

# Greater Salt Lake Municipal Services District

Based in Salt Lake City, Utah

Copperton Metro Township, Emigration Metro Township, Kearns Metro Township,  
Magna Metro Township, White City Metro Township and unincorporated SL County

Comprehensive Annual Financial Report  
For Fiscal Period ended December 31, 2018



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Greater Salt Lake Municipal Services District, Salt Lake District  
Utah  
Comprehensive Annual Financial Report  
For Fiscal Period Ended December 31, 2018

Prepared by the Administrative Team



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# Introductory Section



June 25, 2019

To the Honorable Board of Trustees,

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Greater Salt Lake Municipal Services District for the fiscal year ended December 31, 2018.

This report consists of the management's representations concerning the finances of Greater Salt Lake Municipal Services District (GSLMSD or MSD.) Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of GSLMSD has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of GSLMSD's financial statements in conformity with GAAP (Generally accepted accounting principles.) Because the cost of internal controls should not outweigh their benefits, GSLMSD's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

GSLMSD's financial statements have been audited by Gilbert & Stewart, Certified Public Accountants, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of GSLMSD for the fiscal year ended December 31, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that GSLMSD's financial statements for the fiscal year ended December 31, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. GSLMSD's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

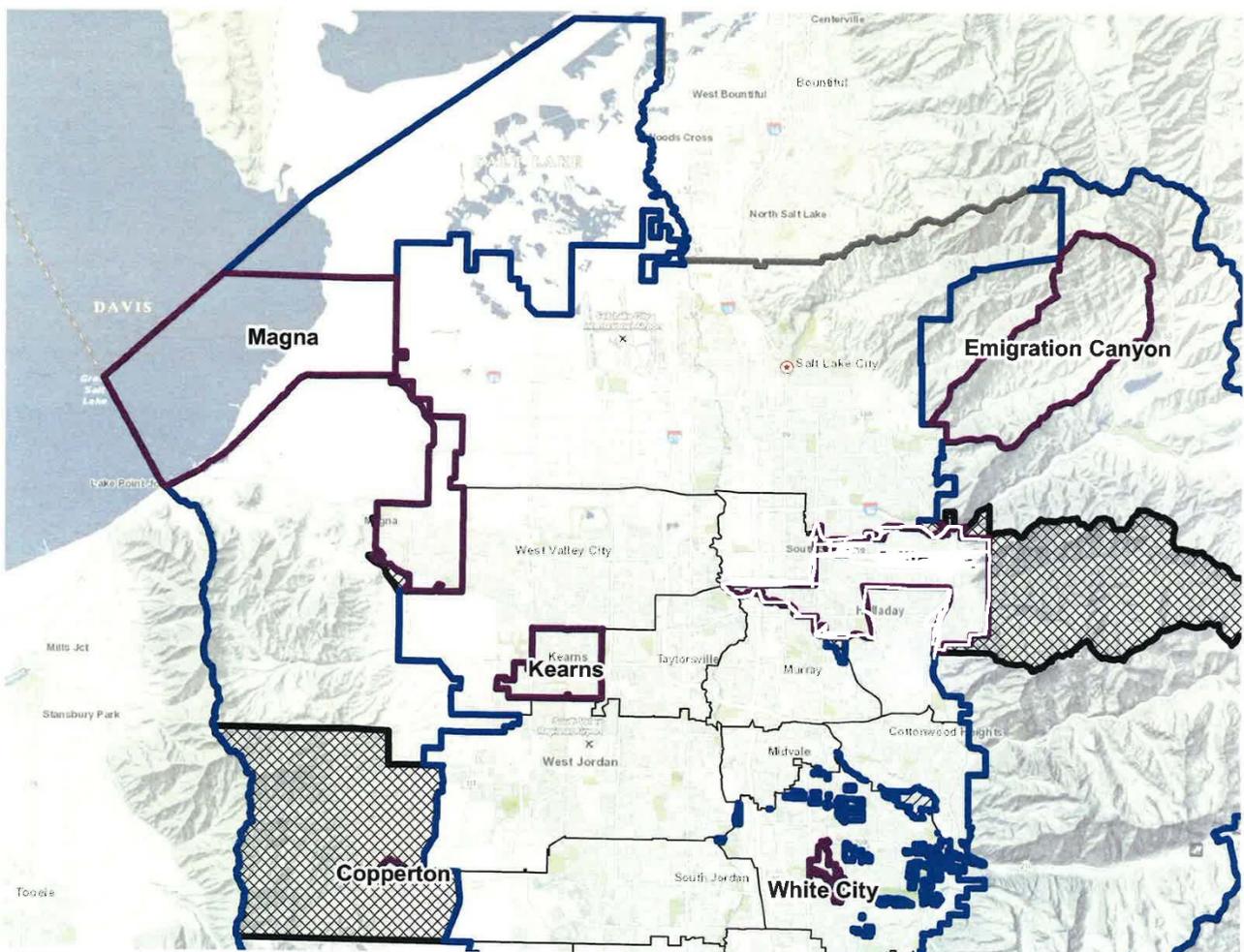
Greater Salt Lake Municipal Services District (GSLMSD or MSD), established in 2015, is located in the Salt Lake County, Utah. Participants in the MSD reside in areas outside of Salt Lake City, but within Salt Lake County. The District is a Local District, created under the "Special District Code 17B 2a-1101." The District is comprised of 5 townships [(Copperton Metro Township, Emigration Canyon Metro Township, Kearns Metro Township, Magna Metro Township and White City Metro Township)]



i.e. the Townships] and most of unincorporated Salt Lake County; created under Utah Code 10-2a, part four, which allows townships to be recognized as municipalities. The Townships gained official recognition as municipalities on January 1, 2017 through a general election of the citizens in 2015.

The District, together with the governmental alliance of the Townships, has formed the first District of its' kind in the United States.

The revenue from the Townships and unincorporated Salt Lake County comes to the MSD and allows the MSD to perform municipal services such as road maintenance and capital projects, animal services, indigent legal service, justice court services and other municipal services on behalf of the Townships. Administrative funds for the townships are requested in the budget process and transferred back to the townships for their independent municipal operations.



The District was formerly a division of Salt Lake County and in the east and south canyons; (Township Services) and has only been recognized as a separate organization since 2017. The District offices are situated in Salt Lake City, the capital of Utah. The District's partners are located throughout Salt Lake Valley.



The 2018 census estimates indicated that Salt Lake County, the area in which the District operates has a population of approximately 1,107,134 residents.

Because the Townships were incorporated in 2017, there isn't a direct census link to population data for each Metro Township. An estimate of population can be derived as:

<b>Township</b>	<b>Population</b>
Copperton	826
Emigration Canyon	1,567
Kearns	35,731
Magna	26,505
White City	5,407
Unincorporated SL County	11,599
	<hr/>
	81,635

<https://suburbanstats.org/population/utah/list-of-counties-and-cities-in-utah#CC>

The Townships believe that these estimates are low and are awaiting a formal census in 2020, to recognize and more accurately measure the statistics for the communities we serve.

Voting by the Board done through weighted vote based on population:

Copperton	1%
Emigration Canyon	2%
Kearns	44%
Magna	32%
White City	7%
Unincorporated SL County	14%

The District is empowered to levy a property tax on real or personal properties located within its boundaries, through the decision of the individual townships and the MSD board to do so.

GSLMSD operates under a governing board, filled with elected mayors representing each community within the District boundaries and one Salt Lake County Council person representing unincorporated Salt Lake County. Policymaking is vested in the governing Board consisting of the 6 Board members. The governing Board is responsible, among other things, for passing resolutions, adopting the budget, appointing committees and providing "advice and consent" for the General Manager's appointments.

The District's General Manager is responsible for carrying out the policies and direction of the Governing Board, and for overseeing the day-to-day operations of the District. The Board is appointed through the individual municipalities within the District boundaries. All Board members serve four-year terms in their individual townships, but don't have set terms on the Board of Trustees. The Boardmembers hold the position of Mayor or Mayor pro tem of the Townships.



The MSD views its mission to be one of facilitating the continuing growth and municipal duties of the townships and unincorporated Salt Lake County, while allowing the Townships and unincorporated Salt Lake County the independence necessary to operate on behalf of their citizens.

The Chief Financial Officer may make transfers between operating functions if needed, as long as they are in the same fund and don't increase the budget. Transfers of appropriations for capital purchases and increases in over-all budget requires the approval of the governing Board.

### Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which GSLMSD operates.

**Local economy.** GSLMSD currently serves 5 townships and Unincorporated Salt Lake County. The revenue generated on behalf of the municipalities is typical of Utah municipal entities; sales tax, class B&C road funds, building permitting fees etc. Currently, the District does not assess property taxes.

Salt Lake County, where GSLMSD is located, has an employed labor force of approximately 696,285. As of December 2018, average wages were \$1,010 per week; according to the United States Bureau of Labor Statistics (<https://www.bls.gov/cew/datatoc.htm>.) GSLMSD's employee positions are currently under Salt Lake County. However, the MSD is gradually moving employees under the administration of the MSD, including Salt Lake County's planning and development personnel, who by fall 2019 will become MSD employees.

**Housing.** In Utah, affordable housing and available housing is seen as a primary concern. Many technical businesses have moved to Utah and have helped create a housing "bubble" that is outpricing many of the incomes of local residents.

Salt Lake County Assessor's office offers a synopsis of the average home cost in Salt Lake County:

Township	Parcel Count	Avg. Value
Copperton	273	\$205,496
Emigration Canyon	562	\$723,993
Kearns	9,435	\$233,919
Magna	7,063	\$233,665
Unincorporated SL County	3,149	\$443,108
White City	1,821	\$255,348
Total/Avg	22,303	\$349,255

**Long-term financial planning.** The District Board views the continued operation and the continued financial solvency as a primary issue. Future analysis includes capital project needs and allocation of resources amongst all township needs.

**Internal Control.** The District's financial reporting systems have been designed to emphasize the importance of strong internal controls, including the proper recording of revenues and expenditures and the oversight of budgetary control. Currently, for 2018, the District's financial operations have been operating under Salt Lake County; the District's intent is to be financially independent of Salt



Lake County financial services by Spring of 2019. At that point, the District will continue to establish internal controls that are designed to offer reasonable assurance that assets are safeguarded against waste, fraud and misuse and that the District's financial statements can be relied upon to produce financial statements in accordance with generally accepted accounting principles.

**Other financial highlights, not otherwise discussed.** Fiscal and Operational separation from Salt Lake County is of primary importance to the MSD. The Townships feel that it is their responsibility to operate independently, to govern their entities on their own.

In that vein, the District has sought a separate accounting software provider, moving all cash accounts under the name of the MSD, hiring a Chief Financial Officer, treasurer, payroll and human resources person, and contracting independently of Salt Lake County for services previously provided by the County such as financial services, treasurer services.

Other constraints the District has operated under include Utah State governing code which states that the County Mayor serve as district executive. For the Townships, the County Auditor, County Mayor, County Treasurer and County Surveyor was to act in the same administrative functions as they held in the County, on behalf of the Townships. The MSD and the Townships expressed desire for this Utah legislative code section to be changed. Appropriate changes were made in the 2019 Utah legislative session, through SB124, which was adopted, effective May 14, 2019.

**Risk Management.** GSLMSD provides risk management in conjunction with the District's liability insurance provider. Training opportunities will be offered to District employees in areas of health maintenance and safe work environment training. Service-specific training will continue to be provided to employees to prevent risk as per industry standards.

## **Significant Awards and Accomplishments**

**Awards.** Greater Salt Lake Municipal Services is excited to participate in the Governmental Finance Officers Association program for Certificate of Achievement for Excellence in Financial Reporting Program and the Distinguished Budget Presentation Award program.

**Community Outreach.** The MSD takes pride in the District's outreach program which acts as a liaison between the Townships, the community Board of Trustees and the MSD. Funding for this program, previously shown as an independent function, will now be shown as part of the planning and development function.

## **Looking Ahead**

The District's intention is to be fiscally independent by 2019. We intend on taking on responsibility for the planning and development sections of Salt Lake County and recognize those employees as MSD employees.

Significant Utah legislation has enhanced the District's independence, as indicated above, through altering the State Code, Salt Lake County's Mayor will no longer act on behalf of the MSD. The legislation also gives the opportunity for the MSD to contract back to Salt Lake County for other services, if they would like.



## **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the combined help of the MSD team, the contract entities of Salt Lake County, the General Manager, and MSD board. We would like to express our appreciation to all members of the GSLMSD staff who assisted and contributed to the preparation of this report, as well as the help and support of our auditors, Gilbert & Stewart, Certified Public Accountants.

Credit must also be given to the Board for their unfailing support for maintaining the highest standards of professionalism in the management of the GSLMSD finances.

