657 | 51,500 |
| Intergovernmental revenues | 35,000 | 10,000 | 10,000 | - |
| Charges for services | 1,725,767 | 1,794,733 | 1,817,935 | 23,202 |
| Interest | 23,400 | 43,000 | 58,579 | 15,579 |
| Miscellaneous revenue | 3,500 | 3,500 | 5,679 | 2,179 |
| Total revenues | 5,225,557 | 5,347,390 | 5,439,850 | 92,460 |
| Expenditures: | | | | |
| Administration | 1,139,120 | 1,224,725 | 1,097,110 | 127,615 |
| Parks | 859,408 | 709,687 | 621,219 | 88,468 |
| Trails | 838,361 | 729,484 | 666,821 | 62,663 |
| Fieldhouse | 1,626,958 | 1,588,200 | 1,490,890 | 97,310 |
| Recreation | 711,710 | 677,586 | 606,698 | 70,888 |
| Total expenditures | 5,175,557 | 4,929,682 | 4,482,738 | 446,944 |
| Excess (deficiency) of revenues over (under) expenditures | 50,000 | 417,708 | 957,111 | 539,403 |
| Other financing sources (uses): | | | | |
| Park City Ice Arena contribution | (50,000) | (50,000) | (50,000) | - |
| Transfers in | - | 194,826 | 194,826 | - |
| Transfers out | - | (1,012,534) | (1,012,534) | - |
| Total other financing sources (uses) | (50,000) | (867,708) | (867,708) | - |
| Excess (deficiency) of revenues and other financing sources over expenditures and uses | \$ - | (450,000) | 89,403 | 539,403 |

Snyderville Basin Special Recreation District
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|-----------------|-----------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Impact fees | \$ 860,000 | 475,000 | 451,573 | (23,427) |
| Interest | 26,000 | 50,000 | 61,830 | 11,830 |
| Total revenues | 886,000 | 525,000 | 513,403 | (11,597) |
| Expenditures: | | | | |
| Capital outlay | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | 886,000 | 525,000 | 513,403 | (11,597) |
| Other financing sources (uses): | | | | |
| Transfers out | (1,125,000) | (25,000) | (25,000) | - |
| Total other financing sources (uses) | (1,125,000) | (25,000) | (25,000) | - |
| Excess (deficiency) of revenues and other financing sources over expenditures and uses | \$ (239,000) | 500,000 | 488,403 | (11,597) |

Snyderville Basin Special Recreation District
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

December 31, 2018
 Last 10 Fiscal Years*

| | As of December 31, | | |
|--|--------------------|------------|------------|
| | 2017 | 2016 | 2015 |
| Noncontributory Retirement System | | | |
| Proportion of the net pension liability (asset) | 0.0904905% | 0.7620750% | 0.0000000% |
| Proportionate share of the net pension liability (asset) | \$ 396,466 | \$ 489,345 | \$ - |
| Covered employee payroll | \$ 460,564 | \$ 384,056 | \$ - |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 86.08% | 127.42% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 91.90% | 87.30% | 0.00% |
| Tier 2 Public Employees Retirement System | | | |
| Proportion of the net pension liability (asset) | 0.0688445% | 0.1091374% | 0.0000000% |
| Proportionate share of the net pension liability (asset) | \$ 6,070 | \$ 12,174 | \$ - |
| Covered employee payroll | \$ 674,334 | \$ 895,014 | \$ - |
| Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.90% | 1.36% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 97.40% | 95.10% | 0.00% |

* In accordance with paragraph 81.a 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 is only for the the last three years. The District did not begin participating in the plan until 2016.

Snyderville Basin Special Recreation District

SCHEDULE OF CONTRIBUTIONS

December 31, 2018

Last 10 Fiscal Years*

| | As of fiscal year ended June 30, | Actuarial Determined Contributions | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | Covered employee payroll | Contributions as a percentage of covered employee payroll |
|---|---|--|--|--|--------------------------------|---|
| Noncontributory System | 2015 | \$ - | \$ - | \$ - | \$ - | 0.00% |
| | 2016 | 70,935 | 70,935 | - | 384,056 | 18.47% |
| | 2017 | 81,101 | 81,101 | - | 460,564 | 17.61% |
| | 2018 | 89,276 | 89,276 | - | 483,916 | 18.45% |
| Tier 2 Public Employees System** | 2015 | \$ - | \$ - | \$ - | \$ - | 0.00% |
| | 2016 | 133,447 | 133,447 | - | 895,014 | 14.91% |
| | 2017 | 97,340 | 97,340 | - | 674,334 | 14.43% |
| | 2018 | 109,637 | 109,637 | - | 714,889 | 15.34% |
| Tier 2 Public Employees DC Only System** | 2015 | \$ - | \$ - | \$ - | \$ - | 0.00% |
| | 2016 | - | - | - | - | 0.00% |
| | 2017 | 25,482 | 25,482 | - | 395,571 | 6.44% |
| | 2018 | 29,866 | 29,866 | - | 446,433 | 6.69% |

* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will be built prospectively. The District did not begin participating in the plan until 2016. The schedule above is only for the past 3 years. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

** Contributions in Tier 2 include an amortization ratio to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

**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 Directors
Snyderville Basin Special Recreation District

I 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 Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated May 15, 2019.

Internal Control over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Greg Ogden CPA". The signature is written in a cursive style with a large, looped initial "G".

Greg Ogden,
Certified Public Accountant
May 15, 2019

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

Board of Directors
Snyderville Basin Special Recreation District

REPORT ON COMPLIANCE

I have audited Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah's compliance with the applicable 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 District for the year ended December 31, 2018.

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

Budgetary Compliance
Fund Balance
Utah Retirement Systems
Open and Public Meetings Act
Public Treasurer's Bond

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on the District's compliance based on my audit of the state compliance requirements referred to above. I conducted my 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 I 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 District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each state compliance requirement referred to above. However, my audit does not provide a legal determination of the District's compliance with those requirements.

Opinion on Compliance

In my opinion, Snyderville Basin Special Recreation District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2018.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District'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, I do not express an opinion on the effectiveness of the District'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 a 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



Greg Ogden,
Certified Public Accountant
May 15, 2019