

LONE PEAK PUBLIC SAFETY DISTRICT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

**LONE PEAK PUBLIC SAFETY DISTRICT
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
Management Discussion and Analysis	3
Basic Financial Statements:	
Government – Wide Financial Statements	
Statement of Net position	7
Statement of Activities	8
Fund Financial Statements	
Balance Sheet – Governmental Fund	9
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Fund to the Statement of Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	13
Notes to the Financial Statements	14
Required Supplementary Information:	
Schedule of the Proportionate Share of the Net Pension Liability	30
Schedule of Contributions	31
Notes to the Required Supplementary Information	32
Supplement Reports:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33
Independent Auditor's Report in Accordance with the <i>State Compliance Audit Guide</i> On Compliance with General State Compliance Requirements, and Internal Control over Compliance	35



KEDDINGTON & CHRISTENSEN, CPAS

CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA

Phyl R. Warnock, CPA

Marcus K. Arbuckle, CPA

Steven M. Rowley, CPA

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lone Peak Public Safety District
Highland, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Lone Peak Public Safety District (the District) as of and for the year ended June 30, 2019, the statement of revenues, expenditures, and changes in fund balance – budget and actual – general fund, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Lone Peak Public Safety District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Telephone (801) 590-2600
Fax (801) 265-9405

1455 West 2200 South, Suite 201
Salt Lake City, Utah 84119

Other Matters

Required Supplementary Information

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

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Keddington & Christensen, LLC

Salt Lake City, Utah
December 17, 2019

LONE PEAK PUBLIC SAFETY DISTRICT MANAGEMENT DISCUSSION AND ANALYSIS

As management of Lone Peak Public Safety District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of Lone Peak Public Safety District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

Financial Highlights

- The total net position of Lone Peak Public Safety District increased \$294,098 during the year.
- The District added \$366,527 in new capital assets during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Lone Peak Public Safety District's basic financial statements. Lone Peak Public Safety District's basic financial statements comprise of 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 and liabilities, with the difference of the two reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating. However, you will also need to consider other non-financial factors.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. 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 all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of the District that are principally supported by charges for services and intergovernmental revenues. All of the District's basic services are considered to be government-type activities, including administrative, police, fire and EMS.

The government-wide financial statements can be found on pages 7-8 of this report.

Fund Financial Statements – A *fund* is a grouping or related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as *government activities* in the government-wide financial statements. However, unlike 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. Such information may be useful in evaluating the District's near-term financing requirements.

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 *governmental 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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains one governmental fund, the general fund, which includes general and administrative operating expenses, debt service and capital outlays.

The District adopts an annual appropriated budget for the general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget and can be found on page 13 of this report. The basic governmental fund financial statements can be found on pages 9-12 of this report.

**LONE PEAK PUBLIC SAFETY DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

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 can be found beginning on page 14 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$203,198 at the close of the most recent fiscal year.

The District’s net position reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services; consequently, these assets are *not* available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The carrying value of the assets exceeds the debt related to the capital assets.

	Governmental Activities	
	2019	2018
Current and other assets	\$ 690,898	\$ 1,081,176
Capital assets	1,737,588	1,717,243
Total assets	2,428,486	2,798,419
Deferred outflows of resources	1,731,226	1,555,427
Current liabilities	797,180	1,156,141
Noncurrent liabilities	3,017,913	2,368,535
Total liabilities	3,815,093	3,524,676
Deferred inflows of resources	141,421	920,070
Net position:		
Net investment in capital assets	274,934	(3,767)
Unrestricted (deficit)	(71,736)	(87,133)
Total net position	\$ 203,198	\$ (90,900)

Governmental Activities

Unrestricted net position may be used to meet the District’s ongoing obligation to citizens and creditors. This category was negative as of June 30, 2019 in the amount of \$71,736.

The District’s total net position increased by \$294,098 during the current fiscal year. The increase is mainly attributable to increased charges for services for Fire and EMS during the year and a gain on sale of assets included in other revenues.

**LONE PEAK PUBLIC SAFETY DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

The key elements of this increase are as follows:

	Governmental Activities	
	2019	2018
Program revenues:		
Charges for services	\$ 6,971,356	\$ 6,236,364
Operating grants and contributions	87,956	-
Capital grants and contributions	-	45,183
General revenues:		
Other revenues	35,049	38,731
Total revenues	7,094,361	6,320,278
Program expenses:		
Total expenses	6,800,263	6,172,631
Total expenses	6,800,263	6,172,631
Increase (Decrease) in Net Position	294,098	147,647
Net Position - Beginning	(90,900)	(238,547)
Net Position - Ending	\$ 203,198	\$ (90,900)

Financial Analysis of the Government’s Fund

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District accounts for all activities in the general fund, which is a governmental fund.