Respectfully submitted,

Bart Barker  
General Manager

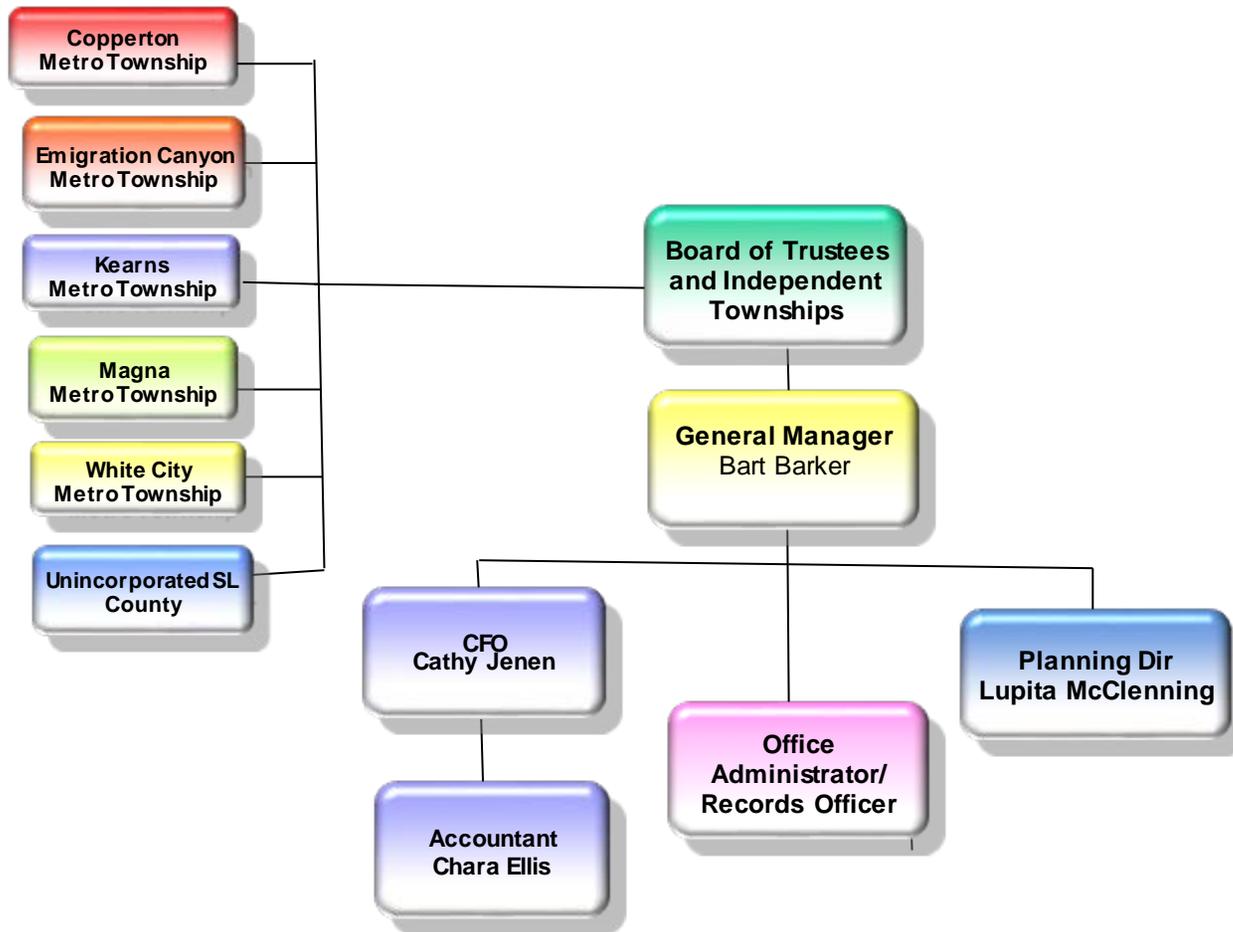
Cathy Jensen  
Chief Financial Officer

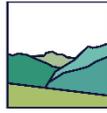


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# GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT

## Organizational Chart





EMIGRATION CANYON  
METRO TOWNSHIP



# Greater Salt Lake Municipal Services District

## List of Appointed Officials and Board

December 31, 2018

### Appointed Board

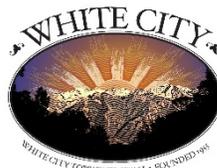
Title	Name	Representing
Board Chair	Joe Smolka	Emigration Canyon Township
Board Member	Sean Clayton	Copperton Township
Board Member	Kelly Bush	Kearns Township
Board Member	Dan Peay	Magna Township
Board Member	Paulina Flint	White City Township
Board Member	Max Burdick	Unincorporated Salt Lake County

### Appointed Officials

Title	Name
General Manager	Bart Barker
Chief Financial Officer	Cathy Jensen, CPA

### Key Staff

Title	Name
Planning Director	Lupita McClenning
Office Administrator-Records Officer	Ina Oviatt
Accountant	Chara Ellis





# Financial Section



**GILBERT & STEWART**  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDELA HEATON, CPA  
LYNN A. GILBERT, CPA  
JAMES A. GILBERT, CPA  
BEN H. PROBST, CPA  
RONALD J. STEWART, CPA  

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SIDNEY S. GILBERT, CPA  
JAMES E. STEWART, CPA

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Greater Salt Lake Municipal Services District  
Salt Lake City, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Greater Salt Lake Municipal Services District ("the District") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

The District's 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Greater Salt Lake Municipal Services District as of December 31, 2018, and the change in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion analysis, information about infrastructure assets being reported using the modified approach and budgetary comparison information, , as noted 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.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons, as listed as supplemental information in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 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* in considering the District's internal control over financial reporting and compliance.

Sincerely,

**Gilbert & Stewart**

Gilbert & Stewart, CPA PC  
Provo, Utah  
June 20, 2019



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Greater Salt Lake Municipal Services District, we offer readers of Greater Salt Lake Municipal Services District's financial statements this narrative, discussion, overview and analysis of the financial activities of Greater Salt Lake Municipal Services District for the fiscal year ended December 31, 2018.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Greater Salt Lake Municipal Services District activities exceeded the liabilities and deferred inflows of resources as of the close of the most recent year by \$143,166,635 (net position). Of this amount \$15,989,525 (unassigned net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The District implemented an accounting system separate from Salt Lake County to enhance independence of the District.
- The independent Townships and Unincorporated Salt Lake County, together, collected \$14,580,311 in sales tax.
- The independent Townships and Unincorporated Salt Lake County, together, collected \$10,171,304 in B&C road funds.
- A separate capital improvement and capital project fund was created.
- The district spent \$5,325,721 in capital maintenance, improvements and infrastructure.
- The District spent \$13,301,476 in interagency contracts on behalf of the Townships, in the areas of public works, justice court, district attorney, indigent legal, planning, engineering services, animal control and parks maintenance. The Townships contracted on their own for additional services such as Salt Lake County clerk services.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The District's financial statements included in this annual report are those of a special purpose government engaged only in municipal services.



**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 assets and liabilities of the District, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*.) The governmental activities of the District include general government and administration for each township, and cemetery. The District does not now engage business-type activities.

Please refer to the table of contents for the location of the government-wide financial statements.

**FUND FINANCIAL STATEMENTS.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: *governmental funds*, and *fiduciary funds*.

**GOVERNMENTAL FUNDS.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses 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 a government's near-term financial requirements.

Because the focus of government 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between government funds and government activities.



The District maintains 8 governmental funds. The District intends to add two additional funds in 2019; the intergovernmental revenue fund, to represent revenues and expenditures of Unincorporated Salt Lake County and if the storm drain fee is accepted by the Townships, an enterprise fund will be added to track the revenues and expenditures from storm drain activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, and capital projects fund, both of which are considered to be major funds. Data from the other 8 funds are combined into a single, aggregated presentation, for the government-wide financial statements, “Statement of Net Position”. Individual fund data for each of these non-major governmental funds is also provided in the form of *combining statements* elsewhere in this report.

The District’s governmental funds are:

General Fund	Emigration Canyon Metro Township
Copperton Metro Township	Kearns Metro Township
Copperton Cemetery	White City Metro Township
Magna Metro Township	Capital Improvements, Projects and Equipment

The District adopts an annual appropriated budget for all of its governmental funds. Each Township adopts their own budget, through their individual Township Councils. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with the budgets.

A *Permanent fund* is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs; for the benefit of the government or its citizenry. The District’s only permanent fund is the perpetual care fund, for the Copperton Cemetery. These funds are restricted by legislative action.

Please refer to the table of contents for the location of the basic governmental fund financial statements.

**PROPRIETARY FUNDS.** The District maintains no *proprietary fund* type funds at this point. However, in 2019, the District intends to create an enterprise fund for the proposed storm drain revenues being proposed.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Future determination into the treatment of storm drain fees may dictate whether or not the District will create a proprietary fund.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail.



**FIDUCIARY FUNDS.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for *proprietary funds*. The District does not hold any fiduciary funds.

**NOTES TO THE FINANCIAL STATEMENTS.** The *notes* provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes are part of the basic financial statements.

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

The District's basic financial statements are presented using the accrual basis of accounting, which provides for revenue recognition in the period in which services are provided and expense recognition when goods and services are received.

Additionally, the District's basic financial statements utilize the flow of economic resources measurement focus, in which all assets and liabilities are reflected on the *Statement of Net Position* and the *Statement of Revenues, Expenses and Changes Net Position* includes all transactions, such as revenues and expenses that increase or decrease the net position.

The statements are comprised of two components: 1) Basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The following basic *financial statements* are included in this report:

The *Statement of Net Position* presents information on all the assets, deferred outflow of resources, liabilities and deferred inflow of resources of the District, with the difference reported as *net position*.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave.) The statement reports the District's operating and nonoperating revenue by source along with operating and nonoperating expenses and capital contributions (see page 34.)

We do not present a *statement of cash flows* reports at this time. In the future this statement will be presented to show the District's cash flows from operating activities, investing, capital and noncapital activities.



## 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 Greater Salt Lake District, assets exceed liabilities by \$143,166,635 (net position) at the close of fiscal year 2018.

An additional portion of the District's net position (approximately 78%) represents resources that consist of capital assets; also, a small amount is restricted for monies held in conjunction with building and performance bonds or with the cemetery funds. The remaining balance of unrestricted net position \$30,586,848 may be used to meet the government's ongoing obligations to citizens and creditors.

As of December 31, 2018, the District is able to report positive balances in both categories of net position, both for the government as a whole, as well as for its separate governmental activities.

### Greater Salt Lake Municipal Services District NET POSITION

	Governmental Activities	
	2018	2017
Current and other assets	\$ 30,879,280	\$ 26,635,986
Capital Assets (net)	112,451,243	109,610,923
Total assets	143,330,523	136,246,909
Current liabilities outstanding	162,180	3,481,122
Total liabilities	162,180	3,481,122
Deferred inflow of resources	1,708	-
Net assets:		
Net investment in capital assets	112,451,243	109,610,923
Restricted	128,544	2,737,690
Committed	14,597,323	-
Unassigned	15,989,525	20,417,174
Total net position	\$143,166,635	\$132,765,787

**GOVERNMENTAL ACTIVITIES.** Governmental activities increased the District's net position by \$10,400,848 over the previous year. The major contributor to this increase was capital assets, a conservative budgeting in the governmental fund, and also, some personnel positions weren't timely filled. Also, the public works contract that is used to maintain streets and infrastructure was under-utilized.

The District exercised prudent management in the capital outlay expenses. Funding for capital assets was geared to asset improvement and creation, road and sidewalk projects.

Current sources of funds for road improvements include B&C road funds and some grants.



The District has contracted for a storm water fee study to explore the option of assessing storm drain fees.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**GOVERNMENTAL FUNDS.** The focus of the District's governmental funds 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the year, the Greater Salt Lake District's governmental funds reported combined ending fund balances of \$30,715,384. This is the total of all governmental funds (General Fund, Capital Projects Funds, Debt Service and all other non-major governmental funds.) Both in the Townships' funds and in the general fund.

The individual fund and township fund balances consist of:

	<u><b>Fund Balances</b></u>
	<u>2018</u>
<b>General Fund</b>	\$ 14,061,254
<b>Copperton Township</b>	115,216
<b>Copperton Cemetery</b>	57,033
<b>Emigration Township</b>	211,452
<b>Kearns Township</b>	772,080
<b>Magna Township</b>	649,920
<b>White City Township</b>	251,106
<b>Capital Improvement &amp; Projects</b>	14,597,323
<b>Total</b>	<u><u>\$ 30,715,384</u></u>

Approximately 52 percent of the governmental fund balance amount (\$15,989,525) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for encumbrances 2) to return building and performance bond deposits 3) to pay for capital projects 4) has already been expended for capital assets or the funds have been assigned for other purposes.

The general fund is the chief operating fund of the District. At the end of the current year, unassigned fund balance of the general fund was \$14,061,185.



The year-to-year decrease in the general fund balance (\$8,578,204) is primarily due to increased use of public works operations and other services as well as a transfer of funds from the general fund to establish the capital improvement & project fund.

There is also a restatement of fund balance in the general fund that was primarily to recognize an adjustment for restricted fund balance that belonged to another entity.

As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The total general fund balance as a ratio of expenditures represents approximately 96% of the total general fund expenditures before transfers out. After transfers from the general fund, the unassigned fund balance represents 43% of expenditures.

Changes to other governmental funds, fund balance include, as mentioned previously, the establishment of a new fund, the capital improvements and projects fund.

All of the townships showed positive fund balances with net revenue increasing the fund balances in the amounts of:

**Increases in Fund Balances**

	<u>2018</u>
<b>Copperton Township</b>	\$ 52,839
<b>Copperton Cemetery</b>	24,865
<b>Emigration Township</b>	60,379
<b>Kearns Township</b>	47,222
<b>Magna Township</b>	66,398
<b>White City Township</b>	<u>85,098</u>
<b>Total</b>	<u><u>\$ 336,801</u></u>

Generally, the increases in fund balances in the townships is due to conservative spending and budgeting practices by the individual governmental entities.



**PROPRIETARY FUNDS.** The District does not have a proprietary fund as of yet. However, we anticipate adding a proprietary fund if the Townships and unincorporated Salt Lake County agree to assess a storm drain fee.

At that point, the proprietary fund statement will provide the same type of information found in the government-wide financial statements, but in more detail.



**BUDGETARY HIGHLIGHTS.** The difference between the original budget and the final amended budget was a net increase of \$9,898,712, District-wide.

The majority of this budget adjustment was in the B&C road funds; one of the significant sources of revenue to the District. The original budget was for \$991,087; an additional \$8,338,043 was added to the budget. The ample budget adjustment was required due to new insight of the distribution of B&C revenues.

Other budgetary adjustments come in the form of sales tax (-\$96,200); cable franchise fees (-\$310,500); justice court revenue (+\$742,050) and interest (+\$391,986.) Finally, the District made an adjustment for an anticipated transportation grant (+\$833,333.)

Generally, the District's philosophy is that in making budgetary adjustments, individual departmental budgets will be examined to look for excess budget. The District continues to re-evaluate revenue streams and adjust expenditures throughout the fiscal year. Departments are encouraged to continue to be innovative in looking at ways to adjust their budgetary expenditures, to save money.

The District strives to conduct the budget in a fiscally conservative manner, both for Revenues and Expenditures. The final budget variance for total revenues of the general fund, over amended budget was approximately 10% negative; the final budget variance for general fund expenditures was about 30% positive.

Two reasons for these differences between final budget and amounts are:

1. The establishment of the capital improvement and project fund at the end of the year, required a transfer of funds from the general fund to the capital improvement fund, this meant that expenditures in the initial general fund budget were significantly lower than originally anticipated.
2. Because of the relative newness of the MSD, full-year comparable revenue was not available to produce accurate revenue projections. The district became independent mid-year 2017.

In addition to the establishment of the capital improvement and project fund, much of the expenditure's positive variance in the general fund can be identified by public works maintenance and operations that were not completed during the fiscal period.

Finally, there were many budgeted positions that were not filled during the fiscal period.

The District continues to re-evaluate revenue streams and adjust expenses throughout the fiscal year. Management continues to be innovative in looking at ways to adjust their budgetary expenses, to save money.



