

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
A COMPONENT UNIT OF WASATCH COUNTY

Financial Statements

For the year ended December 31, 2019

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

For the year ended December 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (unaudited)	3
Basic Financial Statements	16
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet	19
Reconciliation of the Balance Sheet to the Government-wide Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities	22
Notes to Financial Statements	23
Required Supplementary Information (unaudited)	49
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	50
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Special Revenue Fund	51
Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) – Utah Retirement Systems	52
Schedules of the District Contributions – Utah Retirement Systems	53

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

For the year ended December 31, 2019

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
Additional Auditor's Reports and Schedule	55
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	56
Independent Auditor's Report on Compliance and Report on Internal Control over Compliance as Required by the <i>State Compliance Audit Guide</i>	58
Schedule of Findings and Recommendations	60



Independent Auditor's Report

The Board of Directors of
Wasatch County Fire District
(a Component Unit of Wasatch County)
Heber City, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Wasatch County Fire District (the District), a component unit of Wasatch County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 15, budgetary comparison information on pages 50 and 51, the Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) on page 52, and the Schedule of the District Contributions on pages 53 to 54, 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.

Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 29, 2020 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, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That reports 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.



Salt Lake City, Utah
May 29, 2020

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

As management of Wasatch County Fire Protection Special Service District (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the calendar year ended December 31, 2019. Please read it in conjunction with the District's financial statements and additional information that we have furnished with the Independent Auditor's Report.

HISTORY AND BACKGROUND OF THE DISTRICT

Wasatch County Fire Protection Special Service District was formed in 1987 to facilitate a more financially secure method of funding fire suppression and fire protection to all of Wasatch County. The District was organized under the statutes of the State of Utah allowing the District to levy taxes, issue bonds, construct fire stations, construct emergency services buildings, acquire fire protection and suppression apparatus, and generally operate and maintain those facilities for the general welfare and good of the citizens of Wasatch County. Prior to the organization of the District, most sources of funding came from Heber City Corporation and Wasatch County with occasional contributions from the towns of Midway, Wallsburg, and Charleston; and through fire department fund drives.

Today the District consists of entities made up of the Cities and Towns of Heber, Midway, Charleston, Wallsburg, Daniel, Timberlakes and surrounding areas, Interlaken, Strawberry Valley and surrounding areas, Woodland and surrounding areas, Bonanza Flat in Snake Creek Canyon and surrounding areas, and the entire Jordanelle Basin. All properties within Wasatch County are included within the boundaries of the District and are, therefore, provided with fire protection and suppression by the District. Private individuals, the State of Utah, or the Federal government own these properties.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceed the liabilities and deferred inflows of resources as of the close of the most recent year by \$7,288,006 (net position). Of this amount \$2,969,670 is invested in capital assets, and \$67,290 is restricted for pensions, leaving a balance of \$4,251,046 (net position – unrestricted) that may be used to meet the District's ongoing obligations to citizens and creditors.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

- In the General Fund, revenues exceed expenses by \$622,859. This excess is due mostly to increased property tax receipts, reimbursements for wildland firefighting and ambulance service fees received within the period of availability, and decreased equipment supply and employee costs. At the close of the fiscal year, the unassigned fund balance of the General Fund is \$3,464,259. State of Utah statutes allow a maximum unassigned fund balance of 100% of the current year's property tax of \$3,199,567. The excess balance is due to a delay in the purchase of equipment and supplies for the new fire suppression vehicles.
- The governing board closed the District's Special Revenue Fund as of December 31, 2019 and transferred all remaining assets and liabilities to the General Fund. In addition to cash totaling \$337,393, the General Fund received a receivable and an offsetting deferred inflow of resources for \$8,571 in tax lien certifications.
- In October 2019, the District adopted the Impact Fee Facilities Plan and Impact Fee Analysis which set the current impact fee at \$920 per equivalent residential unit (ERU) or per 1,000 square feet for residential properties, and \$1,465 per 1,000 square feet for commercial properties.
- The tax mill levy decreased to .000467 for 2019 from 000538 for 2018. However, growth in the area resulted in actual revenues slightly higher than the prior year.
- The District has an agreement with Wasatch County to be paid a flat fee for emergency medical services instead of Wasatch County passing through revenues from the insurance providers billed. The District recognized revenue of \$439,983 during the year ended December 31, 2019 for these services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this Management's Discussion and Analysis report, the Independent Auditors' Report, and the basic financial statements of the District. This discussion and analysis intends 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

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

other supplementary information in addition to the basic financial statements themselves. Comparative data from the prior year is presented to aid in the analysis of the District's activities.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources of the District, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the net position of the District 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 periods (e.g. uncollected assessments and earned but unused vacation leave.)

The governmental activities of the District include general government and administration of public safety as it is related to fire protection and prevention for all citizens living within the boundaries of Wasatch County Fire Protection Special Service District.

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 are *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

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintained three governmental funds during 2019. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Projects Fund, and Special Revenue Fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for the General Fund and the Special Revenue Fund to demonstrate compliance with their respective budgets and can be found in the required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes 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 consisting of the budgetary comparison statements, 10-year schedules containing the net pension liability (asset) and certain related ratios, information about statutorily required contributions to the pension plans and related ratios, and notes to the required supplementary information, when applicable. Additional auditor reports for the District are presented immediately following the required supplementary information. Please refer to the

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

table of contents for the location of the basic governmental fund financial statements, the required supplementary information, and the additional auditor's reports.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

At the close of the most recent calendar year, the District's total assets and deferred outflows of resources are \$8,543,693; total liabilities and deferred inflows of resources are \$1,255,687; and net position is \$7,288,006, as shown in the following summary statement:

Government-wide Statement of Net Position

December 31, 2019

With comparative totals as of December 31, 2018

	2019	2018	Increase (Decrease) 2018 to 2019
Assets and Deferred Outflows of Resources			
Current assets	\$ 4,771,076	\$ 4,784,546	\$ (13,470)
Other noncurrent assets	127,500	308,904	(181,404)
Capital assets, net	2,969,670	2,452,441	517,229
Deferred outflows of resources	675,447	373,166	302,281
Total assets and deferred outflows	\$ 8,543,693	\$ 7,919,057	\$ 624,636
Liabilities and Deferred Inflows of Resources			
Current liabilities	\$ 346,947	\$ 376,196	\$ (29,249)
Long-term liabilities	745,062	294,897	450,165
Deferred inflows of resources	163,678	371,402	(207,724)
Total liabilities and deferred inflows of resources	\$ 1,255,687	\$ 1,042,495	\$ 213,192
Net Position			
Net investment in capital assets	\$ 2,969,670	\$ 2,452,441	\$ 517,229
Net position – restricted for pensions	67,290	21,812	45,478
Net position – unrestricted	4,251,046	4,402,309	(151,263)
Total net position	\$ 7,288,006	\$ 6,876,562	\$ 411,444

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

Current Assets

Current assets consist of unrestricted cash and cash equivalents, receivables, and prepaid expenses. Receivables increased \$37,159 from the prior year due in part to accrued fees due from developers for landscaping deposits and an increase in property and use tax receivables. This increase was reduced by a \$58,889 decrease in unrestricted cash and cash equivalents accounting for most of the \$13,470 change in current assets from the prior year.