The focus of the District’s general fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, *unrestricted fund balances* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District’s governmental fund reported an ending fund balance of \$310,400, an increase of \$186,559 in comparison with the prior year. Portions of the fund balance are assigned to Administration, and Police, thus resulting in a negative unassigned fund balance, and no remainder assigned to Fire & EMS.

General Fund Budgetary Highlights

During the fiscal year, the original budgeted expenditure total of \$6,860,003 was amended to a final budget of \$7,147,550, an overall increase of \$287,547. The increase can be briefly summarized as follows:

- Increase in Fire and EMS budget of \$287,547 primarily for capital asset purchases.

Debt and Capital Asset Administration

Debt – During the year, the District did not enter into any new leases and did not pay off any leases. At the end of fiscal year 2019, the District has 10 leases outstanding with a total outstanding balance of \$1,462,654. Additional information of the District’s debt can be found in Note 5 on page 27 of this report.

**LONE PEAK PUBLIC SAFETY DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**

Capital Assets – The District’s investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$1,737,588 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and vehicles. The District’s investment in fixed assets for the current year increased by a net of \$20,345 due to the following events occurring during the current fiscal year:

- Depreciation charged to expense reduced assets by \$339,666
- Net purchases and disposals increased assets by \$360,011.

Additional information on the District’s capital assets can be found in Note 3 on page 19 of this report.

Economic Factors and Next Year’s Budget and Rates

The District’s budget for total expenditures for the fiscal year ending June 30, 2020 reflects an increase to \$7,204,132 compared to \$7,147,550, for the fiscal year ended June 30, 2019. The increase is primarily due to anticipating more part-time employee expenses, and vehicle and equipment purchases.

Cedar Hills City left the District June 30, 2019 which will reduce revenues and increase the burden on the other member cities in Fiscal Year 2020.

Requests for Information

This financial report is designed to provide a general overview of the District’s finances for those with an interest in the government’s finances. Questions or requests for additional information should be addressed to District, Attn: Finance Director, Lone Peak Public Safety District, 5400 W Civic Center Blvd. Suite #1, Highland, UT 84003

BASIC FINANCIAL STATEMENTS

LONE PEAK PUBLIC SAFETY DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 441,243
Accounts receivable	142,266
Prepaid expenses	32,445
Grants receivable	5,330
Due from other governments	69,615
Total Current Assets	690,898
Capital assets, net of accumulated depreciation	1,737,588
Total Assets	2,428,486
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources relating to pensions	1,731,226
Total Deferred Outflows of Resources	1,731,226
Total Assets & Deferred Outflows of Resources	4,159,712
LIABILITIES	
Current Liabilities	
Accounts payable	183,899
Accrued interest	51,899
Accrued wages	94,261
Accrued liabilities	54,234
Noncurrent liabilities due within one year	412,887
Total Current Liabilities	797,180
Noncurrent Liabilities:	
Noncurrent liabilities due in more than one year	1,245,921
Net pension liability	1,771,992
Total Noncurrent Liabilities	3,017,913
Total Liabilities	3,815,093
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Relating to Pensions	141,421
Total Deferred Inflows of Resources	141,421
Total Liabilities and Deferred Inflows of Resources	3,956,514
NET POSITION	
Net investment in capital assets	274,934
Unrestricted	(71,736)
Total Net Position	\$ 203,198

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

**LONE PEAK PUBLIC SAFETY DISTRICT
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Governmental Activities:	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Administrative	\$ 187,033	\$ 243,481	\$ -	\$ -	\$ 56,448
Police	3,096,261	3,213,741	24,744	-	142,224
Fire and EMS	3,516,969	3,514,134	63,212	-	60,377
Total Governmental Activities	\$ 6,800,263	\$ 6,971,356	\$ 87,956	\$ -	259,049
General Revenues:					
					776
					2,628
					31,645
					35,049
					294,098
					(90,900)
					\$ 203,198

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

**LONE PEAK PUBLIC SAFETY DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2019**

	General Fund
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 441,243
Accounts receivable	142,266
Prepaid expenses	32,445
Grants receivable	5,330
Due from other governments	69,615
Total Current Assets	690,899
Total Assets	690,899
 Liabilities and Fund Balances	
Liabilities:	
Current Liabilities	
Accounts payable	183,899
Accrued wages	94,261
Accrued liabilities	54,234
Total Current Liabilities	332,394
Total Liabilities	332,394
Deferred inflows of resource - unavailable revenue	48,105
Total Liabilities and Deferred Inflows of Resources	380,499
 Fund Balances:	
Nonspendable	32,445
Assigned to:	
Administration	104,245
Police	828,347
Fire & EMS	-
Unassigned	(654,637)
Total Fund Balances	310,400
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 690,899