**Greater Salt Lake Municipal Services District**  
**Variances between Final and Amended Budget and actual Results**  
**General Fund**

	<u>Budgeted Amounts</u>		Final Budget
	<u>Final</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
<b>Revenues (inflows)</b>			
Interlocal Sales Tax	\$ 15,600,000	\$ 14,580,311	\$ (1,019,689)
Interlocal B&C Road Funds	9,329,130	10,171,304	842,174
Interlocal Revenue-Other	2,718,227	823,256	(1,894,971)
Interest Income	391,986	389,449	(2,537)
Miscellaneous	833,333	51,722	(781,611)
Total revenues	<u>28,872,676</u>	<u>26,016,042</u>	<u>(2,856,634)</u>
<b>Expenditures (outflows)</b>			
Administration	490,459	234,184	256,275
Operational Expenses	7,440,300	74,228	7,366,072
Professional Expenses	-	122,135	(122,135)
Operational Contracts	15,579,013	13,195,409	2,383,604
Interlocal Agreements	1,029,276	1,029,276	-
Insurance	-	2,532	(2,532)
Contributions	20,000	20,000	-
Total expenditures	<u>24,559,048</u>	<u>14,677,764</u>	<u>9,881,284</u>
<b>Other Financing Sources and Uses</b>			
Transfers in	-	-	-
Transfers out	(17,694,198)	(17,694,198)	-
Total Other Financing Sources/Uses	<u>(17,694,198)</u>	<u>(17,694,198)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(13,380,570)	(6,355,920)	<u>(7,024,650)</u>
Fund balance at beginning of year	<u>21,434,859</u>	<u>21,434,859</u>	
Restated fund balance		(1,017,685)	
Fund balance at end of year	<u>\$ 8,054,289</u>	<u>\$ 15,078,939</u>	

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS.** The capital projects fund is used to account for the costs incurred in acquiring and improving assets, constructing and remodeling facilities and procuring equipment necessary for providing programs for the citizens of the District.

Major capital asset expenditures include expenditures on District infrastructure (roads, storm drain).



The District has elected to use the modified approach to account for its infrastructure assets such as roads and bridges. As allowed by GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments, the District has adopted the “modified approach” for reporting costs associated with certain infrastructure assets. The District capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

The Townships and Unincorporated Salt Lake County have adopted an allowable alternative to reporting depreciation for its road network. Under this alternative method, referred to as the “modified approach,” the Townships must maintain an asset management system and demonstrate that its highways and roads are approximately being preserved at or above condition levels established by Township policy. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The Townships manage the road network using the county pavement management system. This system uses a measurement scale that considers the condition of the roads as denoted by a Pavement Condition Index (PCI), ranging from 0 to 100. A road is considered to be in “very good” condition when its PCI rating is between 94 and 100, in “good” condition when its PCI rating is between 76 and 93, in “fair” condition when its PCI rating is between 64 and 75, in “poor” condition when its PCI rating is between 41 and 63, and in “very poor” condition when its PCI rating is 40 or below.

It is the Townships' policy to maintain approximately 30% of its road network at a category level of “good” or “very good” (PCI rating of 76 or above) and allow no more than 20% at a category level of “very poor” (PCI rating of 40 or below). In order to achieve a complete condition assessment of all Township roads within a period of three years, condition assessments are performed on approximately one-third of the roads annually. The most recent condition assessment, completed in 2018, shows that 51% of the Townships' roads were in “good” or better condition, which match up to the same percentage reported in 2017. Additionally, 5% of the roads assessed in 2018 were in “very poor” condition, the same as reported in 2017.

In 2018, the Townships and Unincorporated Salt Lake County spent approximately \$1.3 million to maintain and preserve its roads, which was 130% of what the Townships estimated would be needed. In 2017 68% was spent of what the County anticipated would be needed.

The District's primary sources for future funding include grants and B&C road funds to increase the PCI for the rest of the road system.

A primary concern of the District will continue to be the maintenance and upkeep of the District road system. Utah has dramatic seasonal changes with significant freezing/thawing and high temperatures. These climate conditions shorten the lives of roads.

Further information about the District's modified approach can be found in the Required Supplementary Information section of the financial statements.



An analysis of the District’s capital assets is as follows:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<b>Land</b>	\$31,217,693	\$31,293,446
<b>Infrastructure</b>	79,254,674	73,931,225
<b>Buildings &amp; Improvements</b>	289,385	4,670,082
<b>Leasehold Improvements</b>	1,055,815	1,091,356
<b>Construction in progress</b>	4,839,761	2,580,638
<b>Accumulated Depreciation</b>	<u>(4,206,085)</u>	<u>(3,955,824)</u>
<b>Total</b>	<u>\$112,451,243</u>	<u>\$109,610,923</u>

Readers desiring more detailed information on capital asset activity can refer to note 6 of the financial statements.

## LONG-TERM DEBT

At the end of the current year, the District had no outstanding long-term debt.

State statutes (Utah State Constitution, Article XIV, Section 4,) limit the amount of indebtedness towns and “other municipal corporations” may issue. The statutes indicate that the District may issue up to 4 percent of its total fair market value of taxable property in the District for general obligation debt.

The current fair market value of the taxable property in the District is \$4,760,976,385 (2018). The current debt limitation for the District is \$190,439,055. Greater Salt Lake Municipal Services District has no general obligation or other debt.

**Legal Debt Margin Calculation**  
**Fiscal Year Ending December 31, 2018**  
(Dollars in thousands)

Assessed value	\$ 4,760,976
Debt limit 4% of assessed value)	190,439
Legal debt margin	<u>\$ 190,439</u>

**FINANCIAL ANALYSIS.** Net position may serve over time as a useful indicator of a government’s financial position. In the case of Greater Salt Lake Municipal Services District, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$143,166,365 (net position) at the close of fiscal year 2018.



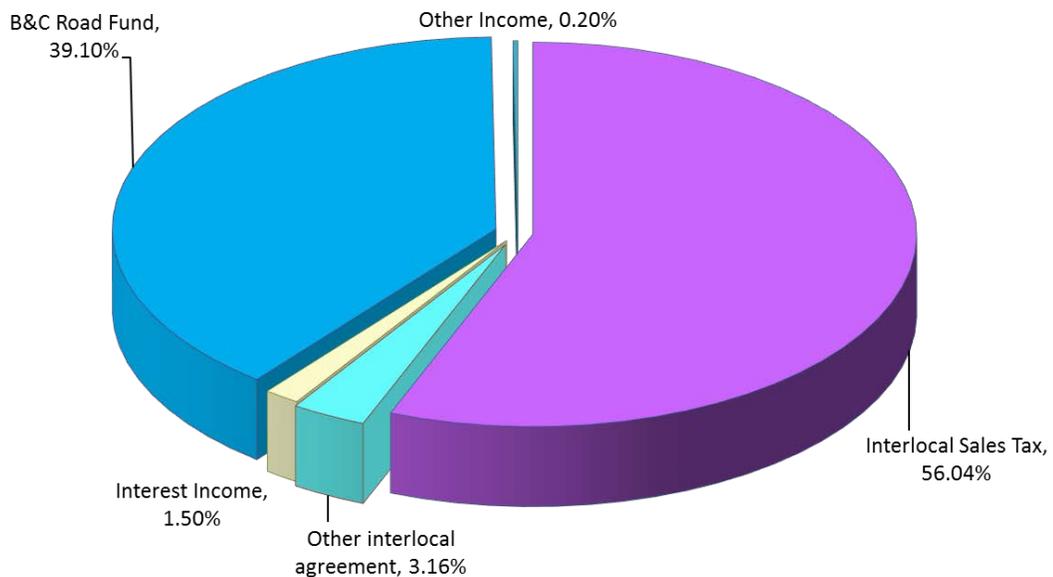
**OPERATIONAL ACTIVITIES.** Operational activities decreased the District’s net position by \$17,166,593 over the previous year.

We are tied in many operational areas to contractual arrangements in the areas of rent, information services, public works services, animal control, district attorney, indigent legal, parks maintenance, justice court and engineering services.

The District exercised prudent management in the capital outlay expenses. Funding for capital assets was primarily for infrastructure in the Townships and Unincorporated Salt Lake County.

A visual representation of the revenues by source:

**REVENUES BY SOURCE**  
**General Fund**  
**For Period Ending December 31, 2018**



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**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
Changes in Net Position  
For Periods 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,619,407	\$ 2,629,652
Grants and contributions	13,129,103	32,370,014
General Revenues:		
Sales Tax	14,580,311	4,527,163
Other taxes	35,192	293,400
Interest Earnings	397,123	103,099,065
Total Revenues	<u>29,761,136</u>	<u>142,919,294</u>
Expenses:		
General government	14,746,519	15,298,584
Copperton Township	115,180	166,718
Emigration Township	98,101	345,265
Kearns Township	172,710	4,184,022
Magna Township	194,427	3,617,720
White City Township	104,089	701,531
Capital	1,735,297	-
Total expenses	<u>17,166,323</u>	<u>24,313,840</u>
Contribution of Capital Assets	(744,005)	-
Loss on Total Assets	(432,275)	-
Increase (Decrease) in net position	<u>11,418,533</u>	<u>118,605,454</u>
Net Position-beginning	\$132,765,787	\$ 14,160,333
Restated net position	<u>(1,017,685)</u>	<u>-</u>
Net Position-ending	<u>\$143,166,635</u>	<u>\$132,765,787</u>

The majority of the significant contribution shown in 2017 (\$32,370,014) are revenues reported as “contributions” that in the future will be reported as “Intergovernmental Sales taxes”, “Intergovernmental Other taxes” etc. to further identify revenue sources.

In 2017, there was a donation of assets to the MSD, that was posted as “other revenues” of \$103,099,065.

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Overall, the District's position increased, after transfers.

Future net position may continue to increase, due to continuing problems with public works contracts; primarily, not having enough manpower to fill open positions, so total budgeted allocations for public works will not be used.

Also, there was an error found in the allocation ratios of Salt Lake County public works contracts, between those costs charged to the MSD and those contracts held by other cities. It was found that some of the other cities contracting with Salt Lake County for public works services were not covering their full cost, but were being subsidized by the Greater Salt Lake Municipal Services District, because of the allocation formula used in billing.

We believe that with the correction of this error, in future years, the MSD will have less and less subsidy of public works services with other Cities, and our net position will increase.

Some of the problems our entities are facing economically will also have an impact on net revenues. Some of these items involve continuing growth, shortage of manpower to fill jobs, rising fuel prices, rising cost of living and housing. This and other economic factors are creating increasing costs, the District will continue to seek prudent measures to meet increasing our financial obligations.

Information on the District's capital assets can be found in the notes to the financial statements.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **LONG-TERM DEBT**

At the end of the current year, the District had no bonded debt outstanding. In budget year 2018, the Board proposed a property tax increase to fund increasing costs, but have felt that at this point, a property tax increase is not necessary, and the District does not envision additional funding through debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Greater Salt Lake Municipal Services District is located in Salt Lake County. The unemployment rate for Salt Lake County as of December 2018 was 3.2%. This rate is less than the reported US unemployment rate at that time of 3.9%, as provided by the Bureau of Labor Statistics (<https://jobs.utah.gov/blog/post/2019/01/18/utah-s-employment-summary-december-2018>)
- The District continues to exercise conservatism with regards to expenses, and capital assets. District administration also continues to exercise prudence regarding operating expenses.
- The District is particularly mindful of the impact of property taxes on its citizenry; possible assessment of property taxes has been put on hold until a future date.
- One of the major budget issues on the horizon for the District is possible increasing costs of capital projects, such as roads; to fully utilize the combined buying-power of the townships.



- Some of the problems our entities are facing economically will also have an impact on net revenues. Some of these items involve continuing growth, shortage of manpower to fill jobs, rising fuel prices and rising cost of living. This and other economic factors are creating increasing costs, or depressing revenues. The District will continue to seek prudent measures to meet increasing financial obligations.
- Also, the District and Townships are mindful of any potential future risk from an economic downturn given their reliance on sales tax and B&C revenues as their major revenue sources.

**REQUESTS FOR INFORMATION.** The financial report is designed to provide a general overview of Greater Salt Lake Municipal Services District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Greater Salt Lake Municipal Services District, Records Officer, 2001 South State Street, Salt Lake City, Utah 84190.

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# Basic Financial Statements

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Statement of Net Position**  
December 31, 2018

	Primary Government	
	Governmental Activities	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ 26,224,621	\$ 26,224,621
Cash in State Treasurer's Pool	1,990,383	1,990,383
Due from other entities	640,467	640,467
Due from other funds	2,023,809	2,023,809
Capital assets (net of accumulated depreciation):		
Land (Including Right of Way)	31,217,693	31,217,693
Roads and Infrastructure	76,065,693	76,065,693
Construction in Progress	4,839,761	4,839,761
Buildings and improvements	248,386	248,386
Leasehold Improvements	79,710	79,710
Total assets	\$ 143,330,523	143,330,523
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 80,502	\$ 80,502
Accrued salaries, wages and benefits	15,241	15,241
Performance Bond	66,437	66,437
Deferred Revenue	1,708	1,708
Total liabilities	\$ 163,888	\$ 163,888
<b>NET POSITION</b>		
Net investment in capital assets	112,451,243	112,451,243
Restricted	128,544	128,544
Committed	14,597,323	14,597,323
Unassigned	15,989,525	15,989,525
Total net position	\$ 143,166,635	\$ 143,166,635
Total Net Position	\$ 143,166,635	\$ 143,166,635

*See accompanying notes to the financial statements.*

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Statement of Activities**

For Period Ended December 31, 2018

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 14,746,519	\$ 26,857	\$ -	\$ 5,573,829	\$ (9,145,833)	\$ (9,145,833)
Copperton Township	115,180	27,768	-	34,186	(53,226)	(53,226)
Copperton Cemetery	-	24,865	-	-	24,865	24,865
Emigration Canyon Township	98,101	65,037	-	89,850	56,786	56,786
Kearns Metro Township	172,710	540,650	-	1,268,363	1,636,303	1,636,303
Magna Metro Township	194,427	852,840	-	1,006,824	1,665,237	1,665,237
White City Metro Township	104,089	81,390	-	2,198,252	2,175,553	2,175,553
Capital	1,735,297	-	-	2,957,799	1,222,502	1,222,502
Changes in Net Assets	-	-	-	-	-	-
Total governmental activities	<u>17,166,323</u>	<u>1,619,407</u>	<u>-</u>	<u>13,129,103</u>	<u>(2,417,813)</u>	<u>(2,417,813)</u>
	<u>\$ 17,166,323</u>	<u>\$ 1,619,407</u>	<u>\$ -</u>	<u>\$ 13,129,103</u>	<u>(2,417,813)</u>	<u>(2,417,813)</u>
General revenues:						
General sales and use tax					\$ 14,580,311	\$ 14,580,311
Liquor Tax					35,192	35,192
Gain (loss) on sale/retirement of assets					(432,275)	(432,275)
Donation of Assets to other Gov					(744,005)	(744,005)
Interest earnings					397,123	397,123
Total general revenues					<u>13,836,346</u>	<u>13,836,346</u>
Change in net position					<u>11,418,533</u>	<u>11,418,533</u>
Net position - beginning					132,765,787	132,765,787
Restated net position					<u>(1,017,685)</u>	<u>(1,017,685)</u>
Net position - ending					<u>\$ 143,166,635</u>	<u>\$ 143,166,635</u>

Please refer to Note 13, page 53 of these financial statements concerning the restated net position.