Noncurrent Assets

The District's noncurrent assets consist of restricted cash and cash equivalents, and a net pension asset. Properties lying within the wildland urban interface area who are unable to complete their landscaping until the following spring are required to make a \$5,000 deposit with the District. When the landscaping is later installed, the District inspects the property to verify that the landscaping plan has been followed, and the deposit is returned to the property owner. Although the balance fluctuated throughout the year as deposits were received and refunds were issued, restricted cash and cash equivalents as of December 31, 2019 did not change from the prior year.

The District is required to recognize an asset in its government-wide financial statements for its proportionate share of the net pension asset of all employers for benefits provided through pension plans administered by Utah Retirement Systems. The net pension asset decreased \$181,404 to a balance of \$0 as of December 31, 2019.

Capital Assets

Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the governmental fund financial statements. However, they are reported in the government-wide statement of net position. In addition, depreciation for the current year is reported only in the government-wide statement of activities. As of December 31, 2019, the District's capital assets total \$4,915,206. Accumulated depreciation equals \$1,945,536 and depreciation expense for the year is \$226,786. The District spent \$744,015 in capital outlay during the year including a \$121,300 down payment on a pumper truck. Total cost for the truck is estimated to be \$480,000. Additional information on the District's capital assets can be found in Note 4 to the financial statements.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

Long-term Liabilities

At the end of the year, the District had no debt outstanding. The District's long-term liabilities are comprised of accrued compensated absences and a net pension liability. Accrued compensated absences do not require the use of current financial resources. Therefore, they are not reported in the governmental fund financial statements but are reported in the government-wide statement of net position. As of December 31, 2019, the District has accrued compensated absences in the amount of \$280,102, which is a \$23,109 increase from the prior year. This amount is expected to increase again in the coming year with the addition of full-time fire suppression personnel. Additional information on the District's accrued compensated absences can be found in Note 7 to the financial statements.

Like the net pension asset discussed previously, the District is required to recognize a liability in its government-wide financial statements for its proportionate share of the net pension liability of all employers for benefits provided through pension plans administered by Utah Retirement Systems. The District's net pension liability increased \$427,056 to a balance of \$464,960 as of December 31, 2019. This change and the change in the net pension asset reflect the drop in projected earnings on pension plan investments reported by Utah Retirement Systems. See Note 5 to the financial statements for further information regarding the District's net pension liability.

Deferred Outflows and Deferred Inflows of Resources

The District is also required in its government-wide financial statements to recognize pension expense and deferred outflows/inflows of resources for its proportionate share of those collective amounts. The governmental fund financial statements are not affected by these requirements. As of December 31, 2019, the deferred outflow of resources related to pensions increased \$302,281 from the prior year. The District's deferred inflow of resources related to pensions decreased \$207,724 as of December 31, 2019. Additional information on the District's deferred outflows and deferred inflows of resources related to pensions can be found in Note 5 to the financial statements.

Net Position

The District's net position, the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure financial health or financial position. Over time, increases or decreases in the District's net position will be one indicator of whether its financial health is improving or deteriorating. However, one will also need to consider

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation. The District's net position is comprised of three categories: *net investment in capital assets*, *net position – restricted*, and *net position – unrestricted*.

Net investment in capital assets is the difference between capital assets net of accumulated depreciation and any outstanding debt issued to construct these assets. Net investment in capital assets has a balance of \$2,969,670 for the year ended December 31, 2019. These assets consist of fire suppression and other emergency vehicles, equipment, and buildings used to provide services within Wasatch County. For the year ended December 31, 2019, net investment in capital assets increased \$517,229 from the prior year. This change is due to the purchase of new assets totaling \$744,015 being reduced by the increase in accumulated depreciation of \$226,786.

Net position – restricted represents resources that are subject to external restrictions on how they may be used and cannot be used to meet the District's ongoing obligations to citizens and creditors. The District has resources of \$67,290 restricted for pensions once the net pension asset is adjusted for the related deferred outflows and inflows of resources.

Net position – unrestricted are the remaining assets. These assets are not subject to external restrictions on how they may be used. The District reported a decrease of \$151,263 in unrestricted net assets as of December 31, 2019 leaving the District with an unrestricted net position ending balance of \$4,251,046. This decrease is due mostly to the changes in the net pension asset and liability, as discussed previously.

Statement of Activities

While the Statement of Net Position shows the change in financial position of net assets, the Statement of Activities provides answers to the nature and sources of those changes. As of December 31, 2019, revenues exceeded expenses resulting in an increase in net position of \$411,444.

Charges for services consist of plan review and inspection fees; charges for fire suppression services and other related emergency services; and penalties and interest charged on past due accounts. Although the District recognized an increase in ambulance services and event standby fees, wildland firefighting reimbursements decreased significantly causing an overall decrease in charges for services of \$13,258 from the prior year.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

The District receives revenues from taxes collected by Wasatch County. The tax mill levy decreased to .000467 for 2019 from .000538 for 2018. However, the tax base increased due to growth in the area, resulting in an increase in total property tax receipts of \$34,461. As reported in the following summary statement, property taxes consist of current year levies, in lieu of fee receipts, prior years' delinquent taxes, and penalties and interest.

Government-wide Statement of Activities

For the year ended December 31, 2019

With comparative totals for the year ended December 31, 2018

	2019	2018	Increase (Decrease) 2018 to 2019
Program Revenues			
Charges for services	\$ 949,262	\$ 962,520	\$ (13,258)
Grants and contributions	732	55,100	(54,368)
General Revenues			
Property taxes	3,199,567	3,165,106	34,461
Interest income	87,426	57,474	29,952
Settlement gain		2,394,724	(2,394,724)
Gain on disposal of capital asset	16,351		16,351
Other	74,464	73,865	599
Total revenues	4,327,802	6,708,789	(2,380,987)
Expenses			
Fire Protection	3,916,358	3,689,017	227,341
Total expenses	3,916,358	3,689,017	227,341
Change in net position	411,444	3,019,772	(2,608,328)
Net position at beginning of year	6,876,562	3,856,790	3,019,772
Net position at end of year	\$ 7,288,006	\$ 6,876,562	\$ 411,444

General revenues of the District also consist of interest income earned on deposits with the Utah Public Treasurers' Investment Fund (PTIF) and the gain on disposal of capital assets. The PTIF interest rates climbed from 2.80% at the beginning of the year to almost 3.00% in March and then

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

gradually dropped to 2.28% as of the end of the year. Higher interest rates the first few months of the year allowed the District to earn more than in the prior year. The sale of old vehicles which were fully depreciated provided additional income of \$16,351.