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

**LONE PEAK PUBLIC SAFETY DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
June 30, 2019**

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

Total fund balance - governmental funds	\$ 310,400
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund.	1,737,588
Interest payable is not due and payable in the current period and, therefore is not recorded in the fund.	(51,899)
Governmental funds revenue are limited to 60 day period of availability, however, the statement of activities and statement of net position are not limited to a period of availability.	48,104
Pension obligations, including the net pension asset, net pension liability, and deferred inflows and outflows of resources relating to pensions, are not obligations of the current period and, therefore, are not recorded in the fund.	(182,187)
Long-term liabilities are not due and payable in the current period and, therefore, are not recorded in the fund.	<u>(1,658,808)</u>
Total net position - governmental activities	<u><u>\$ 203,198</u></u>

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

**LONE PEAK PUBLIC SAFETY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND
For The Year Ended June 30, 2019**

	General Fund
Revenues:	
Administration	
Charges for services	\$ 243,481
Interest income	776
Miscellaneous income	200
Police	
Charges for services	3,207,993
Court revenues	223
Report charges	5,525
Grants	24,744
Miscellaneous income	1,665
Fire and EMS	
Charges for services	2,883,580
Ambulance charges	501,919
Grants	30,575
Reimbursement for aid provided	182,644
Miscellaneous income	763
Total Revenues	7,084,088
Expenditures:	
Administration	187,033
Police	3,106,573
Fire and EMS	3,642,084
Total Expenditures	6,935,690
Excess (Deficiency) of Revenues Over (Under) Expenditures	148,398
Other Financing Sources (Uses):	
Proceeds from sale of asset	38,161
Total Other Financing Sources (Uses)	38,161
Net Change in Fund Balances	186,559
Fund Balance, Beginning	123,841
Fund Balance, Ending	\$ 310,400

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

**LONE PEAK PUBLIC SAFETY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2019**

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

Net change in fund balances - total governmental funds	\$ 186,559
<p>Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital Outlay	366,527
Depreciation	(339,666)
<p>Proceeds from sales of capital assets are included in the governmental funds, whereas only the gains or losses from sales of capital assets are included in the statement of</p>	
Proceeds from sale of assets	(38,161)
Gain on sale of assets	31,645
<p>Governmental funds have reported principal payments on debt during the current year as expenditures. However in the statement of activities these payments reduce the principal balance of the debt.</p>	
	258,355
<p>In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, interest expense is reported when due and paid.</p>	
	1,288
<p>In the statement of activities, proceeds from issued leases are recorded as a long-term</p> <p>Governmental funds revenue are limited to 60 day period of availability, however, the statement of activities and statement of net position are not limited to a period of availability.</p>	
	(54,009)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
	<u>(118,440)</u>
Change in net position of governmental activities	<u><u>\$ 294,098</u></u>

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

LONE PEAK PUBLIC SAFETY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For The Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>final budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Administration				
Charges for services	\$ 243,481	\$ 243,481	\$ 243,481	\$ -
Interest income	250	250	776	526
Miscellaneous income	50	50	200	150
Police				
Charges for services	3,203,263	3,203,263	3,207,993	4,730
Court revenues	1,000	1,000	223	(777)
Report charges	3,200	3,200	5,525	2,325
Grants	7,000	7,000	24,744	17,744
Miscellaneous income	2,000	2,000	1,665	(335)
Fire and EMS				
Charges for services	2,885,759	2,885,759	2,883,580	(2,179)
Ambulance charges	500,000	500,000	501,919	1,919
Grants	4,000	19,175	30,575	11,400
Reimbursement for aid provided	-	222,500	182,644	(39,856)
Miscellaneous income	-	-	763	763
Total Revenues	<u>6,850,003</u>	<u>7,087,678</u>	<u>7,084,088</u>	<u>(3,590)</u>
Expenditures:				
Administration	243,781	243,781	187,033	56,748
Police	3,226,463	3,226,463	3,106,573	119,890
Fire and EMS	3,389,759	3,677,306	3,642,084	35,222
Total Expenditures	<u>6,860,003</u>	<u>7,147,550</u>	<u>6,935,690</u>	<u>211,860</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(10,000)</u>	<u>(59,872)</u>	<u>148,398</u>	<u>(215,450)</u>
Other Financing Sources (Uses):				
Proceeds from sale of asset	10,000	33,672	38,161	4,489
Total Other Financing				
Sources (Uses)	<u>10,000</u>	<u>33,672</u>	<u>38,161</u>	<u>4,489</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (26,200)</u>	<u>186,559</u>	<u>\$ (210,961)</u>
Fund Balance, Beginning			<u>123,841</u>	
Fund Balance, Ending			<u>\$ 310,400</u>	

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

LONE PEAK PUBLIC SAFETY DISTRICT NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

The Lone Peak Public Safety District (the District) was organized by the cities of Alpine and Highland as a fire and emergency medical services (EMS) district on January 1, 1996. On July 1, 1996, the District added a police department. In 2002, the town of Cedar Hills joined the District as a member of the fire and EMS portions. The District was formed as an interlocal agreement rather than a taxing district and as such the financial activities of the District are funded by direct payments from the member cities and allocated on a population basis. User charges for services provided and one-time grants also help fund the District's cost of services. The District accounts for its operations as a governmental-type fund.