*See accompanying notes to the financial statements.*

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Governmental Funds Balance Sheet**  
December 31, 2018

	General Fund	Copperton Metro Township	Copperton Cemetery	Emigration Canyon Metro Township	Keans Metro Township	Magna Metro Township	White City Metro Township	Capital Projects	Total Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 10,939,469	\$ 98,962	\$ 57,033	\$ 236,410	\$ -	\$ -	\$ 256,263	\$ 14,636,484	\$ 26,224,621
Cash in state treasurer's pool	485,476	22,220	-	-	782,722	699,965	-	-	1,990,383
Due from other entities	640,467	-	-	-	-	-	-	-	640,467
Due from other funds	2,023,809	-	-	-	-	-	-	-	2,023,809
Total assets	<u>\$ 14,089,221</u>	<u>\$ 121,182</u>	<u>\$ 57,033</u>	<u>\$ 236,410</u>	<u>\$ 782,722</u>	<u>\$ 699,965</u>	<u>\$ 256,263</u>	<u>\$ 14,636,484</u>	<u>\$ 30,879,280</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued liabilities	\$ 11,014	\$ 5,966	\$ -	\$ 5,517	\$ 2,141	\$ 11,546	\$ 5,157	\$ 39,161	\$ 80,502
Accrued salaries, wages and benefits	15,241	-	-	-	-	-	-	-	15,241
Deposits	-	-	-	19,441	8,500	38,496	-	-	66,437
Unearned Revenues	1,708	-	-	-	-	-	-	-	1,708
Total liabilities	<u>\$ 27,963</u>	<u>\$ 5,966</u>	<u>\$ -</u>	<u>\$ 24,958</u>	<u>\$ 10,641</u>	<u>\$ 50,042</u>	<u>\$ 5,157</u>	<u>\$ 39,161</u>	<u>\$ 163,888</u>
<b>FUND BALANCES</b>									
Inventories and prepaid Items	-	-	-	-	-	-	-	-	-
Restricted:	5,073	-	57,033	19,442	8,500	38,496	-	-	128,544
Unassigned	14,056,185	115,216	-	192,010	763,581	611,427	251,106	-	15,989,525
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 14,089,221</u>	<u>\$ 121,182</u>	<u>\$ 57,033</u>	<u>\$ 236,410</u>	<u>\$ 782,722</u>	<u>\$ 699,965</u>	<u>\$ 256,263</u>	<u>\$ 14,636,484</u>	<u>\$ 30,879,280</u>

*See accompanying notes to the financial statements.*

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Balance Sheet Reconciliation to Statement of Net Assets**  
December 31, 2018

Total fund balances - governmental fund types: \$ 30,715,392

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

These consist of (net of accumulated depreciation):

Land	\$ 31,217,693	
Roads and Infrastructure	76,065,693	
Construction in Progress	4,839,761	
Buildings and Improvements	248,386	
Leashold Improvements	79,710	112,451,243
	<u>79,710</u>	<u>112,451,243</u>

Net assets of government activities \$ 143,166,635

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
Governmental Funds  
December 31, 2018

	General Fund	Copperton Metro Township	Copperton Cemetery	Emigration Metro Township	Kearns Metro Township	Magna Metro Township	White City Metro Township	Capital	Governmental Funds
<b>Revenues</b>									
Sales Tax	\$ -	\$ 92,813	\$ -	\$ 203,688	\$ 4,343,787	\$ 3,640,592	\$ 626,939	\$ -	\$ 8,907,819
Liquor Tax	-	384	-	762	17,246	14,118	2,682	-	35,192
Total Taxes	-	93,197	-	204,450	4,361,033	3,654,710	629,621	-	8,943,011
Franchise Fee	-	-	-	-	-	-	-	-	-
Licenses, Permits and Fees	-	20,934	-	53,797	283,082	555,168	41,405	-	954,386
Grants and Contributions	-	-	-	-	-	-	-	57,926	57,926
Interlocal Sales Tax	14,580,311	-	-	-	-	-	-	-	14,580,311
Interlocal B&C Road funds	10,171,304	34,186	-	89,850	1,268,363	1,006,824	219,252	-	12,789,779
Fines and Forfeitures	-	590	-	319	19,203	71,994	1,598	-	93,704
Justice Court Revenue	-	4,937	-	9,590	216,068	167,832	34,774	-	433,201
Interlocal agreement Revenues	823,256	168,019	-	158,480	219,932	260,825	189,187	2,163,246	3,982,945
Transfers In	-	-	-	-	-	-	-	17,694,198	17,694,198
Interest income	389,449	1,865	-	4,304	65,949	55,030	9,891	7,674	534,162
Other	51,722	1,307	24,865	1,331	22,297	57,846	3,613	-	162,981
Total revenues	26,016,042	325,035	24,865	522,121	6,455,927	5,830,229	1,129,341	19,923,044	60,226,604
<b>Expenditures</b>									
Salaries, wages, and employee benefits	234,184	66,000	-	74,132	66,000	58,131	16,200	-	514,647
Operational Expenses and supplies	74,228	3,224	-	5,450	7,663	7,232	564	-	98,361
Utilities	-	-	-	-	-	-	-	-	-
Professional Expenses	122,135	36,328	-	9,750	9,773	90,170	52,316	-	320,472
Interlocal/Agency Agreements	1,029,276	157,016	-	363,641	6,235,995	5,569,404	940,154	-	14,295,486
Interagency Contracts	13,195,409	-	-	-	-	-	-	-	13,195,409
Maintenance	-	-	-	-	-	-	-	1,560,487	1,560,487
Non-Capital Infrastructure	-	-	-	-	13,754	-	-	-	13,754
Improvements other than Buildings	-	-	-	-	-	-	-	3,765,234	3,765,234
Insurance	2,532	8,424	-	8,567	22,702	13,894	9,210	-	65,329
Capital Outlay	-	-	-	-	-	-	-	-	-
Transfers	17,694,198	-	-	-	-	-	-	-	17,694,198
Other	-	1,204	-	202	9,269	-	-	-	10,675
Contributions	20,000	-	-	-	43,549	25,000	25,799	-	114,348
Total expenditures	32,371,962	272,196	-	461,742	6,408,705	5,763,831	1,044,243	5,325,721	51,648,400
Excess (deficiency) of revenues over (under) expenditures	\$ (6,355,920)	\$ 52,839	\$ 24,865	\$ 60,379	\$ 47,222	\$ 66,398	\$ 85,098	\$ 14,597,323	\$ 8,578,204
Beginning Fund Balance	\$ 21,434,859	\$ 62,377	\$ 32,168	\$ 151,073	\$ 724,858	\$ 583,522	\$ 166,008	\$ -	
Restatement of Fund Balance	\$ (1,017,685)								
Ending Fund Balance	\$ 14,061,254	\$ 115,216	\$ 57,033	\$ 211,452	\$ 772,080	\$ 649,920	\$ 251,106	\$ 14,597,323	

Please refer to Note 13, page 53 of these financial statements concerning the restated net position

*See accompanying notes to the financial statements.*

**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**

Reconciliation to Statement of Activities  
December 31, 2018

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

Net changes in fund balances - total governmental funds	\$ 8,578,204
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Current year depreciation	(310,451)
Assets added to capital assets	3,590,424

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.

Cost of assets disposed of	(432,275)
Donation of Assets	736,627
Donation of Assets to Other Government	(744,005)

The effect of various miscellaneous transactions involving transfers between funds, do not provide additional current financial resources and are taken out of the government-wide statements to avoid duplication

Interlocal agreement revenues	-
Interlocal Sales Tax	(8,907,819)
Interlocal B&C and other fees	(2,618,475)
Interlocal Interest	(137,039)
Interlocal Other Revenues	(1,819,699)
Interlocal Liquor	-
Less Revenue reported in Cemetery Fund	(24,865)

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.

Interlocal Expense	13,507,906
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Change in net assets of governmental activities	\$ 11,418,533
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# Notes to the Financial Statements

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



## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Greater Salt Lake Municipal Services District, Utah (District) was established under the governing code of Utah Code Annotated Title 17B.

The District operates under a Board of Trustees-General Manager form of government and provides the following broad range of services to its customers: roads and streets, financial administration, animal control, planning and development, parks, capital improvements, administrative services operational services, indigent legal and District Attorney prosecution services and planning. The Board of Trustees is comprised of the mayor of each metro township and a Salt Lake County council member representing the unincorporated Salt Lake County area.

### Component Units

The District, for financial purposes, includes all of the funds and accounts relevant to the operations of a municipal government. The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the District. Control or dependence is determined on the basis that the board is essentially the same as the District Board and the services are provided to the District. The District also facilitates the budget adoption, taxing authority, funding and appointment of the respective governing board.

Component units are entities for which the District is considered to be financially accountable. The District's component units are reported as *blended*. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. The blended component units are appropriately presented as funds of the District.

The blended component units of the District are as follows:

- *Copperton Metro Township* (Copperton)
- *Copperton Cemetery*
- *Emigration Canyon Metro Township* (Emigration Canyon)
- *Kearns Metro Township* (Kearns)
- *Magna Metro Township* (Magna)
- *White City Metro Township* (White City)

Each metro township is a blended component unit because their resources exclusively benefit the District. The District's budget dictates to a large extent the budget of each metro township. The District appropriates funding to each metro township for administrative expenses. The governing board of each metro township approves their own individual budget. Each metro township has one general fund which is reported as a special revenue fund of the District.

The Townships' individual leaderships (Mayors and Council) are responsible for administering their own administrative budget and passing resolutions and ordinances unique to their entities.

Each entity will approve their individual budgets in their township Council meetings and accept the financial statements for their individual townships.



Fiscal reporting for budgets, transparency reports, taxes etc. are done on the MSD level and also on the individual township level.

### **Accounting and Reporting Policies**

The accounting and reporting policies of the District relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB).

### **Basis of Presentation**

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the District. The effect of interfund activity, within the governmental columns, has been removed from those statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, will be reported separately from business-type activities, if and when the MSD establishes an enterprise fund; which rely to a significant extent on fees and charges for support. The Statement of Activities demonstrates the degree to which the direct expenses of the given program are offset by program revenues. Direct expenses are those that 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) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. For the MSD, this also illustrates government entity independence. Separate statements will be presented for governmental and future proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most of the governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

#### **General Fund**

The general fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.



### **Debt Service Fund**

The debt service fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt. As of these financial statements date, the MSD holds no outstanding debt and no debt service fund.

### **Capital Projects Fund**

The capital projects fund is used to account for funds received and expended for the acquisition or construction of capital facilities, improvements, and equipment (other than those financed by proprietary funds.)

### **Special Revenue Funds**

As indicated earlier, the MSD has 5 special revenue funds. One for each township. The special revenue fund(s) for the MSD, becomes essentially the general fund of the township and is reported as such in individual financial statements and reports.

### **Copperton Cemetery**

Copperton cemetery is reported in the financial statements as a permanent fund. That means the resources are invested and the government (Copperton) may spend the earnings, for a purpose identified by the provider of the resources or by Copperton Township who is entrusted with the funds.

### ***Proprietary Funds***

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The District currently has no proprietary funds, as of yet.

### **Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the *Statement of Net Position*; and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

### **Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.



## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

The economic resources measurement focus means that all assets and liabilities (whether current or non-current) are included on the *Statement of Net Position*; and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers amounts collected within 60 days after year-end to be available. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

### **Assets, Liabilities, and Fund Balance or Equity**

#### **Deposits and investments**

The District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents for reporting purposes in the *Statement of Cash Flows*. There is no “Statement of Cash Flows” in the current financial report, however one will be featured in upcoming financial reports, with the creation of our proprietary fund.

#### **Receivables and payables and transfers**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/due from other funds.”

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in both governmental and proprietary funds.

Revenues received from the Townships or paid to the Townships are represented as “interlocal contracts.”

#### **Inventory**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

#### **Restricted and Unassigned Net position**

Fund balance should also be reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation, as the term is used in GASB 54 authorizes the government to assess, levy,



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for a specific purpose stipulated in the legislation.

Examples of restricted fund balance include restricted assets that are comprised of cash restricted for future payments of principal and interest on debt services or for pension-related transactions.

The District currently carries no outstanding debt. It is the policy of the District to use assets in the following order: Restricted and then unassigned assets.

When both restricted and unassigned resources are available for use for the same purposes, restricted resources are expended first, in order to meet statutory, budgetary, grant or revenue requirements. For instance, if the District receives grants, the District has maintained the policy that those funds for grant expenses will be expended prior to expending District allocated funds, in order to report to the State that all funds distributed for the grant have been properly expended.

**Capital Assets**

Capital assets, which include property, plant, equipment, are reported in the Statement of Net Position. All current capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets having an original cost of \$5,000 or more are capitalized. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	10-50 years
Improvements other than buildings *	20-50 Years
Machinery and equipment	5-20 years
Office furniture and equipment	5-15 Years
* including distribution systems and other infrastructure	

**Compensated Absences**

Compensated absences consist of vacation pay and some sick pay. The District accrues vacation pay when earned. Accrued vacation pay over 320 hours is forfeited on an annual basis, under Salt Lake County.

For 2018, all employees are employees of Salt Lake County. Employees of the MSD are assessed and pay back any payroll expensed on their behalf, through billings from Salt Lake County.

For 2019 and going forward, the MSD will have employees and will accrue sick and vacation under its' own employee policies, which have not been determined at this point.

With the hiring of our own employees, because of the management of compensated absences, the majority of vacation and sick pay earned now and going forward will be considered long-term. These items will be



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

seen in the “Changes in long-term debt” schedule for more information on compensated absences, for 2019 and going forward.

For 2018, the short and long-term implications of compensated absences will remain with Salt Lake County and reflected in their financial statements.

**Deferred Outflows/Inflows of Resources**

Beginning in 2017, the MSD implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These Statements provide financial reporting guidance to standardize the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. They also establish accounting standards and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at December 31, 2018 and revenues and expenses during the year then ended. The actual results could differ from those estimates.

**Pensions**

For 2018, pension reporting will be done on the Salt Lake County level, as the employees are technically Salt Lake County employees. However, as a note of what to look for going forward, the following information concerning pensions is provided: 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, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Because all employees are recognized under Salt Lake County, for period ended December 31, 2018,



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

no pension reporting will be done in the MSD, in these financial reports.

**NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING**

Budgets are adopted on a basis consistent with generally accepted accounting principles. The District maintains legally adopted budgets.