Expenditures for fire protection services increased \$227,341 in comparison to the prior year. Payroll and related benefits increased \$472,472 as of December 31, 2019 due mostly to cost-of-living increases given at the first of the year, the retirement benefits on these additional wages, and increases in health insurance benefits. This increase was mitigated by a \$153,811 decrease in professional services due mostly to decreased legal fees and a \$95,935 decrease in materials and supplies due mostly to decreased equipment supply costs.

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. 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 calendar year.

In total the District's funds have an unassigned fund balance of \$3,464,259 as of December 31, 2019, which is a \$614,599 improvement from the prior year. With no funds reporting deficit fund balances as of December 31, 2019, the unassigned fund balance reflects the balance in the General Fund as of that date. Transfers from the Capital Project Fund for the purchase of apparatus and the remodel of the Jordanelle Station, in addition to the transfer from the Special Revenue Fund upon closure, account for most of this increase.

Previously, the Special Revenue Fund had a committed fund balance of \$330,750. Transfer of the cash on hand reimbursed the General Fund for a portion of the operations of the Jordanelle Station consuming the entire committed fund balance.

General Fund

The General Fund is the chief operating fund of the District. At the end of the current year, the fund balance of the General Fund increased \$622,859. This increase is reflected in an additional

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

\$462,925 of unrestricted cash and cash equivalents available for use as of December 31, 2019. The District has also accrued a larger receivable from Wasatch County for property taxes than at the end of the previous year.

Revenues in the General Fund increased \$75,260 from the previous year. The District recognized slight increases in all the General Fund sources of income except for grant revenue which decreased \$34,123 from the prior year.

The \$767,454 increase in expenditures from the previous year is a result of many factors. Payroll and related benefits increased \$353,157 partly due to cost-of-living raises and increased benefit costs, as discussed previously. The District spent \$650,066 more in capital outlay than the prior year most of which was for new fire suppression vehicles. The District realized savings in legal costs and equipment supplies which lessened the overall increase in expenditures.

Capital Projects Fund

The Capital Projects Fund is used to account for the funds received and expended in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing programs for the citizens of the District. The Capital Projects Fund balance of \$1,059,852 is assigned by the governing board for the acquisition and construction of capital facilities, improvements, and equipment. The governing board has reassigned funds from the Capital Projects Fund, as necessary, to be used for operations. In 2019, transfers were made from the Capital Projects Fund to the General Fund to pay for improvements at the Jordanelle Station and to replace fire apparatus.

Special Revenue Fund

The Special Revenue Fund was used to account for the collection and use of assessments levied against property in a designated assessment area. Activities of the fund included fire protection and emergency response services provided by the Jordanelle Station in the Jordanelle Basin; operations and maintenance of the Jordanelle Station; and billing and collection activities.

As noted previously, the fund was closed effective December 31, 2019 and all remaining assets and liabilities were transferred to the General Fund.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget revenues and the amended budget revenues is an increase of \$405,100. The budgeted revenues were amended to reflect an increase in estimated property tax receipts of \$104,900. Predicted plan review and inspection fees were increased \$68,200. Projected wildland fire suppression services were increased \$68,700, projected EMS reimbursements were increased \$36,300, and projected reimbursements for the shared Fire Warden were increased \$42,700, in addition to some smaller changes.

The difference between the amended budget revenues and the actual revenues was an increase of \$231,586 resulting mostly from receiving \$80,526 in unanticipated ambulance service fees, \$93,167 additional property tax revenues, and \$47,169 more for plan review and inspection fees.

The difference between the original budget expenditures and the amended budget expenditures is an increase of \$331,300 most of which was an addition to the budget for capital outlay to accommodate the needs of the District.

Budget appropriations exceeded actual costs by \$214,216. Payroll and related benefit costs were \$92,801 lower than anticipated due in part to less backfill time. Equipment supplies were \$152,211 lower than projected. Some planned purchases to equip the new trucks were postponed while others were capitalized according to District policy resulting in capital outlay exceeding budgeted expenditures by \$67,115. These variations account for most of the deviation from budgeted expenditures.

See the Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – General Fund in the required supplementary information for further information regarding budgetary comparisons for the General Fund.

LOOKING FORWARD

Growth within the boundaries of the District is increasing rapidly. One of District's top priorities is to improve response capability by identifying the critical needs of fire suppression and emergency medical services within Wasatch County. In September 2018, the District issued the Wasatch County Fire District, Wasatch County EMS Master Plan, which was then amended in

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Management's Discussion and Analysis

For the year ended December 31, 2019

November 2018. The Master Plan includes a list of short-term, mid-term, and long-term goals to be implemented on an incremental basis.

A key recommendation in the Master Plan is the need to create a strategic plan to address several core management categories that can help the District monitor progress on goals with measurable results. The strategic plan was adopted April 1, 2019 and can be found on the District's website. Within the strategic plan, the District has issued a Mission, Vision, and Values Statement which, in short, states the District is committed to creating a safer community through prevention, preparedness, and effective emergency response.

One way the District is accomplishing this is by formally merging Wasatch County EMS with the District as of January 1, 2020. This will help assure members of the community receive the best services possible. In addition, the strategic plan sets goals to increase responses times by adding three more full-time stations; provide space at the Heber Station for additional apparatus to be housed there by either upgrading the existing station or building a new one; and reduce the ISO rating by building a training tower to provide fire, EMS, and hazmat training opportunities.

In the coming year, the District will hire more full-time fire suppression personnel and begin implementation of the plan for the Heber Station.

With the outbreak of the COVID-19 pandemic in early 2020, the District is experiencing an increase in supply costs for personal protective equipment, cleaning supplies, and sanitizer. In addition, the District is having to pay more employees to backfill shifts. The EMS services provided have also been affected due to the amount of time necessary to prepare before and decontaminate the crew members and ambulance after transporting a patient suspected of having the virus. However, the District does not anticipate any significant financial affects from the changes created by this pandemic.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Wasatch County Fire Protection Special Service District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Wasatch County Fire Protection Special Service District, 10420 N Jordanelle Blvd, Heber City, Utah 84032.