The District is governed by a Board of Public Safety Commissioners (Board) composed of two elected or appointed officials from Alpine and Cedar Hills and three elected or appointed officials from Highland for a total of 7 board members.

Summary of Significant Accounting Policies

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

The following is a summary of the more significant policies.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the *Statement of Net Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the District. Governmental activities are supported by charges for services, contributions, and intergovernmental revenues.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given program are offset by program revenues. *Direct expenses* are those which are clearly identifiable with a specific program. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Other items not properly included among program revenues are reported as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the District are reported as a reduction of the related liability, rather than as an expenditure in the government-wide financial statements.

LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

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. For this purpose, the government considers revenues to be available if they are collected within sixty 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 claims and judgments, are recorded only when payment is due.

Grants associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District accounts for all transactions in the general fund, which is a governmental fund.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with maturities of three months or less when purchased. The District considers its deposits in the Public Treasurer's Investment Pool (PTIF) to be considered cash and cash equivalents. Investments or other deposits with maturities of one year or less are stated at amortized cost, which approximates fair value.

Accounts Receivable

The accounts receivable balance are stated at the amount management expects to collect from outstanding balances. Management has estimated the allowance for bad debts to be \$73,000 as of the end of the fiscal year.

Capital Assets

Capital assets, which include real property and various types of equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, if purchased, and at fair market value at the date received if donated.

Major purchases are capitalized, while maintenance and repairs which do not improve or extend the life of the respective assets, are charged to expense.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Machinery and Equipment	3 – 40 years
-------------------------	--------------

Compensated Absences

Amounts of accumulated vacation are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. No more than 30 days of vacation may be carried forward. Governmental funds report an expenditure as the vacation is paid. Employees may also accumulate sick leave. However, no accumulated, unused sick leave will be paid at termination. As a result, there is no accrual for unpaid sick leave.

LONE PEAK PUBLIC SAFETY DISTRICT NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

Long-term Debt Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the governmental fund financial statements, bond issuance costs are recognized as expenditures when the debt is issued. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources relating to pensions.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources relating to pensions.

At the general fund level, the District also reports deferred inflows of resources for unavailable revenue related to services provided during the fiscal year, but not received until after the period of availability. Those unavailable revenues are reported as earned in the statement of activities.

Fund Balances

The District classifies fund balances in the governmental funds as follows, when applicable: Nonspendable, Restricted, Committed, Assigned or Unassigned.

- *Nonspendable* – This component of fund balance includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to remain intact (such as endowments).
- *Restricted* – This component of fund balance includes amounts with restrictions placed on the use either by (a) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation.
- *Committed* – This is a component of *unrestricted* fund balance and includes amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the Board and remain binding unless removed in the same manner.
- *Assigned* – This is a component of *unrestricted* fund balance and includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, as established by members the Board or members of management.

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 1 SUMMARY OF ACCOUNTING POLICIES (Continued)

- *Unassigned* – This is a component of *unrestricted* fund balance and is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes.

When faced with a choice, the District elects to use restricted, committed, and assigned amounts before spending any unassigned amounts.

Net Position

The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is reported as net position on the government-wide financial statements and fund balance on the governmental fund statements.

The District’s net position is classified as follows:

- *Net investment in capital assets* – This component of net position consists of the District’s total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- *Restricted* – This component of net position consists of net position that are restricted by debt agreements or otherwise restricted by outside parties.
- *Unrestricted* – This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

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 for the governmental fund. The District follows these procedures in establishing the budgetary information reflected in the financial statements.

1. By the first regular scheduled board meeting in May, the District Director submits to the Board a proposed operating budget for the year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Between May 1 and June 22, the members’ District Board review and adjust the proposed budget.
3. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Because the District budget is funded by available revenue of the member cities, and the member cities prefer to maintain their own cash balances, only a minimal amount of excess cash remains with the District in fund balances for emergencies. Should additional revenue be required, the member cities could be asked to contribute additional amounts.

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 2 CASH AND CASH EQUIVALENTS

The District's deposit and investment policy is to follow the Utah Money Management Act (the Act) and rules by the Utah Money Management Council, however, the District does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the District is exposed.

As of June 30, 2019, the District had the following deposits and investments:

Cash and cash equivalents	
Cash on hand and deposits	\$ 413,179
Public Treasurer's Investment Fund	<u>28,064</u>
Total cash and cash equivalents	<u>\$ 441,243</u>

The District follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and investment transactions. This law requires the depositing of District funds in a "qualified depository". The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and that has been certified by the state commissioner of financial institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act also governs the scope of securities allowed as appropriate investments for the District and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

The District's cash and cash equivalents are exposed to certain risks as outlined below:

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure by investing mainly in the Utah Public Treasurer's Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

Custodial credit risk – deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. As of June 30, 2019, \$401,505 of the District's bank balances of \$651,505 were uninsured and uncollateralized.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issues of the investment securities.