The District Board approves by resolution the total budget appropriation and the individual “township” appropriations. The District Budget Officer is authorized to transfer budget amounts within departments of a fund. Any revisions that alter the total appropriations of any fund must be approved by the District Board. For the MSD budget, Budgetary control is maintained primarily at the department level.

Each individual township also adopts their individual budget(s). For the Townships, budgetary control is maintained at the fund (township) level.

Unused appropriations for most of the annually budgeted funds lapse at the end of the year. The exceptions of course are, those budgets for long-term capital projects.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The District follows the requirements of the Utah Money Management Act (*Utah Code Annotated 1953, Section 51, Chapter 7*) and the rules of the Utah Money Management Board (the Board). Following are discussions of the District’s exposure to various risks related to its cash management activities.

The District’s carrying value in the District’s bank accounts was \$28,215,004. All amounts not covered by federal depository insurance at December 31, 2018 also totaled \$28,215,004. No deposits are collateralized, nor is that required by State statute.

**Custodial Credit risk**

*Deposits.* Custodial credit risk for 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. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured up to a mandatory limit by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Board. As of December 31, 2018, the deposits were as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance December 31, 2018</u>
PTIF	Uninsured	\$ 1,990,383
Held by Salt Lake County	Uninsured	<u>26,224,621</u>
Total Deposits		<u>\$ 28,215,004</u>



**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

*Investments.* Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. As with Deposits, the District’s policy for managing custodial credit risk of investments is to adhere to the Money Management Act.

**Credit Risk**

Credit risk is the risk that the 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 Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Services or Standard & Poor’s; bankers’ acceptances; obligations of the U.S. treasury and U.S government-sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated “A” or higher by two nationally recognized statistical rating organizations defined in the Act.

The District is authorized to invest in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Board requirements.

The PTIF is not registered with the SEC (Securities and Exchange Commission) as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balances.

The fair value of the PTIF balance approximates the cost; the difference is considered immaterial. The fair value of the District’s position in the PTIF is the same as the value of the pool shares.

The following are the District’s investments as of December 31, 2018:

Investments by fair value level	12/31/2018	Fair Value Measurements		
		Level 1	Level 2	Level 3
Utah Public Treasurer’s Investment Fund (PTIF)	\$ 1,990,383	\$ -	\$ 1,990,383	\$ -
Funds Held by Salt Lake County	26,224,621	-	26,224,621	-
Total investments by fair value	<u>\$ 28,215,004</u>	<u>\$ -</u>	<u>\$ 28,215,004</u>	<u>\$ -</u>

**Fair Value of Investments**

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:



**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these does not entail any significant degree of judgement. Securities classified as Level 1 inputs include U.S. Government securities and certain other U.S. Agency and sovereign government obligations.
- Level 2: valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Securities classified as Level 2 include: corporate and municipal bonds, and “brokered” or securitized certificates of deposit.
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Debt and equity securities classified in Level 1 are valued using the following approaches. Some securities have a structure that implies a standard expected market price. Examples include a floating rate note with frequent resets that make it reasonable to expect the price to stay at par or an open-ended money market fund expected to maintain a Net Asset Value of \$1 per share. These securities are priced at the expected market price.

- Corporate and Municipal Bonds and Commercial Paper: quoted prices for similar securities in active markets.
- Repurchase Agreements, Negotiable Certificates of Deposit and Collateralized Debt Obligations; matrix pricing based on the securities’ relationship to benchmark quoted prices.
- Money Market, Bond and Equity Mutual Funds: published fair value per share (unit) for each fund.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed-rate negotiable deposits and corporate obligations to 365 days or less.

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**NOTE 4 – RECEIVABLES**

Receivables as of year-end for the government’s individual funds, are as follows:

Receivables:	
Due from Other Entities	\$ 640,467
Other	126
Due from Other Funds	2,023,684
	\$ 2,664,276

**NOTE 5 – DEFERRED INFLOWS**

*Deferred inflows (formerly referred to as deferred revenue)* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Normally, at the end of the fiscal year, the various components of *deferred inflows* and *unearned revenue* reported in the governmental funds consist of pension-related inflows. However, because technically, Salt Lake County employed all employees, even if they were MSD employees, deferred inflows related to pensions will not be reported until December 31, 2019.

**NOTE 6 – CAPITAL ASSETS**

2018	Beginning Balance	Additions	Transfers	Deletions	Ending Balance 12/31/2018
Capital Assets Not Being Depreciated					
Land (Including ROW)	\$ 31,293,446	\$ -	\$ -	\$ (75,753)	\$ 31,217,693
Infrastructure	70,002,876	391,055	(9,092)	(316,304)	70,068,535
Construction in Progress	2,580,638	4,327,051	-	(2,067,928)	4,839,761
Total capital assets not being depreciated	\$ 103,876,960	\$ 4,718,106	\$ (9,092)	\$ (2,459,985)	\$ 106,125,989
Capital Assets Being Depreciated					
Buildings	\$ 289,385	\$ -	\$ -	\$ -	\$ 289,385
Improvements other than buildings	4,380,697	946,094	-	(69,001)	5,257,790
Leasehold improvements	1,091,356	-	9,092	(44,633)	1,055,815
Infrastructure (Bridges and flood control)	3,928,349	-	-	-	3,928,349
Total Capital Assets being depreciated	\$ 9,689,787	\$ 946,094	\$ 9,092	\$ (113,634)	\$ 10,531,339
Accumulated Depreciation for:					
Buildings	\$ (31,849)	\$ (9,150)	\$ -	\$ -	\$ (40,999)
Improvements other than buildings	(1,401,513)	(178,289)	-	24,649	(1,555,153)
Leasehold improvements	(1,005,514)	(6,132)	-	35,541	(976,105)
Infrastructure (Bridges and flood control)	(1,516,948)	(116,880)	-	-	(1,633,828)
Total Accumulated Depreciation	\$ (3,955,824)	\$ (310,451)	\$ -	\$ 60,190	\$ (4,206,085)
Total capital assets, being depreciated, net	\$ 5,733,963	\$ 635,643	\$ 9,092	\$ (53,444)	\$ 6,325,254
Total Governmental Activity capital assets, net	\$ 109,610,923	\$ 5,353,749	\$ -	\$ (2,513,429)	\$ 112,451,243



**NOTE 7 – Special Item**

Effective January 1, 2017, five unincorporated areas of Salt Lake County began operations as metro townships. On that date, Salt Lake County transferred capital assets totaling \$102,900,227 to the respective Metro Townships.

In 2018, Salt Lake County donated assets (net depreciation) totaling \$736,627. This was comprised of the Magna Copper Park, the Big Bear Park and the Copperton Park.

The MSD donated a net of \$744,005 to Millcreek and Unincorporated Salt Lake County for Rose Canyon Road improvements and 2300 East safety projects.

**NOTE 8-PENSION PLANS**

**State Retirement**

Greater Salt Lake Municipal Services District has been approved to participate in the Local Governmental Noncontributory Retirement System, beginning in 2019. This retirement system is a cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

Currently, future employees of the MSD, currently employed by Salt Lake County or other governmental entities participate in the state retirement system through Salt Lake County or other governmental entities.

**General Information about the Pension Plan**

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

**Defined Benefit Plans**

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employees, retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employees, retirement systems.

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.



**NOTE 8-PENSION PLANS** (*Continued*)

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

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

**NOTE 9- OTHER LONG-TERM OBLIGATIONS**

Generally, the District would book and recognize "other-long-term obligations" related to employees. These obligations relate to sick leave payouts, accrued vacation, compensated absences, workers compensation, net pension liability and OPEB (Other post-employment benefits.)

However, for 2018, the employees working for the MSD are technically employed by Salt Lake County. The District will not adopt the liabilities of Salt Lake County when employees are hired in the District.

The "payout" of termination benefits will be made by Salt Lake County, and the District will be billed these amounts through contractual obligation.

When the District officially recognizes employees, a presentation of all employee-related and other long-term obligations will be presented.

For workers compensation and other legal claims, the District will record a liability for worker's compensation claims when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Structured settlements (contractual obligations to make agreed-upon payments on fixed dates) will be based on life expectancies and discounted rates for 20-year-high quality general obligation bonds.

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**NOTE 10 – TRANSACTIONS WITH OTHER GOVERNMENTAL ENTITIES**

The District has transactions with other governmental entities. Services provided by other governmental entities for the year ended December 31, 2018 are summarized as follows:

	<u>2018</u>
Salt Lake County Addressing	\$ 19,740
Salt Lake County Clerk	40,539
Salt Lake County Community Development	509,572
Salt Lake County District Attorney	226,972
Salt Lake County Employee Services	1,017,685
Salt Lake County Human Services	
Indigent Legal	162,442
Salt Lake County Justice Courts	1,329,439
Salt Lake County Municiple Services Stat and Gen	116,227
Salt Lake County Public Works	
Public Works Engineering	5,291,223
Animal Services	872,861
Public Works Operations	4,913,218
Parks	1,254,079
Planning	3,685,837
Permitting	138,474
Capital Improvement	8,480
	<u>\$ 19,586,789</u>

Some of these transactions occurred in funds other than the general fund.

**NOTE 11 – 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; injuries to employees; and natural disasters. It is the policy of the District to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damage, and other losses. A minimal deductible applies to these policies which the District pays in the event of any loss. There have been no significant reductions in the coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The District also has purchased a workers' compensation policy.

**NOTE 12 – LEASE ARRANGEMENTS**

The District entered into an agreement with the Salt Lake County to lease office space. The lease agreement is currently being re-negotiated and expected to be effective through December 31, 2019, with renewal options. The annual lease payment is \$300,629. However, we have been notified that the cost per square foot calculation in the lease arrangement, may increase.



**NOTE 13- RESTATEMENT OF NET ASSETS**

The MSD discovered this year that a restricted fund balance of \$1,017,685 belonged to another entity. The results of this finding resulted in a restating of both the fund balance and the net assets in the 2018 financial reports.

**NOTE 14- SUBSEQUENT EVENTS**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through June 20, 2019 the date the financial statements were available to be issued.

Subsequent to the publication of these financial reports, the District was officially recognized under Utah 2019 SB124-which further created independence from Salt Lake County, in that Salt Lake County's officers were not required to act on behalf of the Municipal Services District.

The District has chosen not to utilize Salt Lake County Treasurer services, auditor services, financial services, human resources services or Salt Lake County Mayorial direction.

A member of Salt Lake County Council sits on the Board of Trustees of the MSD, to represent unincorporated Salt Lake County. Also, interlocal contracts drive the use of Salt Lake County public works services, justice court, district attorney, indigent legal, engineering and other services.

**NOTE 15 – LITIGATION**

The District is a defendant in certain legal actions, pending actions, or in the process for miscellaneous claims. The ultimate liability which might result from the final resolution of the above matters is not presently determinable. District management is of the opinion the final outcome of the cases will not have an adverse effect on the District's financial statements.

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# Required Supplementary Information

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

## **Modified Approach**

- Asset Management System Reporting
- Road Network
- Bridge Network

## **Budgetary Comparison Schedules**

- General Fund

## **Pension Disclosures**

## **Required Supplementary Information Modified Approach – Asset Management System**

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the District and Townships have adopted an alternative method for reporting costs associated with certain infrastructure assets. Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The District and Townships capitalizes costs related to new construction, major replacements, and improvements that increase the capacity and/or efficiency of infrastructure assets reported under the modified approach.

For budgetary comparison, the schedules are presented in a basis that is consistent with GAAP.

In order to utilize the modified approach, the District and Townships is required to:

Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.

Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.

Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the District, Townships and Unincorporated Salt Lake County.

Document whether the infrastructure assets are being preserved approximately at or above the condition level established by the District and Townships.

### **Road System**

The condition of the District and Townships’ 411 miles of road pavement is measured using the Distress Identification Manual for Long-Term Pavement Performance Projects published by the Strategic Highway Research Program (SHRP), which is based on a weighted average of seven distress factors found in pavement surfaces. The pavement management system uses a measurement scale that is based on a condition index ranging from 0 to 100.

The District and Townships apply the modified approach only to the 411 lane-miles of roads that are owned by the District and Townships and maintained by Salt Lake county’s Public Works Department. The goal of the District and Townships, in conjunction with adopting the modified approach, is to develop and provide a cost-effective pavement maintenance and rehabilitation program that preserves the District and Townships’ investment in the road network and enhances public transportation and Safety.

Accounting principles generally accepted in the United States of America require reporting the last three complete condition assessments and needed-to-actual information for five years. The schedule below showing the percentage of roads in each service life category only presents information as of the most recent condition assessment period.

## Measurement Scale

The condition of road pavement is measured using a pavement Management System. The system employs a measurement scale that considers the condition of the highways and roads as denoted by a Pavement Condition Index (PCI), ranging from 0 to 100. The PCI is used to classify roads into categories as follows:

Category	PCI Rating Range	Description
Very Good	94-100	New or nearly new pavement which provides a very smooth ride and is mainly free of distress. (no maintenance work needed.)
Good	76-93	Pavement which provides an adequate ride, and exhibits few, if any, visible signs of distress. (Minor maintenance may be needed.)
Fair	64-75	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride of the user (Major maintenance is likely needed.)
Poor	41-63	These roadways have deteriorated to such an extent that they are in need of resurfacing, and the ride is noticeably rough. Structural improvements, in addition to major maintenance, are likely needed.)
Very Poor	0-40	Pavement in this category is severely deteriorated, and the ride quality is unacceptable (complete road reconstruction is likely needed.)

## Established Condition Level

It is the District and Townships' policy to maintain approximately 30% of its roads/highways at or above the "good" condition level, and no more than 20% at a "very poor" condition. Condition assessments are performed by geographic District and Townships within the network on approximately one-third of the roads/highways each year, in order to achieve a complete condition assessment at least every three years.

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**Assessed Conditions**

The following table represents the District and Townships’ estimated amounts needed to maintain and preserve its road network at or above its established condition levels, as well as the amounts actually spent on road maintenance and preservation, for 2018 (in thousands of dollars.)

<u>Category</u>	<u>2018</u>
Very Good/Good	51%
Very Poor	5%

The following table represents the District and Townships’ estimated amounts needed to maintain and preserve its road network at or above its established condition levels, as well as the amounts actually spent on road maintenance and preservation, for 2018 (in thousands of dollars.)

	<u>2018</u>
Estimated Spending	\$ 1,000,000
Actual Spending	\$ 1,300,000

Comparison of Needed to Actual Costs  
Road Maintenance/Preservation

	<u>2017</u>	<u>2018</u>
Needed	\$ 3,583,000	\$ 1,000,000
Actual	\$ 2,445,000	\$ 1,300,000

Two years information is presented for comparative purposes. More data will be presented in future years as it becomes available.