BASIC FINANCIAL STATEMENTS

These statements offer short and long-term financial information about the District's financial activities.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Government-wide Statement of Net Position

December 31, 2019

With comparative totals for December 31, 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 3,694,865	\$ 3,753,754
Accounts receivable, net	48,258	31,710
Prepaid expenses	8,260	
Due from related and other governmental entities, net	1,019,693	999,082
Restricted cash and cash equivalents	125,000	125,000
Net pension asset		181,404
Capital assets		
Non-depreciable capital assets	378,804	100,000
Depreciable capital assets, net	2,590,866	2,352,441
Other assets	2,500	2,500
Total assets	7,868,246	7,545,891
 DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	675,447	373,166
 LIABILITIES		
Accounts payable and accrued expenses	221,947	251,196
Other liabilities	125,000	125,000
Accrued compensated absences	280,102	256,993
Net pension liability	464,960	37,904
Total liabilities	1,092,009	671,093
 DEFERRED INFLOWS OF RESOURCES		
Related to pensions	163,678	371,402
 NET POSITION		
Net investment in capital assets	2,969,670	2,452,441
Net position – restricted for pensions	67,290	21,812
Net position – unrestricted	4,251,046	4,402,309
Total net position	\$ 7,288,006	\$ 6,876,562

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
A COMPONENT UNIT OF WASATCH COUNTY
Government-wide Statement of Activities
For the year ended December 31, 2019
With comparative totals for the year ended December 31, 2018

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2019	2018
Governmental Activities						
Fire protection	\$ 3,916,358	\$ 949,262		\$ 732	\$ (2,966,364)	\$ (2,671,397)
Total government	<u>\$ 3,916,358</u>	<u>\$ 949,262</u>	<u>\$ -0-</u>	<u>\$ 732</u>	<u>(2,966,364)</u>	<u>(2,671,397)</u>
General Revenues						
Taxes – advalorem					3,199,567	3,165,106
Interest income					87,426	57,474
Gain on disposal of capital asset					16,351	
Other					74,464	2,468,589
Total general revenues					<u>3,377,808</u>	<u>5,691,169</u>
Change in net position					411,444	3,019,772
Net position at beginning of year					<u>6,876,562</u>	<u>3,856,790</u>
Net position at end of year					<u>\$ 7,288,006</u>	<u>\$ 6,876,562</u>

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Balance Sheet

December 31, 2019

With comparative totals for December 31, 2018

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>2019 Total</u>	<u>2018</u>
ASSETS					
Cash and cash equivalents	\$ 2,635,013	\$ 1,059,852	\$ -0-	\$ 3,694,865	\$ 3,753,754
Accounts receivable, net	48,258			48,258	31,710
Prepaid expenses	8,260			8,260	
Due from related and other governmental entities, net	1,019,693			1,019,693	999,082
Restricted cash	125,000			125,000	125,000
Total assets	<u>\$ 3,836,224</u>	<u>\$ 1,059,852</u>	<u>\$ -0-</u>	<u>\$ 4,896,076</u>	<u>\$ 4,909,546</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 51,865			\$ 51,865	\$ 27,409
Payable – other governmental entities	11,058			11,058	11,322
Accrued payroll and employee benefits	159,024			159,024	177,530
Accrued liabilities					34,935
Other liabilities	125,000			125,000	125,000
Total liabilities	<u>346,947</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>346,947</u>	<u>376,196</u>
Deferred Inflows of Resources					
Unavailable fire service receipts	1,326			1,326	80,742
Unavailable use taxes	7,374			7,374	
Unavailable assessments	8,058			8,058	14,740
Total deferred inflows of resources	<u>16,758</u>	<u>-0-</u>	<u>-0-</u>	<u>16,758</u>	<u>95,482</u>
Fund Balances					
Nonspendable prepaid expense	8,260			8,260	
Committed for Jordanelle Basin fire protection					330,750
Assigned for capital projects		1,059,852		1,059,852	1,257,458
Unassigned	3,464,259			3,464,259	2,849,660
Total fund balances	<u>3,472,519</u>	<u>1,059,852</u>	<u>-0-</u>	<u>4,532,371</u>	<u>4,437,868</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,836,224</u>	<u>\$ 1,059,852</u>	<u>\$ -0-</u>	<u>\$ 4,896,076</u>	<u>\$ 4,909,546</u>

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
A COMPONENT UNIT OF WASATCH COUNTY
**Reconciliation of the Balance Sheet
to the Government-wide Statement of Net Position**
December 31, 2019

Total fund balances		\$ 4,532,371
Amounts reported in the Government-wide Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds Balance Sheet.		
Capital assets cost	\$ 4,915,206	
Net of accumulated depreciation	<u>(1,945,536)</u>	2,969,670
Other assets used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds Balance Sheet.		
		2,500
Compensated absences are not due and payable in the current period; therefore, they are not reported in the governmental funds Balance Sheet.		
		(280,102)
Net pension assets and deferred outflows of resources related to pensions are not available financial resources and are not reported in the governmental funds Balance Sheet.		
		675,447
Accounts receivable not available to pay for current period expenditures are deferred in the governmental funds Balance Sheet.		
		16,758
Net pension liabilities and deferred inflows of resources related to pensions do not require current financial resources and are not reported in the governmental funds Balance Sheet.		
		(628,638)
Net position		<u><u>\$ 7,288,006</u></u>

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
A COMPONENT UNIT OF WASATCH COUNTY
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended December 31, 2019
With comparative totals for the year ended December 31, 2018

	General	Capital Projects	Special Revenue	2019 Total	2018
Revenues					
Property taxes	\$ 3,199,567			\$ 3,199,567	\$ 3,165,106
Plans and inspections	265,369			265,369	247,299
Grants					34,123
Interest	65,151	\$ 22,275		87,426	57,474
Charges for services	755,935		\$ 6,682	762,617	817,315
Settlement gain					2,394,724
Other revenues	74,464			74,464	73,865
Total revenues	<u>4,360,486</u>	<u>22,275</u>	<u>6,682</u>	<u>4,389,443</u>	<u>6,789,906</u>
Expenditures					
Current					
Payroll and related benefits	3,116,199			3,116,199	2,763,042
Professional services	116,819			116,819	270,630
Materials and supplies	168,467			168,467	264,402
Training and certification	26,305			26,305	11,361
Utilities	34,306			34,306	33,673
Insurance	26,564			26,564	26,652
Repairs and maintenance	79,309			79,309	80,821
Bad debt			39	39	
Capital outlay	744,015			744,015	93,949
Total expenditures	<u>4,311,984</u>	<u>-0-</u>	<u>39</u>	<u>4,312,023</u>	<u>3,544,530</u>
Excess of revenues over expenditures	<u>48,502</u>	<u>22,275</u>	<u>6,643</u>	<u>77,420</u>	<u>3,245,376</u>
Other Financing Sources					
Contributions from other governmental entities	732			732	20,977
Sale of capital assets	16,351			16,351	
Operating transfers in	557,274			557,274	
Operating transfers out		(219,881)	(337,393)	(557,274)	
Total other financing sources	<u>574,357</u>	<u>(219,881)</u>	<u>(337,393)</u>	<u>17,083</u>	<u>20,977</u>
Net Change in Fund Balances	622,859	(197,606)	(330,750)	94,503	3,266,353
Fund Balances at Beginning of Year	<u>2,849,660</u>	<u>1,257,458</u>	<u>330,750</u>	<u>4,437,868</u>	<u>1,171,515</u>
Fund Balances at End of Year	<u>\$ 3,472,519</u>	<u>\$ 1,059,852</u>	<u>\$ -0-</u>	<u>\$ 4,532,371</u>	<u>\$ 4,437,868</u>

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
A COMPONENT UNIT OF WASATCH COUNTY
**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-wide Statement of Activities**
For the year ended December 31, 2019

Total net change in fund balances	\$	94,503
Amounts reported in the Government-wide Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Government-wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciable expense. This is the amount of capital assets recorded in the current period.		744,015
Depreciation expense on capital assets is reported in the Government-wide Statement of Activities as a change in net position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(226,786)
Compensated absences are reported in the Government-wide Statement of Activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the additional liability for compensated absences recorded in the current period.		(23,109)
Deferred inflows of resources now available as revenues in the governmental fund operating statement were included in the Government-wide Statement of Activities in the year they provided a current financial resource.		(78,724)
Some pension related expenses are reported in the Government-wide Statement of Activities, but do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(98,455)
Change in net position	<u>\$</u>	<u>411,444</u>

NOTES TO FINANCIAL STATEMENTS

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

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wasatch County Fire Protection Special Service District (the District) was created by Wasatch County in 1987 to provide fire protection services for the County. The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) pronouncements. The financial statements and notes are representations of Wasatch County Fire Protection Special Service District's management, which is responsible for their integrity and objectivity. This summary of significant accounting policies of the District is presented to assist in understanding the financial statements.