The District invests in the Utah Public Treasurer's Investment Pool (PTIF), which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. As of June 30, 2019, the Utah Public Treasurer's Investment Fund was unrated. The maximum weighted average life of the portfolio does not exceed 90 days.

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 2 CASH AND CASH EQUIVALENTS (Continued)

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized costs basis. The income, gains, losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participants' share to the total funds in the PTIF based on the participants' average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available from the Utah State Treasurer's Office.

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

For the year ended June 30, 2019, the District had deposits of \$28,064 with the PTIF. The fair value of these investments was \$28,180. The PTIF investment is considered a *Level 2* investment. Because the difference between the fair value and the reported amount is minimal, the reported value is deemed to be the fair value.

NOTE 3 CAPITAL ASSETS

The following summarizes the District's capital assets:

	June 30, 2018	Additions	Disposals	June 30, 2019
Capital assets being depreciated:				
Police equipment	\$ 1,168,739	\$ 77,653	\$ (81,528)	\$ 1,164,864
Fire/EMS equipment	3,095,452	288,874	(8,000)	3,376,326
Total	4,264,191	366,527	(89,528)	4,541,190
Less accumulated depreciation	(2,546,948)	(339,666)	83,012	(2,803,602)
Total capital assets being depreciated	1,717,243	26,861	(6,516)	1,737,588
Total capital assets, net	<u>\$ 1,717,243</u>	<u>\$ 26,861</u>	<u>\$ (6,516)</u>	<u>\$ 1,737,588</u>

Depreciation was charged to the functions/programs of the District for the year ended June 30, 2019 as follows:

Police	\$ 136,303
Fire and EMS	203,363
Total Depreciation Expense	<u>\$ 339,666</u>

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 4 PENSION

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);
- Firefighters Retirement System (Firefighters System); are multiple employer, cost sharing, public employee retirement systems.
- Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employees, retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S. Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits Provided

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

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 4 PENSION (Continued)

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 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 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.

Contributions

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 June 30, 2019 are as follows:

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 4 PENSION (Continued)

Utah Retirement System	Employee	Employer	Employer 401(k)
Contributory System			
111 - Local Government Div - Tier 2	N/A	15.54%	1.15%
Noncontributory System			
15 - Local Governmental Div - Tier 1	N/A	18.47%	N/A
Public Safety Retirement System			
Contributory			
122 - Tier 2 DB Hybrid Public System	N/A	27.28%	0.74%
Noncontributory			
76 - Other Division B with 4% COLA	N/A	38.97%	N/A
Firefighters Retirement System			
32 - Other Division B	16.71%	7.24%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	11.34%	0.74%
Tier 2 DC Only			
211 - Local Government	N/A	6.69%	10.00%
222 - Public Safety	N/A	16.02%	12.00%
232 - Firefighters	N/A	0.08%	12.00%

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

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 42,042	N/A
Public Safety System	308,344	-
Firefighters System	36,080	83,273
Tier 2 Public Safety and Firefighter	134,847	-
Tier 2 DC Public Safety and Firefighter System	21	N/A
Total Contributions	\$ 521,334	\$ 83,273

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.

LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4 PENSION (Continued)

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$1,771,992.

System	(Measurement Date): December 31, 2018			Proportionate Share December 31, 2017	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 172,763	0.0234613%	0.0209016%	0.0025597%
Public Safety System	-	1,380,124	1.7514353%	1.5961116%	0.1553237%
Firefighters System	-	207,645	0.5137804%	0.5728708%	-0.0590904%
Tier 2 Public Employees System	-	-	0.0000000%	0.0751600%	-0.0751600%
Tier 2 Public Safety and Firefighter System	-	11,460	0.4573848%	0.5130109%	-0.0556261%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 1,771,992</u>			

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019 we recognized pension expense of \$610,136.

At June 30, 2019 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 509,244	\$ 82,942
Changes in assumptions	455,722	43,449
Net difference between projected and actual earnings on pension plan investments	458,831	-
Changes in proportion and differences between contributions and proportionate share of contributions	53,647	15,030
Contributions subsequent to the measurement date	<u>253,782</u>	<u>-</u>
Total	<u>\$ 1,731,226</u>	<u>\$ 141,421</u>

\$253,782 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2018.