**Bridge Network**

The condition of the District and Townships’ bridges is determined using the Structures Inventory System to monitor the condition of the nine District and Townships-owned bridges. A number ranging from 1 – 100 is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established, 80 to 100, 50 to 79, and 1 to 49. It is District and Townships policy to maintain bridges with an average score of 70 or better. A condition assessment performed in fiscal years 2018 yielded an average score of 71. Condition assessments are performed every two years.

Accounting principles generally accepted in the United States of America require reporting the last three complete condition assessments and needed-to-actual information for five years. Because the District was formally formed in 2017, with responsibility of the townships passing from Salt Lake County, the MSD will only show current fiscal conditions. Further condition assessments will be shown as they become available. The schedule below showing the percentage of bridges in each condition assessment category for 2018.

One Bridge, number 035073D actually crosses jurisdictions into Cottonwood Heights City.

FYE 2018 average remaining service life and condition rating of the bridge network is:

Subjective Condition Rating of Bridge network

Percentage of network

80 to 100	54.55%
50 to 79	27.27%
0 to 49	<u>18.18%</u>
	100.00%

Comparison of Needed-to Actual Costs  
Bridge Maintenance/Preservation

	2017	2018	2019
Needed	\$ 61,124	\$ 43,177	\$ 300,000
Actual	\$ 61,124	\$ 665	\$ -

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## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual For Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
<b>Revenues (inflows)</b>				
Interlocal Taxes	\$ 15,696,200	\$ 15,600,000	\$ 14,580,311	\$ (1,019,689)
Interlocal Revenues	1,665,677	2,407,727	823,256	(1,584,471)
Grants and Contributions	-	833,333	-	(833,333)
Interlocal B&C Road Funds	991,087	9,329,130	10,171,304	842,174
Interlocal Franchise Fees	621,000	310,000	-	(310,000)
Miscellaneous	-	-	51,722	51,722
Interest income	-	391,986	389,449	(2,537)
Total revenues	18,973,964	28,872,176	26,016,042	(2,856,134)
<b>Expenditures (outflows)</b>				
General government	490,459	527,459	433,079	94,380
Outreach	856,949	540,014	403,505	136,509
Animal Services	872,863	872,863	872,861	2
Public Works Ops	7,412,508	7,412,508	4,880,385	2,532,123
Engineering	17,140,317	-	379,889	(379,889)
Parks	1,257,972	1,257,972	1,254,079	3,893
Indigent Legal	162,442	162,442	162,442	-
District Attorney	356,625	356,625	226,972	129,653
Justice Courts	1,603,634	1,503,634	1,329,439	174,195
Interlocal Capital	199,555	3,819,287	-	3,819,287
Planning	4,302,976	4,302,976	3,685,837	617,139
Interlocal Agreements	1,045,655	1,045,655	1,029,276	16,379
Total expenditures	35,701,955	21,801,435	14,677,764	2,383,125
<b>Other Financing Sources and Uses</b>				
Transfers in	-	-	-	-
Transfers out	-	(17,694,198)	(17,694,198)	-
Total Other Financing Sources/Uses	-	(17,694,198)	(17,694,198)	-
Excess (deficiency) of revenues over expenditures	(16,727,991)	(10,623,457)	(6,355,920)	(6,355,920)
Fund balance at beginning of year	21,434,859	21,434,859	21,434,859	
Restated fund balance	(1,017,685)	(1,017,685)	(1,017,685)	
Fund balance at end of year	\$ 20,417,174	\$ 20,417,174	\$ 14,061,254	



# Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by accounting principles generally accepted in the United States of America, not a part of the financial statements, but are presented for additional analysis.

Such statements and schedules include:

## **Individual Fund Financial Statements and Schedules**

General Fund

Special Revenue Funds:

Copperton Metro Township

Copperton Cemetery

Emigration Metro Township

Kearns Metro Township

Magna Metro Township

White City Metro Township

Capital Projects Fund

## **Additional Schedules**

Schedule of Insurance in Force

## **Budgetary Comparison Schedules**

## **Additional Auditor's Reports**

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.

Utah State Compliance Report based on the requirements, special tests, and provisions required by the State of Utah's Legal Compliance Guide.



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# General Fund

The general fund is the main operating fund of the MSD. This fund is used to account for all financial resources not accounted for in other funds.



**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**General Fund**  
Balance sheet  
December 31, 2018

**ASSETS**

Cash and cash equivalents	\$ 10,939,469
Cash in state treasurer's pool	485,476
Due from other governments	640,467
Due from other funds	<u>2,023,809</u>
Total assets	<u><u>\$ 14,089,221</u></u>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES**

Liabilities:

Accounts payable and accrued liabilities	\$ 11,014
Accrued Salaries	15,241
Unearned Revenues	<u>1,708</u>
Total liabilities	<u>27,963</u>

Fund Balances:

Restricted for:	5,073
Unassigned	<u>14,056,185</u>
Total fund balances	<u>14,061,258</u>
Total liabilities, deferred inflow of resources and fund balances	<u><u>\$ 14,089,221</u></u>



**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
 Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual  
 General Fund  
 For Year Ended December 31, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Interlocal Sales Tax	\$ 15,600,000	\$ 14,580,311	\$ (1,019,689)
Interlocal Franchise Tax	310,500	-	(310,500)
Total Taxes	<u>15,910,500</u>	<u>14,580,311</u>	<u>(1,330,189)</u>
Interlocal Licenses, Permits and Fees	\$ 1,578,227	\$ -	(1,578,227.00)
Interlocal Fines and Forfeitures	829,500	-	(829,500.00)
Interlocal B&C Road Funds	9,329,130	10,171,304	842,174.00
Other Interlocal agreement	-	823,256	823,256.00
Interest income	391,986	389,449	(2,537.00)
Other	833,333	51,722	(781,611)
Total revenues	<u>28,872,676</u>	<u>26,016,042</u>	<u>(2,856,634)</u>
<b>Expenditures</b>			
Salaries, wages, and employee benefits	240,710	234,184	6,526
Operational Expenses and supplies	32,449	74,228	(41,779)
Professional Expenses	229,500	122,135	107,365
Operational Contracts	20,228,321	13,195,409	7,032,912
Interlocal Agreements	1,045,655	1,029,276	16,379
Insurance	4,800	2,532	2,268
Contributions	20,000	20,000	-
Total expenditures	<u>21,801,435</u>	<u>14,677,764</u>	<u>7,123,671</u>
<b>Other financing sources (uses)</b>			
Transfers Out	(17,694,198)	(17,694,198)	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (10,622,957)</u>	<u>\$ (6,355,920)</u>	<u>\$ (9,980,305)</u>
Fund balances - beginning of year	21,434,859	21,434,859	
Restatement of Fund Balance	<u>(1,017,685)</u>	<u>(1,017,685)</u>	
Fund balances - ending of year	<u>\$ 20,417,174</u>	<u>\$ 14,061,254</u>	



**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**General Fund**

Comparative Five-Year Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Interlocal Sales Taxes	\$ 14,580,311	\$ 18,015,701
Interlocal B&C	10,171,304	11,751,723
Other Interlocal Revenues	823,256	7,360,127
Other revenues	441,171	29,254
Total revenues	<u>26,016,042</u>	<u>37,156,805</u>
<b>Expenditures</b>		
Administration	433,079	342,153
<b>Contracts</b>		
Outreach	403,505	-
Animal Services	872,861	1,543,641
Public Works Ops	4,880,385	9,165,668
Engineering	379,889	3,021,901
Parks	1,254,079	-
Indigent Legal	162,442	218,721
District Attorney	226,972	-
Justice Courts	1,329,439	1,200,693
Planning	3,685,837	5,600,513
Other Contracts		3,508,557
Interlocal Agreements	1,029,276	647,032
Citizen Committees	20,000	20,000
Capital	-	1,079,597
Total expenditures	<u>14,677,764</u>	<u>26,348,476</u>
<b>Other financing sources (uses)</b>		
Net operating transfers in (out)	<u>(17,694,198)</u>	-
Total other financing sources (uses)	<u>(17,694,198)</u>	-
Excess (deficiencies) of revenues and other financing sources over (under) expenditures and other financing uses	(6,355,920)	10,808,329
Fund balances - beginning of year	21,434,859	10,626,530
Restated Fund Balance	<u>(1,017,685)</u>	-
Fund balances - end of year	<u>\$ 14,061,254</u>	<u>\$ 21,434,859</u>

\*\*\*Additional Years will be added as information becomes available



# Combining Financial Statements Governmental Funds



Greater Salt Lake Municipal Services District  
Combining Balance Sheet  
Governmental Funds  
For Period Ended December 31, 2018

	General Fund	Copperton Metro Township	Copperton Cemetery	Emigration Canyon Metro Township	Keans Metro Township	Magna Metro Township	White City Metro Township	Capital Projects	Total Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 10,939,469	\$ 98,962	\$ 57,033	\$ 236,410	\$ -	\$ -	\$ 256,263	\$ 14,636,484	\$ 26,224,621
Cash in state treasurer's pool	485,476	22,220	-	-	782,722	699,965	-	-	1,990,383
Due from other entities	640,467	-	-	-	-	-	-	-	640,467
Due from other funds	2,023,809	-	-	-	-	-	-	-	2,023,809
Total assets	<u>\$ 14,089,221</u>	<u>\$ 121,182</u>	<u>\$ 57,033</u>	<u>\$ 236,410</u>	<u>\$ 782,722</u>	<u>\$ 699,965</u>	<u>\$ 256,263</u>	<u>\$ 14,636,484</u>	<u>\$ 30,879,280</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued liabilities	\$ 11,014	\$ 5,966	\$ -	\$ 5,517	\$ 2,141	\$ 11,546	\$ 5,157	\$ 39,161	\$ 80,502
Accrued salaries, wages and benefits	15,241	-	-	-	-	-	-	-	15,241
Deposits	-	-	-	19,441	8,500	38,496	-	-	66,437
Unearned Revenues	1,708	-	-	-	-	-	-	-	1,708
Total liabilities	<u>\$ 27,963</u>	<u>\$ 5,966</u>	<u>\$ -</u>	<u>\$ 24,958</u>	<u>\$ 10,641</u>	<u>\$ 50,042</u>	<u>\$ 5,157</u>	<u>\$ 39,161</u>	<u>\$ 163,888</u>
<b>FUND BALANCES</b>									
Committed:	-	-	-	-	-	-	-	14,597,323	14,597,323
Restricted:	5,073	-	57,033	19,442	8,500	38,496	-	-	128,544
Unassigned	14,056,185	115,216	-	192,010	763,581	611,427	251,106	-	15,989,525
Total fund balances	<u>14,061,258</u>	<u>115,216</u>	<u>57,033</u>	<u>211,452</u>	<u>772,081</u>	<u>649,923</u>	<u>251,106</u>	<u>14,597,323</u>	<u>\$ 30,715,392</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 14,089,221</u>	<u>\$ 121,182</u>	<u>\$ 57,033</u>	<u>\$ 236,410</u>	<u>\$ 782,722</u>	<u>\$ 699,965</u>	<u>\$ 256,263</u>	<u>\$ 14,636,484</u>	<u>\$ 30,879,280</u>



**Greater Salt Lake Municipal Services District**  
**Combining Schedule of Revenues, Expenditures and changes in fund balance**  
**Governmental Funds**  
**For Period Ended December 31, 2018**

	General Fund	Copperton Metro Township	Copperton Cemetery	Emigration Metro Township	Kearns Metro Township	Magna Metro Township	White City Metro Township	Capital	Governmental Funds
<b>Revenues</b>									
Sales Tax	\$ -	\$ 92,813	\$ -	\$ 203,688	\$ 4,343,787	\$ 3,640,592	\$ 626,939	\$ -	\$ 8,907,819
Liquor Tax	-	384	-	762	17,246	14,118	2,682	-	35,192
Total Taxes	-	93,197	-	204,450	4,361,033	3,654,710	629,621	-	8,943,011
Franchise Fee	-	-	-	-	-	-	-	-	-
Licenses, Permits and Fees	-	20,934	-	53,797	283,082	555,168	41,405	-	954,386
Grants and Contributions	-	-	-	-	-	-	-	57,926	57,926
Interlocal Sales Tax	14,580,311	-	-	-	-	-	-	-	14,580,311
Interlocal B&C Road funds	10,171,304	34,186	-	89,850	1,268,363	1,006,824	219,252	-	12,789,779
Fines and Forfeitures	-	590	-	319	19,203	71,994	1,598	-	93,704
Justice Court Revenue	-	4,937	-	9,590	216,068	167,832	34,774	-	433,201
Interlocal agreement Revenues	823,256	168,019	-	158,480	219,932	260,825	189,187	2,163,246	3,982,945
Transfers In	-	-	-	-	-	-	-	17,694,198	17,694,198
Interest income	389,449	1,865	-	4,304	65,949	55,030	9,891	7,674	534,162
Other	51,722	1,307	24,865	1,331	22,297	57,846	3,613	-	162,981
Total revenues	26,016,042	325,035	24,865	522,121	6,455,927	5,830,229	1,129,341	19,923,044	60,226,604
<b>Expenditures</b>									
Salaries, wages, and employee benefits	234,184	66,000	-	74,132	66,000	58,131	16,200	-	514,647
Operational Expenses and supplies	74,228	3,224	-	5,450	7,663	7,232	564	-	98,361
Utilities	-	-	-	-	-	-	-	-	-
Professional Expenses	122,135	36,328	-	9,750	9,773	90,170	52,316	-	320,472
Interlocal/Agency Agreements	1,029,276	157,016	-	363,641	6,235,995	5,569,404	940,154	-	14,295,486
Interagency Contracts	13,195,409	-	-	-	-	-	-	-	13,195,409
Maintenance	-	-	-	-	-	-	-	1,560,487	1,560,487
Non-Capital Infrastructure	-	-	-	-	13,754	-	-	-	13,754
Improvements other than Buildings	-	-	-	-	-	-	-	3,765,234	3,765,234
Insurance	2,532	8,424	-	8,567	22,702	13,894	9,210	-	65,329
Capital Outlay	-	-	-	-	-	-	-	-	-
Other	-	1,204	-	202	9,269	-	-	-	10,675
Contributions	20,000	-	-	-	43,549	25,000	25,799	-	114,348
Total expenditures	14,677,764	272,196	0	461,742	6,408,705	5,763,831	1,044,243	5,325,721	33,954,202
<b>Other financing sources (uses)</b>									
Net operating transfers in (out)	(17,694,198)	-	-	-	-	-	-	-	(17,694,198)
Excess (deficiency) of revenues over (under) expenditures									
	\$ (6,355,920)	\$ 52,839	\$ 24,865	\$ 60,379	\$ 47,222	\$ 66,398	\$ 85,098	\$ 14,597,323	\$ 8,578,204
Beginning Fund Balance	\$ 21,434,859	\$ 62,377	\$ 32,168	\$ 151,073	\$ 724,858	\$ 583,522	\$ 166,008	\$ -	\$ 23,154,865
Restatement of Fund Balance	\$ (1,017,685)	-	-	-	-	-	-	-	\$ (1,017,685)
Ending Fund Balance	\$ 14,061,254	\$ 115,216	\$ 57,033	\$ 211,452	\$ 772,080	\$ 649,920	\$ 251,106	\$ 14,597,323	\$ 30,715,384



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# Governmental Funds

## **Special Revenue Funds**

**Copperton Metro Township**  
**Emigration Canyon Metro Township**  
**Kearns Metro Township**  
**Magna Metro Township**  
**White City Metro Township**

Because of the nature of the GSLMSD, and the independence of the Townships, recognized as “component units” in the GSLMSD special revenue funds, but also as independent entities, under Utah law, it’s important to recognize each special revenue fund financial statement, both as a special revenue fund and an independent entity statement, these statements are presented as other supplementary information, in an effort to meet both reporting requirements.