Reporting Entity

Wasatch County Fire Protection Special Service District is managed by the Fire Chief under the direction of the Wasatch County (the County) council. Due to the oversight of the County, the District has been determined to be a component unit of Wasatch County for financial accounting purposes under the guidelines established by GASB Statement No. 61 and is included as a discrete component unit in the County's financial statements. No entities are considered to be component units of the District.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets, liabilities, and deferred inflows and outflows of resources at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information for all the activities of the District. The effect of any interfund activity within the governmental columns is removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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.

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements. All of the District's funds are major funds.

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.

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.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Special Revenue Fund

The Special Revenue Fund was used to account for the collection and use of assessments levied against property in a designated assessment area. The resolution that created the assessment area stated the assessment would be collected over a five-year period which ended with the assessment in 2017. Previous activities of the fund included fire protection and emergency response services provided by the Jordanelle Station in the Jordanelle Basin; operations and maintenance of the Jordanelle Station; and billing and collection activities. This fund was closed as of December 31, 2019 and all remaining assets and liabilities were transferred to the General Fund. See Note 6 for further information regarding these transfers.

Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Nonspendable Fund Balance

Any Nonspendable Fund Balance includes amounts that are: 1) not in spendable form; or 2) legally or contractually required to be maintained intact. The *not in spendable form* criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance

Any Restricted Fund Balance includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance

Any Committed Fund Balance includes amounts that can only be used for the specific purposes determined by a formal action of the District's highest level of decision-making authority, the Wasatch County Council.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Committed Fund Balance (Continued)

Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance

Any Assigned Fund Balance includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by: 1) the Wasatch County Council; or 2) a body (a special committee or the Fire Chief) to which the governing body has delegated the authority to assign amounts. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance

The Unassigned Fund Balance is the residual classification for the General Fund. This designation is also used in other governmental funds to report a negative fund balance.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

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 are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets liabilities, and deferred inflows and outflows of resources (whether current or non-current) are included on the Statement of Net Position.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting (Continued)

The Statement of Activities presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

This approach differs from the manner in which the governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with a brief explanation to better identify the relationship between the government-wide statements and the governmental fund statements.

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's end to be available.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of December 31, 2019:

- Utah Public Treasurers' Investment Fund (PTIF) position of \$3,489,584 is valued at the District's position in the PTIF multiplied by the published fair value factor (Level 2 inputs).

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following source that qualifies for reporting in this category:

Deferred Outflows of Resources Related to Pensions

These deferred outflows include the net difference between projected and actual earnings on pension plan investments, and District contributions subsequent to the measurement date of December 31, 2018.

In addition to liabilities, the Statement of Net Position reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following source that qualifies for reporting in this category:

Deferred Inflows of Resources Related to Pensions

These deferred inflows include the net difference between expected and actual experience, and changes of assumptions in the measurement of the net pension liability (asset).

The following items arise only under a modified accrual basis of accounting and are reported in the governmental funds Balance Sheet; these items are deferred and recognized as an inflow of resources in the period that the amounts become available:

Unavailable Fire Service Receipts

Unavailable fire service receipts consist of uncollected plan review and inspection fees.

Unavailable Use Taxes

Unavailable use taxes consist of Utah State assessed motor vehicle receipts received after the period of availability.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

Unavailable Assessments

Unavailable assessments consist of uncollected assessments levied against property in a designated assessment area for services provided by the Jordanelle Station in the Jordanelle Basin.

Pensions

For purposes of measuring the net pension liability (asset), 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. See Note 5 for further information regarding the District's retirement plans.

Cash and Cash Equivalents

All funds of the District use the same interest-bearing checking account. The District considers cash and cash equivalents to be cash on hand, demand deposits including investments in the Utah Public Treasurer's Investment Fund, and short-term investments purchased with an original maturity of three months or less that are both readily convertible to known amounts of cash and so near their maturity that there is insignificant risk of value changes because of interest rate changes. See Note 2 for further information regarding these deposits and investments.

Accounts Receivable

When the Enterprise Fund was closed in 2013, a receivable due from Wasatch County in the amount of \$164,922 was transferred to the General Fund. As of December 31, 2019, the District has accrued an allowance against future bad debt losses for this amount. See Note 3 for further information.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

In addition, the Special Revenue Fund transferred receivables consisting of the delinquent assessment balances the District has attached to the Wasatch County tax rolls to the General Fund as of the end of the year. As the District will eventually collect the assessments from the properties it placed a lien on, an allowance for doubtful accounts is not recorded in the financial statements.

Capital Assets

Capital assets which include property, plant, and equipment, are reported in the government-wide financial statements. Donated assets are valued at their fair market value on the date received. All purchased or constructed capital assets are valued at cost where historical records are available, or at an estimated historical cost where no historical records exist. Repairs and maintenance costs are expensed as incurred; significant renewals and betterments are capitalized.

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

Building and improvements	10 – 40 years
Equipment	3 – 16 years
Furniture and fixtures	2 – 10 years
Improvements other than buildings	5 – 20 years
Vehicles	2 – 39 years

See Note 4 for additional information.

Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied and tax notices are sent on November 1. All unpaid taxes are due and become delinquent on November 30. Property tax revenues are recognized by the District when they are collected. Property taxes are billed and collected by Wasatch County on behalf of the District and remitted to the District monthly. At December 31, 2019, only delinquent taxes are uncollected. The amount of collectible delinquent taxes at December 31, 2019 is not considered significant.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District's compensation policy permits employees to accumulate sick leave and unused vacation leave. Portions of the amounts accumulated can be expected to be redeemed at any point in time before termination of employment. The District accrues vacation leave when earned. Sick leave does not vest to District employees upon their termination. However, upon retirement the District will compensate an employee, with five years of District service, a portion of unused sick leave credit.

The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only when they are due for payment in the current year. See Note 7 for additional information.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. *Net investment in capital assets* consist of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first utilizes restricted resources to finance qualifying activities.