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 4 PENSION (Continued)

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2019	\$ 460,677
2020	335,863
2021	274,659
2022	245,435
2023	1,310
Thereafter	18,079

Actuarial Assumptions

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

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

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

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

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

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 4 PENSION (Continued)

Asset Class	Target 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%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

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

Discount Rate

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

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	\$ 354,070	\$ 172,763	\$ 21,781
Public Safety System	2,805,546	1,380,124	217,481
Firefighters System	934,426	207,645	(390,115)
Tier 2 Public Safety and Firefighter	86,439	11,460	(45,917)
Total	\$ 4,180,481	\$ 1,771,992	\$ (196,770)

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 4 PENSION (Continued)

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

Lone Peak Public Safety District participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

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

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

	2019	2018	2017
401(k) Plan			
Employer Contributions	\$ 116,053	\$ 101,943	\$ 130,017
Employee Contributions	51,420	47,981	26,893
457 Plan			
Employer Contributions	35	-	-
Employee Contributions	22,655	20,245	17,832
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	18,636	13,757	11,029

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 5 LONG-TERM DEBT AND COMPENSATED ABSENCES

The District has entered into lease agreements, as the lessee, to finance the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. All District lease contracts contain a fiscal non-funding clause, which gives the Board the option of terminating the contract at the end of any fiscal year during the contract. In the opinion of the District's management, the likelihood of this clause being exercised is remote.

The following is a summary of the changes in long-term debt obligations and compensated absences for the year ended June 30, 2019:

	June 30, 2018	Increases	Decreases	June 30, 2019	Due within one year
Capital Leases Obligations	\$ 1,721,010	\$ -	\$ (258,356)	\$ 1,462,654	\$263,989
Compensated Absences	166,820	140,486	(111,153)	196,154	148,898
Total Long-term Debt	<u>\$ 1,887,830</u>	<u>\$ 140,486</u>	<u>\$ (369,509)</u>	<u>\$ 1,658,808</u>	<u>\$412,887</u>

As of June 30, 2019, assets recorded under the leases are various trucks, vehicles and equipment with original cost of \$2,552,090 and recorded accumulated depreciation of \$1,321,144. Interest charged to expense for the year ended June 30, 2019 was \$63,185.

The following is a schedule by years of future minimum payments required under the lease together with its present value as of June 30, 2019:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>
2020	\$ 322,829
2021	303,794
2022	270,696
2023	240,626
2024	194,960
2025 - 2028	<u>348,417</u>
Total minimum lease payments	1,681,322
Less amount representing interest	<u>(218,668)</u>
Present value of minimum lease payments (including amounts classified as current)	<u>\$ 1,462,654</u>

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 5 LONG-TERM DEBT AND COMPENSATED ABSENCES (Continued)

Principal remaining under the leases at June 30, 2019 is as follows:

Water tender lease, original amount of \$117,900, lease payments due in annual installments of \$13,078 including interest at 4.70% beginning June 2009, with the final payment due June 2020.	\$ 12,490
Fire truck lease, original amount of \$836,000, lease payments due in annual installments of \$84,882 including interest at 5.85% beginning July 2010, with the final payment due July 2024.	419,366
LaFrance fire truck lease, original amount of \$185,000, lease payments due in annual installments of \$23,132 including interest at 4.30% beginning July 2012, with the final payment due July 2021.	63,831
Pierce transport engine lease, original amount of \$589,148, lease payments due in annual installments of \$51,153 including interest at 3.50% beginning October 2013, with the final payment due October 2027.	389,154
Ambulance and Extraction Equipment lease, original amount of \$197,888, initial lease payment of \$7,800 due at signing, with remaining lease payments due in annual installments of \$25,310 (fiscal years 2016 - 2020) and \$19,353 (fiscal years 2021 - 2025), including interest at 3.25% beginning July 2014, with the final payment due July 2024.	109,747
Wildland firetruck lease, original amount of \$350,000, lease payments due in annual installments of \$39,572 including interest at 2.63% beginning August 2015, with the final payment due August 2024.	217,022
Police vehicles and motorcycle lease, original amount of \$153,724, lease payment due in annual installments of \$33,098 including interest at 2.51% beginning November 2016, with the final payment due November 2020.	63,785
Defibrillator and thermal imaging equipment lease, original amount of \$48,202, lease payments due in annual installments of \$6,937 including interest at 2.53% beginning September 2016, with the final payment due September 2021.	19,802
Police vehicles and radios lease, original amount of \$112,302, lease payment due in annual installments of \$24,421 including interest at 3.57% beginning July 2018, with the final payment due July 2022.	89,551
Fire department vehicles lease, original amount of \$97,698, lease payment due in annual installments of \$21,245 including interest at 3.57% beginning July 2018, with the final payment due July 2022.	77,906
	\$ 1,462,654

**LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

NOTE 6 ECONOMIC DEPENDENCY

Each year, the cities are assessed their share of the departmental budgets as follows:

- The fees for the Fire, Ambulance, and EMS budgets are assessed 10% equally among the participating cities, 45% based on pro rata population, and the remaining 45% based on pro rata Equivalent Residential Units (which is a count of each residential unit, each 10,000 square foot retail space, and each 10,000 square foot portion of any other non-residence structure).
- The fees for the Administration and Police budgets are based on pro rata population.