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# Copperton Metro Township



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**COPPERTON METRO TOWNSHIP**

Balance sheet

December 31, 2018

**ASSETS**

Cash and cash equivalents	\$	98,962
Cash in state treasurer's pool		<u>22,220</u>
Total assets	\$	<u><u>121,182</u></u>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES**

Liabilities:

Accounts payable and accrued liabilities	\$	<u>5,966</u>
Total liabilities		<u>5,966</u>

Fund Balances:

Unassigned		<u>115,216</u>
Total fund balances		<u>115,216</u>
Total liabilities, deferred inflow of resources and fund balances	\$	<u><u>121,182</u></u>



**COPPERTON METRO TOWNSHIP**  
 Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual  
 For Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax	\$ 90,140	\$ 92,813	\$ 2,673
Liquor Tax	-	384	384
Cable Franchise	3,023	-	(3,023)
Licenses and Permits	-	20,934	20,934
Planning, Zoning and Engineering Fees	15,627	-	(15,627)
Fines and Forfeitures	8,295	590	(7,705)
Justice Court Revenue	8,295	4,937	(3,358)
B&C Road Funds	32,378	34,186	1,808
Interlocal agreement	163,219	168,019	4,800
Interest income	869	1,865	996
Other	5,357	1,307	(4,050)
Total revenues	<u>327,203</u>	<u>325,035</u>	<u>(2,168)</u>
<b>Expenditures</b>			
Salaries, wages, and employee benefits	66,000	66,000	-
Operational Expenses and supplies	8,971	3,224	5,747
Professional Expenses	82,000	36,328	45,672
Interlocal Agreements	159,184	157,016	2,168
Insurance	4,800	8,424	(3,624)
Other	6,248	1,204	5,044
Total expenditures	<u>327,203</u>	<u>272,196</u>	<u>55,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 52,839</u>	
Fund balances - beginning of year	<u>94,544</u>	<u>62,377</u>	
Fund balances - ending of year	<u>\$ 94,544</u>	<u>\$ 115,216</u>	



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**COPPERTON CEMETERY**  
Balance sheet  
December 31, 2018

**ASSETS**

Cash and cash equivalents	<u>\$ 57,033</u>
Total assets	<u><u>\$ 57,033</u></u>

Fund Balances:

Restricted for:	-
Cemetery Services	<u>57,033</u>
Total fund balances	<u>57,033</u>

Total liabilities, deferred inflow of resources and fund balances	<u><u>\$ 57,033</u></u>
--	-------------------------

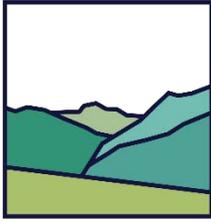


**COPPERTON CEMETERY**

Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual  
For Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Cemetery Revenue	\$ -	\$ 24,865	\$ 24,865
Total revenues	<u>-</u>	<u>24,865</u>	<u>24,865</u>
<b>Expenditures</b>			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 24,865</u>	

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**EMIGRATION CANYON**  
METRO TOWNSHIP

# Emigration Canyon Metro Township

**EMIGRATION CANYON**  
METRO TOWNSHIP**EMIGRATION CANYON METRO TOWNSHIP**

Balance sheet

December 31, 2018

**ASSETS**

Cash and cash equivalents	\$ 236,410
Total assets	<u>\$ 236,410</u>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES**

## Liabilities:

Accounts payable and accrued liabilities	\$ 5,518
Performance Bonds	<u>19,440</u>
Total liabilities	<u>24,958</u>

## Fund Balances:

Restricted for:	19,441
Unassigned	<u>192,011</u>
Total fund balances	<u>211,452</u>

Total liabilities, deferred inflow of resources and fund balances	<u>\$ 236,410</u>
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**EMIGRATION CANYON METRO TOWNSHIP**  
Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual  
For Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax	\$ 196,813	\$ 203,688	\$ 6,875
Liquor Tax	-	762	762
Cable Franchise	5,795	-	(5,795.0)
Licenses and Permits, Planning, Zoning, Eng.	161,413	54,116	(107,297)
B&C Road Funds	87,653	89,850	2,197
Justice Court	15,761	9,590	(6,171)
Interlocal agreement	192,480	158,480	(34,000)
Interest income	897	4,304	3,407
Other	-	1,331	1,331
Total revenues	<u>660,812</u>	<u>522,121</u>	<u>(138,691)</u>
<b>Expenditures</b>			
Salaries, wages, and employee benefits	74,232	74,132	100
Operational Expenses and supplies	49,114	5,450	43,664
Professional Expenses	26,868	9,750	17,118
Interlocal Agreements	305,519	363,641	(58,122)
Insurance	-	8,567	(8,567)
Contributions	8,266	-	8,266
Other	-	202	(202)
Total expenditures	<u>463,999</u>	<u>461,742</u>	<u>2,257</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 196,813</u>	<u>\$ 60,379</u>	
Fund balances - beginning of year	<u>151,073</u>	<u>151,073</u>	
Fund balances - ending of year	<u>\$ 151,073</u>	<u>\$ 211,452</u>	

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# Kearns Metro Township

**KEARNS METRO TOWNSHIP**

Balance sheet

December 31, 2018

**ASSETS**

Cash in state treasurer's pool	\$ 782,722
Total assets	<u>\$ 782,722</u>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES**

## Liabilities:

Accounts payable and accrued liabilities	\$ 2,141
Performance Bonds	<u>8,500</u>
Total liabilities	<u>10,641</u>

## Fund Balances:

Restricted for:	8,500
Unassigned	<u>763,581</u>
Total fund balances	<u>772,081</u>

Total liabilities, deferred inflow of resources and fund balances	<u>\$ 782,722</u>
--	-------------------



**KEARNS METRO TOWNSHIP**  
 Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual  
 For Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax	\$ 4,309,861	\$ 4,343,787	\$ 33,926
Liquor Revenue	-	17,246	17,246
Franchise Tax	133,613	-	(133,613)
Licenses, Permits and Fees	690,657	283,082	(407,575)
B&C Road funds	1,225,205	1,268,363	43,158
Fines and Forfeitures	-	19,203	19,203
Justice Court Revenue	355,026	216,068	(138,958)
Interlocal agreement	219,932	219,932	-
Interest income	9,533	65,949	56,416
Other	-	22,297	22,297
Total revenues	<u>6,943,827</u>	<u>6,455,927</u>	<u>(487,900)</u>
<b>Expenditures</b>			
Salaries, wages, and employee benefits	71,000	66,000	5,000
Operational Expenses and supplies	38,383	7,663	30,720
Professional Expenses	43,665	9,773	33,892
Interlocal Agreements	6,905,564	6,235,995	669,569
Insurance	23,335	22,702	633
Capital Outlay	-	13,754	(13,754)
Other	-	9,269	(9,269)
Contributions	43,549	43,549	-
Total expenditures	<u>7,125,496</u>	<u>6,408,705</u>	<u>716,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (181,669)</u>	<u>\$ 47,222</u>	
Fund balances - beginning of year	<u>724,858</u>	<u>724,858</u>	
Fund balances - ending of year	<u>\$ 543,189</u>	<u>\$ 772,080</u>	

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# Magna Metro Township



**MAGNA METRO TOWNSHIP**  
**General Fund**  
Balance sheet  
December 31, 2018

**ASSETS**

Cash in state treasurer's pool	699,965
Total assets	<u>\$ 699,965</u>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES**

Liabilities:

Accounts payable and accrued liabilities	\$ 11,546
Performance Bonds	38,496
Total liabilities	<u>50,042</u>

Fund Balances:

Restricted	38,496
Unassigned	611,427
Total fund balances	<u>649,923</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 699,965</u>



**MAGNA METRO TOWNSHIP**  
 Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual  
 For Year Ended December 31, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax	\$ 3,608,341	\$ 3,640,592	\$ 32,251
Liquor Tax	-	14,118	14,118
Cable Franchise	104,006	-	(104,006)
Licenses, Permits and Fees	497,421	555,168	57,747
B&C Road Funds	965,648	1,006,824	41,176
Fines and Forfeitures	94,990	71,994	(22,996)
Justice Court	275,394	167,832	(107,562)
Interlocal agreement	278,825	260,825	(18,000)
Interest income	7,943	55,030	47,087
Other	-	57,846	57,846
Total revenues	5,832,568	5,830,229	(2,339)
<b>Expenditures</b>			
Salaries, wages, and employee benefits	66,000	58,131	7,869
Operational Expenses and supplies	17,575	7,232	10,343
Professional Expenses and Insurance	83,000	90,170	(7,170)
Interlocal Agreements	5,571,743	5,569,404	2,339
Insurance	14,000	13,894	106
Contributions	25,000	25,000	-
Contribution to Fund Balance	-	-	-
Total expenditures	5,777,318	5,763,831	13,487
Excess (deficiency) of revenues over (under) expenditures	\$ 55,250	\$ 66,398	
Fund balances - beginning of year	583,522	583,522	
Fund balances - ending of year	\$ 638,772	\$ 649,920	

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# White City Metro Township



**WHITE CITY METRO TOWNSHIP**

Balance sheet  
December 31, 2018

**ASSETS**

Cash and cash equivalents	\$ 256,263
Total assets	<u>\$ 256,263</u>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES**

Liabilities:

Accounts payable and accrued liabilities	\$ 5,157
Total liabilities	<u>5,157</u>

Fund Balances:

Unassigned	251,106
Total fund balances	<u>251,106</u>

Total liabilities, deferred inflow of resources and fund balances	<u>\$ 256,263</u>
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**WHITE CITY METRO TOWNSHIP**  
 Schedule of Revenues, Expenses and Changes in Fund Balance Budget to Actual  
 For Year Ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax	\$ 622,916	\$ 626,939	\$ 4,023
Liquor Tax	-	2,682	2,682
Cable Franchise	21,758	-	(21,758)
Licenses, Permits and Fees	104,059	41,405	(62,654)
B&C Road Funds	210,162	219,252	9,090
Fines and Forfeitures	-	1,598	1,598
Justice Court	56,406	34,774	(21,632)
Interlocal agreement	214,986	189,187	(25,799)
Charges for services	8,408	-	(8,408)
Interest income	1,452	9,891	8,439
Other	98,598	3,613	(94,985)
Total revenues	<u>1,338,745</u>	<u>1,129,341</u>	<u>(209,404)</u>
<b>Expenditures</b>			
Salaries, wages, and employee benefits	66,000	16,200	49,800
Operational Expenses and supplies	5,488	564	4,924
Professional Expenses and Insurance	85,800	52,316	33,484
Interlocal Agreements	1,123,759	940,154	183,605
Insurance	6,100	9,210	(3,110)
Contributions	25,799	25,799	-
Total expenditures	<u>1,338,745</u>	<u>1,044,243</u>	<u>294,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 85,098</u>	
Fund balances - beginning of year	<u>166,008</u>	<u>166,008</u>	
Fund balances - ending of year	<u>\$ 166,008</u>	<u>\$ 251,106</u>	

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## Additional Auditors' Reports

These additional reports are required by *Governmental Auditing Standards* and the Utah State Auditor's Office, respectively.



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Greater Salt Lake Municipal Services District  
Salt Lake City, 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 business-type activities, each major fund, and the aggregate remaining fund information of the Greater Salt Lake Municipal Services District (the District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 20, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Salt Lake Municipal Services 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 the 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 which might be material weaknesses or significant deficiencies. 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 of material misstatements, 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

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opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

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

### **Gilbert & Stewart**

GILBERT & STEWART, CPA PC  
Provo, Utah  
June 20, 2019



# GILBERT & STEWART

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

Board of Trustees  
Greater Salt Lake Municipal Services District  
Salt Lake City, Utah

### Report On Compliance

We have audited Greater Salt Lake Municipal Services District's 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 December 31, 2018.

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

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Restricted Taxes and Other Related Restricted Revenue
- Open and Public Meetings Act
- Public Treasurer's Bond
- Special and Local Service District Board Members

### Management's Responsibility

Management is responsible for compliance with the 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 Compliance

In our opinion, Greater Salt Lake Municipal Services District complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2018.

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### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are in our letter to management dated June 20, 2019 as item 2018-1. Our opinion on compliance is not modified with respect to these matters.

Greater Salt Lake Municipal Services District's response to the noncompliance findings identified in our audit is described in the accompanying our letter to management dated June 20, 2019 as item 2018-1. Greater Salt Lake Municipal Services 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 of compliance, 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 to detect and correct noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

## **Gilbert & Stewart**

GILBERT & STEWART, CPA PC  
Provo, Utah  
June 20, 2019

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## Statistical Section

The statistical section of a government's comprehensive annual financial report (CAFR) is the principal source of information regarding a government's economic condition.

The statistical section of the CAFR is designed to meet these objectives: 1) provide information on financial trends, 2) provide information on revenue, 3) provide demographic and economic information, and 4) provide operating information. The purpose of these objectives is as follows:

**Financial Trends.** This is intended to help understand and assess how a government's financial position has changed over time.

**Revenue Capacity Information.** This is intended to help understand and assess the factor's affecting a government's ability to generate its own-source revenues by providing information about a government's most significant own-source revenue.

**Debt Capacity Information.** This is not applicable to the District as the District carries no debt. The information would be intended to help understand and assess a government's debt burden and its ability to issue additional debt.

**Demographic and economic information.** This information is intended to help understand the socioeconomic environment within which a government operates and to provide information that enables comparisons of financial statement information over time and among governments.

**Operating information.** This information is intended to provide information about a government's operations and resources to assist in understanding a government's economic condition.