Transactions between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in the governmental funds. See Note 6 for further information.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the District carries commercial insurance. The District also carries commercial workers' compensation insurance. There were no significant reductions in coverage from the prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgeting

The District's governing board adopts a budget for each year prior to the beginning of the year. These budgets are amended during the year as the board deems necessary to accommodate current operations, and are accepted by official vote of the board. The board amended the budget for the year ended December 31, 2019 in a public meeting held December 10, 2019.

Comparative Data

Comparative data for the prior year is presented in the financial statements to provide an understanding of the changes in the District's financial position and results of operations. Interest income is reported separately from other general revenues on the Statement of Activities for the year ending December 31, 2018 to correspond with the presentation of the December 31, 2019 balances.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments for local governments are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council (the Council). Following are discussions of the District's exposure to various risks related to its cash management activities.

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 Act. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. As of December 31, 2019, the District's bank balances are \$369,939 of which \$119,939 is uninsured and uncollateralized.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 Act which authorizes the District to invest in the PTIF, an external pooled investment fund managed by the Utah State Treasurer and regulated by the Act.

The PTIF is not registered with the Securities and Exchange Commission (SEC) 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. As of December 31, 2019, the District has deposits of \$3,489,584 with the PTIF. The portfolio has a weighted average maturity of 41 days. The PTIF pool has not been rated. The PTIF investment pool is reported at fair value which is approximately equal to the value of the pool shares. See Note 1 for a description of how the fair value is measured.

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 adhering to the Act and by investing mainly in the PTIF. The Act established the Council which oversees the activities of the Utah State Treasurer and the PTIF and details the types of authorized investments. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Restricted Cash

Properties lying within the wildland urban interface area who are unable to complete their landscaping until the following spring are required to make a \$5,000 deposit with the District. When the landscaping is later installed, the District inspects the property to verify that the landscaping plan has been followed, and the deposit is returned to the property owner. As of December 31, 2019, the District is holding deposits totaling \$125,000 in a PTIF account.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Designated Assets

In 1998, the Board adopted a resolution designating the use of \$550,000 in a Capital Projects Fund for the purpose of acquiring equipment and certain supplies. The Board has since made additional transfers to and from this fund for these same purposes. As of December 31, 2019, \$1,059,852 is available for use and is shown as an assigned fund balance of the Capital Projects Fund.

NOTE 3 – RECEIVABLE DUE FROM WASATCH COUNTY MUNICIPAL BUILDING AUTHORITY

The District entered into a sublease agreement with Wasatch County, a related party, during November 1999 to purchase the Jordanelle Fire Station and certain equipment used by the station. The District financed \$2,500,000 over a 10 year period.

Construction of the station and purchase of the equipment was funded by the Wasatch County Municipal Building Authority using moneys from a lease revenue bond issued in the Building Authority's name during 1999. Under terms of the sublease agreement, everything purchased with funds from this bond issue became part of a capital lease agreement; therefore, the total amount financed was capitalized by the District under a capital lease obligation.

In June 2002, the sublease agreement was refinanced with a financial institution in order to lower interest costs. The District financed \$2,200,000 over a 20 year period. Semi-annual payments were made until December 2011 at which time the remaining lease obligation of \$1,450,000 was remitted to Wasatch County. Title to the assets under the capital lease obligation transferred to the District with this payment.

As part of the capital lease obligation, \$164,922 was being held in a reserve account by the Wasatch County Municipal Building Authority to be credited towards the final lease payment. At the time of payoff, this credit was not given resulting in an overpayment of the lease obligation. Therefore, the reserve has been reclassified from restricted cash to a receivable due from a related governmental entity. The District determined that this receivable will most likely not be collected; therefore, an allowance for doubtful accounts is recorded for \$164,922.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 4 – CAPITAL ASSETS

The District owns an antique fire truck which is used in parades and other community events. The truck is not used to provide fire protection services within the District; therefore, it is not capitalized, but reported as an *other asset* in the government-wide statements.

In November 2019, the District placed an order with Rosenbauer Minnesota LLC for a new pumper truck. A down payment was made in the amount of \$121,300 with the remaining \$358,700 due upon delivery. Vehicles and equipment still being prepared for use are reported as *capital assets not in use* in the following schedule:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 100,000			\$ 100,000
Capital assets not in use		\$ 278,804		278,804
Total capital assets not being depreciated	100,000	\$ 278,804	\$ -0-	378,804
Capital assets being depreciated				
Building and improvements	1,349,070			1,349,070
Equipment	339,667	20,948		360,615
Furniture and fixtures	1,092	29,884		30,976
Land improvements	5,866			5,866
Vehicles	2,389,996	414,379	(14,500)	2,789,875
Total capital assets being depreciated	4,085,691	465,211	(14,500)	4,536,402
Less accumulated depreciation for:				
Building and improvements	(262,711)	(52,393)		(315,104)
Equipment	(254,822)	(17,554)		(272,376)
Furniture and fixtures	(1,092)	(5,479)		(6,571)
Land improvements	(5,551)	(210)		(5,761)
Vehicles	(1,209,074)	(151,150)	14,500	(1,345,724)
Total accumulated depreciation	(1,733,250)	(226,786)	14,500	(1,945,536)
Net depreciable assets	2,352,441	238,425	-0-	2,590,866
Capital assets, net	\$ 2,452,441	\$ 517,229	\$ -0-	\$ 2,969,670

Additional vehicle purchases were made for a F-550 Fast Attack, a Wasatch International Pumper, an E-One truck, and a Dodge Ram 2500. A Mack platform truck, a Chevy Silverado 2500, and a Ford F-350 were disposed of during the year.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Other purchase made during the year were for self-contained breathing apparatus and carpeting for the Jordanelle Station. Depreciation expense is \$226,786 for the year ended December 31, 2019 and is charged to fire protection.

NOTE 5 – RETIREMENT PLANS

Plan Description

The District contributes to the Utah Retirement Systems Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System and Tier 2 Public Employees System), the Firefighters Retirement System (Tier 1 Firefighters System), and the Tier 2 Public Safety and Firefighters Contributory Retirement System (Tier 2 Firefighters System).

These systems are a part of cost-sharing multiple-employer defined benefit pension plans administered by Utah Retirement Systems (URS), a component unit of the State of Utah. The Tier 2 retirement systems became effective July 1, 2011. All eligible employees beginning on after July 1, 2011, who have no previous service credit with any of the systems, are members of the Tier 2 retirement systems. The District also participates in the Utah Retirement Systems 401(k) Plan, 457 Plan, and ROTH IRA Plan, which are individual account plans.

URS is established and governed by Title 49 of the *Utah Code* Annotated 1953, as amended, which also established the Utah State Retirement Office (the Office) for the administration of the systems and plans. Title 49 places URS, the Office and related plans and programs under the direction of the URS Board of Trustees whose members are appointed by the Governor, and grants the authority to establish and amend the benefit terms of the plans. The systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS's defined benefit plans are amended statutorily by the Utah State Legislature.