The table below summarizes the financial support from each of the member cities Alpine, Highland, and Cedar Hills:

	Admin	Police	Fire/EMS	Total	% of Total
Alpine City	\$ 73,436	\$1,105,583	\$ 801,152	\$1,980,171	28%
Highland City	143,014	2,026,780	1,316,277	3,486,071	49%
Cedar Hills	27,031	-	756,330	783,361	11%
Total financial support from member cities				6,249,603	88%
Total Revenues of Lone Peak Public Safety District				7,084,088	

After June 30, 2019, Cedar Hills will no longer be a member city in the District, see Note 8 for further information.

NOTE 7 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 for which it carries insurance. Liability, property and casualty, and workman’s compensation insurance are all carried by the District through Utah Local Governments Trust. There were no significant reductions in coverage from the prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 8 SUBSEQUENT EVENTS

In July 2018 Cedar Hills City elected to leave the district. They were officially out of the district June 30, 2019. The district will lose a significant portion of its revenue and support in Fiscal Year 2020 as a result of this.

REQUIRED SUPPLEMENTARY INFORMATION

LONE PEAK PUBLIC SAFETY DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2018
Last 10 Fiscal Years*

As of December 31, 2018	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of its covered- employee payroll
Noncontributory Retirement System					
2018	0.0234613%	\$ 172,763	\$ 284,974	60.62%	87.00%
2017	0.0209016%	91,576	212,918	43.01%	91.90%
2016	0.0168761%	108,365	175,955	61.59%	87.30%
2015	0.0164742%	93,219	165,402	56.36%	87.80%
2014	0.0188575%	81,884	185,104	44.20%	90.20%
Public Safety System					
2018	1.7514353%	\$ 1,380,124	\$ 831,077	166.06%	85.60%
2017	1.5961116%	771,247	775,599	99.44%	90.50%
2016	1.6271805%	1,014,217	868,524	116.77%	86.10%
2015	1.6047187%	783,025	841,842	93.01%	87.60%
2014	1.6625003%	657,407	910,740	72.20%	89.00%
Firefighters Retirement System					
2018	0.5137804%	\$ 207,645	\$ 418,013	49.67%	96.10%
2017	0.5728708%	(128,515)	530,755	-24.21%	102.30%
2016	0.6150544%	90,977	709,365	12.83%	98.40%
2015	0.5874324%	99,956	662,574	15.09%	98.10%
2014	0.5442028%	(59,888)	618,617	-9.70%	101.30%
Tier 2 Public Employees Retirement System					
2018	0.0000000%	\$ -	\$ -	0.00%	90.8%
2017	0.0007516%	66	7,450	0.89%	97.40%
2016	0.0000000%	-	-	0.00%	0.00%
2015	0.0000000%	-	-	0.00%	0.00%
2014	0.0000000%	-	-	0.00%	0.00%
Tier 2 Public Safety and Firefighters Retirements					
2018	0.4573848%	\$ 11,460	\$ 611,304	1.87%	95.60%
2017	0.5130109%	(5,936)	541,383	-1.10%	103.00%
2016	0.6098233%	(5,294)	503,855	-1.05%	103.60%
2015	0.7250423%	(10,593)	431,457	-2.46%	110.70%
2014	0.5553157%	(8,215)	229,897	-3.60%	120.50%

** In accordance with paragraph 81.a of GASB 68, this schedule will be built out prospectively to show a 10-year history.*

**LONE PEAK PUBLIC SAFETY DISTRICT
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years ***

As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
Noncontributory System					
2019	\$ 42,042	\$ 42,042	\$ -	\$ 305,917	13.74%
2018	40,190	40,190	-	252,492	15.92%
2017	30,719	30,719	-	187,211	16.41%
2016	27,074	27,074	-	164,524	16.46%
2015	29,047	29,047	-	175,042	16.59%
2014	28,127	28,127	-	183,282	15.35%
Public Safety System					
2019	\$ 308,344	\$ 308,344	\$ -	\$ 791,233	38.97%
2018	319,760	319,760	-	821,161	38.94%
2017	297,087	297,087	-	822,123	36.14%
2016	294,707	294,707	-	828,298	35.58%
2015	310,487	310,487	-	867,484	35.79%
2014	320,701	320,701	-	921,461	34.80%
Firefighters System					
2019	\$ 36,080	\$ 36,080	\$ -	\$ 498,344	7.24%
2018	27,954	27,954	-	421,187	6.64%
2017	33,872	33,872	-	648,686	5.22%
2016	35,388	35,388	-	693,464	5.10%
2015	30,975	30,975	-	635,938	4.87%
2014	18,237	18,237	-	575,728	3.17%
Tier 2 Public Employees System**					
2019	\$ -	\$ -	\$ -	\$ -	0.00%
2018	-	-	-	-	0.00%
2017	1,111	1,111	-	7,450	14.91%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%
Tier 2 Public Safety and Firefighter System**					
2019	\$ 134,847	\$ 134,847	\$ -	\$ 686,930	19.63%
2018	111,881	111,881	-	582,283	19.21%
2017	91,680	91,680	-	501,410	18.28%
2016	89,968	89,968	-	475,610	18.92%
2015	59,683	59,683	-	337,163	17.70%
2014	29,656	29,656	-	165,093	17.96%
Tier 2 Public Safety and Firefighter System DC Only System **					
2019	\$ 21	\$ 21	\$ -	\$ 26,622	0.08%
2018	18	18	-	22,914	0.08%
2017	36	36	-	44,674	0.08%
2016	28	28	-	34,941	0.08%
2015	-	-	-	-	0.00%
2014	-	-	-	-	0.00%