**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Net Assets by Component**  
Ten Fiscal Years\*  
(Accrual basis of accounting)

	<u>2018</u>	<u>2017</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ 112,451,243	\$ 109,610,923
Restricted	128,544	2,737,690
Committed	14,597,323	-
Unrestricted	<u>15,989,525</u>	<u>20,417,174</u>
Total government activities net assets	<u>143,166,635</u>	<u>132,765,787</u>
Primary government		
Invested in capital assets, net of related debt	112,451,243	109,610,923
Restricted	128,544	2,737,690
Committed	14,597,323	-
Unrestricted	<u>15,989,525</u>	<u>20,417,174</u>
Total primary government net assets	<u>\$ 143,166,635</u>	<u>\$ 132,765,787</u>

\*Information prior to 2017 is not available

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**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Changes in Net Position**  
Ten Fiscal Years\*  
(Accrual basis of accounting)

	Fiscal Year	
	<u>2018</u>	<u>2017</u>
<b>Expenses</b>		
Governmental activities:		
General government	\$ 14,746,519	\$ 15,298,584
Copperton Township	115,180	166,718
Copperton Cemetery	-	-
Emigration Canyon Township	98,101	345,265
Kearns Metro Township	172,710	4,184,022
Magna Metro Township	194,427	3,617,720
White City Metro Township	104,089	701,531
Other	-	-
Capital	1,735,297	-
Total governmental activities expense	17,166,323	24,313,840
Total primary government expenses	17,166,323	24,313,840
<b>Program Revenues</b>		
Governmental activities:		
Fees, Fines and Charges for Services	1,619,407	2,629,652
Operating grants and contributions		31,051,294
Capital grants and contributions	13,129,103	4,448,502
Total governmental activities programs revenues	14,748,510	38,129,448
Total primary governmental program revenues	\$ 14,748,510	\$ 38,129,448

\*\*\*Additional years will be added as they become available.

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**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Changes in Net Position (*Continued*)**  
Ten Fiscal Years\*  
(Accrual basis of accounting)

	Fiscal Year	
	<u>2018</u>	<u>2017</u>
<b>Net (Expense) Revenue</b>		
Governmental activities	\$ (2,418,083)	\$ 7,849,444
Total primary government net expense	(2,418,083)	7,849,444
 <b>General Revenues and Other Changes in Net Assets</b>		
Governmental activities:		
Taxes		
Sales and Use Tax	14,580,311	4,527,163
Liquor Tax	35,192	-
B&C Road Funds		
Gain (loss) on sale/retirement of capital assets	(432,275)	-
Donation of Assets	(744,005)	102,900,227
Interest income	397,123	198,838
Total governmental activities	13,836,346	107,626,228
Total primary government	13,836,346	107,626,228
 <b>Change in Net Assets</b>		
Governmental activities	11,418,263	115,475,672
Business-type activities	-	-
Total primary government	\$ 11,418,263	\$ 115,475,672

\*\*\*Additional Years will be added as they become available

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**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Cash Balances**  
December 31, 2018

	<b>General Fund</b>	<b>Copperton Metro Township</b>	<b>Copperton Cemetery</b>	<b>Emigration Metro Township</b>	<b>Kearns Metro Township</b>	<b>Magna Metro Township</b>	<b>White City Metro Township</b>	<b>Capital</b>	<b>Total</b>
Cash - PTIF	\$ 485,476	\$ 22,220	\$ -	\$ -	\$ 782,722	\$ 699,965	\$ -	\$ -	\$ 1,990,383
Cash - Held by County	10,939,469	97,962	57,033	236,410	-	-	256,263	14,636,484	26,223,621
Cash-Petty Cash	-	1,000	-	-	-	-	-	-	1,000
	<u>\$ 11,424,945</u>	<u>\$ 121,182</u>	<u>\$ 57,033</u>	<u>\$ 236,410</u>	<u>\$ 782,722</u>	<u>\$ 699,965</u>	<u>\$ 256,263</u>	<u>\$ 14,636,484</u>	<u>\$28,215,004</u>

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**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Annual Income of Greater Salt Lake Municipal Services District Residents by Federal AGI**  
Ten Calendar Years

Fiscal Year	Kearns			Magna			Salt Lake County			Copperton		
	Average Income	Federal Returns Filed	Gross AGI for Kearns	Average Income	Federal Returns Filed	Gross AGI for Magna	Average Income	Federal Returns Filed	Gross AGI for Salt Lake County	Average Income	Federal Returns Filed	Gross AGI for Copperton
2008	\$ 36,575	10,889	\$ 398,268,893	\$ 39,415	10,293	\$ 405,699,466	\$ 54,088	421,150	\$ 22,778,999,387	\$ 48,348	244	\$ 11,796,936
2009	\$ 35,780	10,262	\$ 367,169,956	\$ 38,978	9,959	\$ 388,178,621	\$ 51,452	410,185	\$ 21,104,995,343	\$ 49,455	234	\$ 11,572,519
2010	\$ 38,200	9,231	\$ 352,620,592	\$ 40,865	9,589	\$ 391,857,992	\$ 50,751	418,950	\$ 21,262,072,831	\$ 49,364	247	\$ 12,193,009
2011	\$ 38,176	8,958	\$ 341,982,517	\$ 41,625	9,608	\$ 399,930,296	\$ 51,540	428,461	\$ 22,082,819,789	\$ 52,785	251	\$ 13,248,958
2012	\$ 36,292	9,420	\$ 341,872,095	\$ 40,143	10,316	\$ 414,110,462	\$ 54,921	433,182	\$ 23,790,721,445	\$ 50,640	238	\$ 12,052,312
2013	\$ 36,677	9,326	\$ 342,054,192	\$ 40,646	10,507	\$ 427,062,920	\$ 54,886	440,841	\$ 24,195,811,652	\$ 51,667	237	\$ 12,245,013
2014	\$ 38,249	9,062	\$ 346,616,239	\$ 41,640	10,721	\$ 446,425,760	\$ 57,937	452,109	\$ 26,193,799,921	\$ 53,319	203	\$ 10,823,829
2015	\$ 39,577	8,935	\$ 353,621,457	\$ 42,490	11,165	\$ 474,405,256	\$ 59,960	466,014	\$ 27,942,287,965	\$ 52,667	218	\$ 11,481,306
2016	\$ 39,991	8,809	\$ 352,283,520	\$ 43,144	11,360	\$ 490,119,928	\$ 61,815	466,817	\$ 28,856,463,106	\$ 50,061	227	\$ 11,363,800
2017	\$ 44,293	11,442	\$ 506,796,474	\$ 37,369	8,384	\$ 313,299,703	\$ 64,321	475,072	\$ 30,557,087,576	\$ 49,185	228	\$ 11,214,101

Information for Emigration Metro Township and White City Metro Township, individually is not available.

Notes: Personal income - <http://www.tax.utah.gov/econstats>.  
<https://tax.utah.gov/econstats/income/state-returns>



**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Full-Time Equivilant District Employees by Function/Program**  
Ten Fiscal Years\*

<u>Function/Program</u>	<u>Fiscal Year</u>	
	<u>2017</u>	<u>2018</u>
General government		
Administration	-	2.00
Operation and Internal Servces	-	2.00
Planning		
Administration	-	1.00
Total	<u>0.00</u>	<u>5.00</u>

Source: Greater Salt Lake Municipal Services District

\*\*\*Information prior to the time listed is not available, due to the creation of the District in 2017.

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**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
Analysis of Expenditures  
For the Year Ended December 31, 2018

	2018				
	Salaries, Wages and Benefits	Materials, Supplies,	Other Charges	Capital Outlay	Total
<b>General Government</b>					
Administration	\$ 234,184	\$ 74,228	\$ 124,667	\$ -	\$ 433,079
<b>Contracts</b>					
Outreach	-	-	403,505	-	403,505
Animal Services	-	-	872,861	-	872,861
Public Works Ops	-	-	4,880,385	-	4,880,385
Engineering	-	-	379,889	-	379,889
Parks	-	-	1,254,079	-	1,254,079
Indigent Legal	-	-	162,442	-	162,442
District Attorney	-	-	226,972	-	226,972
Justice Courts	-	-	1,329,439	-	1,329,439
Planning	-	-	3,685,837	-	3,685,837
Interlocal Agreements	-	-	1,029,276	-	1,029,276
Citizen Committees	-	-	20,000	-	20,000
<b>Total</b>	<b>234,184</b>	<b>74,228</b>	<b>14,369,352</b>	<b>-</b>	<b>14,677,764</b>
<b>Copper ton</b>					
Administration	60,000	186	54,994	-	115,180
Interlocal Agreements	-	-	157,016	-	157,016
<b>Total</b>	<b>60,000</b>	<b>186</b>	<b>212,010</b>	<b>-</b>	<b>272,196</b>
<b>Emigration</b>					
Administration	74,132	3,771	20,198	-	98,101
Interlocal Agreements	-	-	363,641	-	363,641
<b>Total</b>	<b>74,132</b>	<b>3,771</b>	<b>383,839</b>	<b>-</b>	<b>461,742</b>
<b>Kearns</b>					
Administration	66,000	-	63,161	13,754	142,915
Interlocal Agreements	-	-	6,235,995	-	6,235,995
Citizen Committees	-	-	43,549	-	43,549
<b>Total</b>	<b>66,000</b>	<b>-</b>	<b>6,342,705</b>	<b>13,754</b>	<b>6,408,705</b>
<b>Magna</b>					
Administration	58,131	-	111,296	-	169,427
Interlocal Agreements	-	-	5,569,404	-	5,569,404
Citizen Committees	-	-	25,000	-	25,000
<b>Total</b>	<b>58,131</b>	<b>-</b>	<b>5,705,700</b>	<b>-</b>	<b>5,763,831</b>
<b>White City</b>					
Administration	16,200	-	62,089	-	78,289
Interlocal Agreements	-	-	940,154	-	940,154
Citizen Committees	-	-	25,799	-	25,799
<b>Total</b>	<b>16,200</b>	<b>-</b>	<b>1,028,042</b>	<b>-</b>	<b>1,044,242</b>
<b>Total Expenditures</b>	<b>\$ 508,647</b>	<b>\$ 78,185</b>	<b>\$ 28,041,648</b>	<b>\$ 13,754</b>	<b>\$ 28,628,480</b>



**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Principal Employers of Salt Lake County**  
Current Year and Ten Years Ago

<u>Employer</u>	<u>2018</u>		<u>2008</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
University of Utah	15000-19999	1		
University Hospital	7000-9999	2		
Salt Lake County	5000-6999	2		
University of Utah	4000-4999	3		
C.R. England Inc.	3000-3999	4		
Delta Airlines	3000-3999	4		
L-3 Technologies, Inc.	3000-3999	4		
Primary Childrens Medical Center	3000-3999	4		
Discover Products, Inc.	3000-3999	4		
United Parcel Service	2000-2999	5		
VA Salt Lake City Health Care S	2000-2999	5		
University of Utah			15000-1999	1
Granite School District			7000-9999	1
Jordan School District			7000-9999	2
Salt Lake County			5000-6999	3
Delta Airlines			3000-3999	4
Salt Lake City School District			3000-3999	4
Salt Lake City Corp			3000-3999	4
Skywest Airlines			3000-3999	4
Salt Lake Community College			2000-2999	5
Associated Regional & University Pathologists			2000-2999	5



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**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Capital Assets by Function/Program**  
Ten Fiscal Years\*

<u>Function/Program</u>	<u>Fiscal Year</u>	
	<u>2018</u>	<u>2017</u>
Public Works		
Streets (miles)	284	289
Streetlights	2,160	2,160
Parks and recreation		
Kearns Metro Township		
Bruce Field Park	1	1
David Gourley Park	1	1
Impressions Park	1	1
Loder Park	1	1
Mountain Main Park	1	1
North Park	1	1
Oquirrh Highlands Park	1	1
South Park	1	1
Welker Memorial Park	1	1
Magna Metro Township		
Elk Run Park	1	1
Magna-Copper Park	1	1
Magna Mantle/Municipal Park	1	1
Magna Neighborhood Park	1	1
White City		
Big Bear Park	1	1
Big Bear Pavillion	1	1
Copperton		
Copperton Park	1	1
Copperton Pavilion	1	1

Sources: Greater Salt Lake Municipal Services District

\*Data prior to information for years listed, is not available.

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**GREATER SALT LAKE MUNICIPAL SERVICES DISTRICT**  
**Schedule of Insurance**  
January 2018 through December 2018

Description	Company	Liability Limit	Effective Date
General Liability	Utah Local Governments Trust	\$5,000,000	1/1/2018
Public Officials E&O	Utah Local Governments Trust	\$5,000,000	1/1/2018
Employment Practices			
Employee Benefits			
Auto Liability	Utah Local Governments Trust	\$5,000,000	1/1/2018
Property	Utah Local Governmtnets Trust	\$455,098	1/1/2018
Contents	Utah Local Governments Trust	\$32,500	1/1/2018
Contractors equipment	Utah Local Governments Trust	\$15,835	1/1/2018
EDP equipment	Utah Local Governments Trust	\$44,987	1/1/2018
Equipment in the Open	Utah Local Governments Trust	\$330,000	1/1/2018
Valuable Papers	Utah Local Governments Trust	\$10,000	1/1/2018
Earthquake	Utah Local Governments Trust	\$220,000,000	Shared 1/1/2018
Flood	Utah Local Governments Trust	\$110,000,000	Shared 1/1/2018
Crime	Utah Local Governments Trust	\$5,000,000	1/1/2018
Auto Physical Damage	Utah Local Governments Trust	Actual cash value	1/1/2018
Public Official Treasurer Bond	N/A	Now Included in Crime Coverage	1/1/2018

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Acknowledgment for the Picture on the Cover

[https://www.google.com/search?rlz=1C1GCEV\\_enUS825US825&biw=1920&bih=928&tbm=isch&sa=1&ei=q6a0XIevD5CasOX0i4OADg&q=brighton+township%2C+utah&oq=brighton+township%2C+utah&gs\\_l=img.3...11334.12136..12351...0.0..0.73.388.6.....0....1..gws-wiz-img.....0i24.LdVV8iSfi28#imgrc=ZNDcuGdIJkv4aM:](https://www.google.com/search?rlz=1C1GCEV_enUS825US825&biw=1920&bih=928&tbm=isch&sa=1&ei=q6a0XIevD5CasOX0i4OADg&q=brighton+township%2C+utah&oq=brighton+township%2C+utah&gs_l=img.3...11334.12136..12351...0.0..0.73.388.6.....0....1..gws-wiz-img.....0i24.LdVV8iSfi28#imgrc=ZNDcuGdIJkv4aM:)

Wiley GAAP for Governments 2017: Narrative of five categories of information for statistical tables.  
<https://books.google.com/books>. April 2, 2017.



Thank you, from the Administration and Staff of Greater Salt Lake Municipal Services District, for your interest in our District.