URS issues a publicly available financial report that includes financial statements and required supplementary information for URS, and the systems and plans it administers. A copy of the report may be obtained by writing Utah Retirement Systems at 560 East 200 South, Salt Lake City, UT 84102 or by visiting the website www.urs.org.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 5— RETIREMENT PLANS (CONTINUED)

Benefits Provided

URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans. Employees are eligible to retire based on years of service and age. For those participating in the Tier 1 Noncontributory System, retirement benefits are determined at 2.00% of the employee's highest three years of compensation times the employee's years of service, subject to cost-of-living adjustments up to 4.00% and limited to the actual Consumer Price Index increase for the year.

For those participating in the Tier 1 Firefighters System, retirement benefits are determined at 2.50% of the employee's highest three years of compensation times the employee's years of service up to 20 years, and 2.00% of the employee's highest three years of compensation times the employee's years of service over 20 years. This calculation is also subject to cost-of-living adjustments up to 4.00% and limited to the actual Consumer Price Index increase for the year.

For those participating in the Tier 2 Public Employees System and the Tier 2 Firefighters System, retirement benefits are determined at 1.50% of the employee's highest five years of compensation times the employee's years of service, subject to cost-of-living adjustments up to 2.50% and limited to the actual Consumer Price Index increase for the year.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans, and as a primary retirement plan for some Tier 2 participants. These plans are voluntary tax-advantage retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue code. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings which are vested during the first four years of employment. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 5— RETIREMENT PLANS (CONTINUED)

Contributions

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

Defined benefit pension plan contribution rates as of December 31, 2019 were from 0.08% to 19.66%. Defined contribution plan contribution rates as of December 31, 2019 were from 6.52% to 18.01%. Employees can make additional contributions to defined contribution plans subject to limitations. For the year ended December 31, 2019, District and employee contributions to the plans were as follows:

	<u>District Contributions</u>	<u>Employee Contributions</u>
Tier 1 Firefighter System	\$ 50,627	\$ 165,278
Tier 2 Public Employees System	8,029	
Tier 2 Firefighter System	50,977	
401(k) Plan	139,863	44,200
457 Plan and ROTH IRA Plan		18,366
	<u>\$ 249,496</u>	<u>\$ 227,844</u>

Employer contributions made to the defined benefit plans on behalf of the employees are reported as employee contributions by URS. The employer paid 401(k) contributions include the total paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan. Contributions reported are the URS required contributions. Contributions in the Tier 2 systems are used to finance the unfunded liabilities in the Tier 1 systems.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 5— RETIREMENT PLANS (CONTINUED)

Net Pension Assets and Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the District reported a net pension asset of \$0 and a net pension liability of \$464,960. The net pension asset and liability were measured as of December 31, 2018. The total pension asset and liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2018 and rolled forward using generally accepted actuarial procedures.

The changes in the long-term liability are as follows:

	<u>Balance</u> <u>12/31/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Net pension liability	\$ 37,904	\$ 536,691	\$(109,635)	\$ 464,960	\$ -0-

The District's proportion of the net pension asset and liability is equal to the ratio of the District's actual contributions to the systems during the plan year over the total of all employer contributions to the systems during the plan year. At December 31, 2018, the District's proportionate shares in the defined benefit pension plans were as follows:

	<u>Proportionate</u> <u>Share</u>	<u>Net Pension</u> <u>Asset</u>	<u>Net Pension</u> <u>Liability</u>
Tier 1 Noncontributory System	0.0050135%		\$ 36,918
Tier 1 Firefighters System	3.2281322%		419,164
Tier 2 Public Employees System	0.0028315%		1,213
Tier 2 Firefighters System	0.3059206%		7,665
Total		<u>\$ -0-</u>	<u>\$ 464,960</u>

For the year ended December 31, 2019, the District recognized pension expense of \$373,368 for the defined benefit pension plans, including \$165,278 of employer contributions made on behalf of the employee, and expense of \$139,863 for the defined contribution plans.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 5— RETIREMENT PLANS (CONTINUED)

Net Pension Asset and Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plans from the sources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 92,598	\$ 76,532
Changes of assumptions	235,487	48,962
Net difference between projected and actual earnings on pension plan investments	231,898	
Changes in proportion and differences between contributions and proportionate share of contributions	5,831	38,184
District contributions subsequent to the measurement date	109,633	
Total	\$ 675,447	\$ 163,678

The \$109,633 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending December 31,	Deferred Outflows (Inflows) of Resources
2020	\$ 110,015
2021	41,728
2022	54,898
2023	160,958
2024	24,391
Thereafter	10,146

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 5— RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 5— RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.94%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Total	<u>100%</u>		<u>4.75%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return			<u>7.25%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 5— RETIREMENT PLANS (CONTINUED)

Sensitivity of the District’s Proportionate share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
	<u> </u>	<u> </u>	<u> </u>
Tier 1 Noncontributory System	\$ 75,622	\$ 36,918	\$ 4,655
Tier 1 Firefighters System	1,564,176	419,164	(507,988)
Tier 2 Public Employees System	4,858	1,213	(1,601)
Tier 2 Firefighter System	57,814	7,665	(30,712)
	<u>\$ 1,702,470</u>	<u>\$ 464,960</u>	<u>\$ (535,646)</u>

Pension Plan Fiduciary Net Position

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

NOTE 6 – INTERFUND BALANCES AND OPERATING TRANSFERS

Interfund transfers occur routinely throughout the year as the Capital Projects Fund transfers funds to the General Fund to be used for operations until tax revenues are transmitted from Wasatch County. Upon receipt of the tax revenues, the General Fund transfers funds back to the Capital Projects Fund.

In addition, the District transferred \$31,538 from the Capital Projects Fund to the General Fund. to assist with the cost of remodeling the Jordanelle Station and \$188,343 for apparatus replacement.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 6 – INTERFUND BALANCES AND OPERATING TRANSFERS (CONTINUED)

The Special Revenue Fund was closed as of December 31, 2019 and all remaining assets and liabilities were transferred to the General Fund. Cash totaling \$337,393 was transferred to the General Fund in addition to \$8,571 in tax lien receivables. The General Fund also assumed a deferred inflow of resources for the same amount of the tax lien certifications outstanding.

NOTE 7 – COMPENSATED ABSENCES

Full-time administrative personnel of the District accrue 10 days of vacation leave a year for the first five years of employment. During the second five years of employment, an employee accrues 10 days of vacation time plus one day for each year of completed service totaling 20 days. After 20 years of completed service, an employee accrues 25 days of vacation. A day of vacation equals eight hours. An employee may use vacation leave after a six month probationary period with the approval of the Fire Chief. An employee may carry over any unused vacation days to the next calendar year up to a maximum of 320 hours. Any unused vacation exceeding this amount will be lost. Upon termination, any accrued vacation leave will be paid out to the employee.

Full-time administrative personnel can accrue up to 150 days of sick leave which is accumulated at a rate of one day per month (eight hours per day). Upon retirement, the District will compensate an employee with five years of continuous service with 50% of the unused sick leave paid out at his/her most recent base salary rate up to a maximum of 600 hours. Sick leave is not paid out upon termination.