* In accordance with paragraph 81.a of GASB 68, this schedule will be built out prospectively to show a 10-year history.

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

LONE PEAK PUBLIC SAFETY DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For Fiscal Year Ended June 30, 2019

NOTE 1 CHANGES OF ASSUMPTIONS

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

SUPPLEMENTAL REPORTS



KEDDINGTON & CHRISTENSEN, CPAS

CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

**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 Public Safety Commissioners
Lone Peak Public Safety District
Highland, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Lone Peak Public Safety District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly we 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. 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 from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion.

Purpose of this Report

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

Keddington & Christensen, LLC

Salt Lake City, Utah
December 17, 2019



KEDDINGTON & CHRISTENSEN, CPAS

CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA
Steven M. Rowley, CPA

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

Board of Public Safety Commissioners
Lone Peak Public Safety District
Highland, Utah

Report on Compliance

We have audited Lone Peak Public Safety District's (the District) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide* issued by the Office of the State Auditor, that could have a direct and material effect on the District for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019, in the following areas:

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on General State Compliance Requirements

In our opinion, Lone Peak Public Safety District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying schedule of findings and recommendations as item 2019-001. Our opinion on compliance is not modified with respect to this matter.

Lone Peak Public Safety District's response to the noncompliance findings identified in our audit is described in the same accompanying schedule of findings and recommendations as mentioned above. Lone Peak Public Safety District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 our audit, we 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, we 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and recommendations as item 2019-001 that we consider to be a significant deficiency.

Lone Peak Public Safety District's response to the internal control over compliance findings identified in our audit is described in the same accompanying schedule of findings and recommendations mentioned above. Lone Peak Public Safety District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Keddington & Christensen, LLC

Salt Lake City Utah
December 17, 2019

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

STATE COMPLIANCE

2019-001: Open and Public Meetings Act (*Significant Deficiency*)

Finding:

Utah Code Annotated (UCA) 52-4-204(4)(c) states that “The following information shall be publicly announced and entered on the minutes of the open meeting at which the closed meeting was approved: the vote by name, of each member of the public body, either for or against the motion to hold the closed meeting.” During our test of the September 27, 2018 Board meeting we noted that a closed session was held but the minutes did not list each voting member by name, with only two of the six members present being listed by name, with the rest being grouped together as a “unanimous vote”.

Recommendation:

We recommend that those responsible for recording the minutes for the LPPSD Board meetings re-format how the minutes are recorded for all future meetings in order to list the names of each of the individual Board members who vote to enter into a closed session in order to be in full compliance with the Open and Public Meetings Act.

District Response:

The District will reformat the form that reports the individual Board members vote to move into a closed session to be in full compliance with the Open and Public Meetings Act.



LONE PEAK PUBLIC SAFETY DISTRICT
5400 West Civic Center Drive, Suite 1 • Highland, UT 84003
Phone (801) 756-5751 ext. 4521 • Fax (801) 756-6903

December 17, 2019

Keddington & Christensen
1455 West 2200 South, Suite 201
Salt Lake City, Utah 84119

This representation letter is provided in connection with your audit(s) of the financial statements of Lone Peak Public Safety District, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows for the twelve-month period then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors. We confirm, to the best of our knowledge and belief, as of December 17, 2019, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 5, 2019, including our responsibility for the preparation and fair presentation of the financial statements and for the preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves: a. Management,

b. Employees who have significant roles in internal control, or

c. Other where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you all known actual or possible litigation, claims and assessments whose effects should be considered when preparing the financial statements.

17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transaction of which we are aware.

Government-specific

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.

20) We have a process to track the status of audit findings and recommendations.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

- 23) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 29) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 30) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 31) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.


- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 34) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Provisions for uncollectible receivables have been properly identified and recorded.
- 38) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 43) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 44) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for


expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

45) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

46) With respect to the management's discussion and analysis. a. We acknowledge our responsibility for presenting the management's discussion and analysis in accordance with accounting principles generally accepted in the United States of America, and we believe the management's discussion and analysis, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the management's discussion and analysis have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b. If the management's discussion and analysis is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: 
Title: Director
Date: 12/18/19

Signature: 
Title: Treasurer
Date: 12/18/19