Full-time fire suppression personnel of the District accrue five shifts per year at the end of the first year of service. After six full years of service, vacation leave will accrue to six shifts per year. After ten full years of service, vacation leave will accrue to seven shifts per year. After fifteen full years of service, vacation leave will accrue to eight shifts per year. After twenty full years of service, vacation leave will accrue to nine shifts per year. A shift equals 24 hours. Fire suppression personnel may use vacation leave after a six month probationary period with the approval of the Fire Chief. Fire suppression personnel may carry over to the next calendar year unused vacation days not to exceed 320 hours. Upon termination, any accrued vacation leave will be paid out to the employee.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 7 – COMPENSATED ABSENCES (CONTINUED)

Full-time fire suppression personnel are entitled to five shifts of sick leave each calendar year. Unused sick leave will accrue up to a maximum of 90 calendar days (24 hours per day). Upon retirement, the District will compensate fire suppression personnel with five years of service at his/her most recent base salary rate for 28% of unused sick leave up to a maximum of 611 hours. Sick leave is not paid out upon termination.

The General Fund is used to liquidate accrued compensated absences. The changes in the liability are as follows:

	<u>Balance</u> <u>12/31/2018</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments or</u> <u>Expenditures</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due Within</u> <u>One Year</u>
Accrued compensated absences	\$ 256,993	\$ 100,301	\$ (77,192)	\$ 280,102	\$ -0-

NOTE 8 – RELATED PARTY TRANSACTIONS

Wasatch County

The District is a component unit of Wasatch County and has the same governing board. The District reimburses Wasatch County for health insurance premiums paid on behalf of the District's employees. Reimbursements paid to Wasatch County for the year ending December 31, 2019 totaled \$451,074 with \$41,079 due as of the year then ended.

The District also pays Wasatch County for solid waste removal, dispatch services, training and certification for emergency medical services, use of communication equipment, and communication equipment maintenance. The District paid Wasatch County \$35,334 for these services during the year with \$10,936 due as of December 31, 2019.

The District entered into an agreement with Wasatch County to be paid a flat fee for emergency medical services. Wasatch County paid the District \$329,947 for these services for the year ended December 31, 2019 with \$110,036 due as of the year then ended. Wasatch County also shares the employment costs for the Fire Warden with the State of Utah and the District. Wasatch County paid the District \$34,536 during the year for these shared costs with \$10,933 due as of December 31, 2019.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 9 – IMPACT FEE REVENUE

In October 2019, the District adopted the Impact Fee Facilities Plan and Impact Fee Analysis which set the current impact fees at \$920 per equivalent residential unit (ERU) or per 1,000 square feet for residential properties, and \$1,465 per 1,000 square feet for non-residential properties within the boundaries of the District.

No impact fees were collected during the year ended December 31, 2019. Management intends to use impact fees to expand the Heber Station, build additional stations and a training tower, and purchase a platform truck.

NOTE 10 – HAZARDOUS MATERIALS TEAM

Four of the District's fire suppression personnel participate in the Utah State Region 2 Hazardous Materials Team. This team consists of representatives from Tooele, Salt Lake, Utah, Summit, and Wasatch Counties. In order to participate, the District must provide training and certification for these fire suppression personnel. Once certified, the District provides the training hours necessary in order to maintain the certification. The District is also responsible for compensating these fire suppression personnel when they are called out on a hazardous materials incident.

NOTE 11 – SUBSEQUENT EVENT

In 2018, a master plan was completed by Emergency Services Consulting International (ESCI), experts in the field of fire suppression and emergency medical services (EMS). The master plan looked at all facets of management including the current organizational structure, capital needs and improvements, staffing, training, response configurations, growth, and future needs. ESCI then recommend improvements and changes. A key recommendation in the master plan was the need to create a strategic plan which was completed in April 2019.

One goal of the strategic plan is to complete a formal merger of the District and Wasatch County EMS and to officially register the District as the license holder to all EMS within the county. This merger became effective January 1, 2020. The District added \$1,750,000 to the budget for 2020 to accommodate the additional staffing, services, and supply costs. Fees for services and a contract with Wasatch County will provide the additional revenue.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**

A COMPONENT UNIT OF WASATCH COUNTY

Notes to Financial Statements

For the year ended December 31, 2019

NOTE 11 – SUBSEQUENT EVENT *(CONTINUED)*

Another goal of the strategic plan is to provide space at the Heber Station for additional apparatus to be housed there by either upgrading the existing station or building a new one. After extensive evaluation of the current Heber Station facility and location, the District has determined building a new station is in the best interest of the community being served by that location. The District has narrowed down possible sites for the new station and is discussion with the landowners.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by generally accepted accounting principles in the United States of America, but are not considered a part of the financial statements.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
A COMPONENT UNIT OF WASATCH COUNTY
**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund**
For the year ended December 31, 2019
With comparative totals for the year ended December 31, 2018

	Original Budget	Amended Budget	2019 Actual	Variance	2018 Actual
Revenues					
Property taxes	\$ 3,001,500	\$ 3,106,400	\$ 3,199,567	\$ 93,167	\$ 3,165,106
Plans and inspections	150,000	218,200	265,369	47,169	247,299
Grants					34,123
Interest	41,900	64,400	65,151	751	36,070
Charges for services	457,000	663,900	755,935	92,035	728,763
Other	73,400	76,000	74,464	(1,536)	73,865
Total revenues	<u>3,723,800</u>	<u>4,128,900</u>	<u>4,360,486</u>	<u>231,586</u>	<u>4,285,226</u>
Expenditures					
Current					
Payroll and related benefits	3,247,400	3,209,000	3,116,199	92,801	2,763,042
Professional services	113,800	132,700	116,819	15,881	270,630
Materials and supplies	346,500	325,400	168,467	156,933	264,402
Training and certification	33,000	39,000	26,305	12,695	11,361
Utilities	44,400	33,400	34,306	(906)	33,673
Insurance	30,000	26,800	26,564	236	26,652
Repairs and maintenance	70,000	83,000	79,309	3,691	80,821
Capital outlay	309,800	676,900	744,015	(67,115)	93,949
Total expenditures	<u>4,194,900</u>	<u>4,526,200</u>	<u>4,311,984</u>	<u>214,216</u>	<u>3,544,530</u>
Excess (deficit) of revenues over expenditures	<u>(471,100)</u>	<u>(397,300)</u>	<u>48,502</u>	<u>445,802</u>	<u>740,696</u>
Other Financing Sources					
Contributions from other governmental entities		700	732	32	20,977
Sale of capital assets	22,000	14,000	16,351	2,351	
Operating transfers in		555,600	557,274	1,674	
Total other financing sources	<u>22,000</u>	<u>570,300</u>	<u>574,357</u>	<u>4,057</u>	<u>20,977</u>
Net Change in Fund Balance	(449,100)	173,000	622,859	<u>\$ 449,859</u>	761,673
Fund Balance at Beginning of Year	<u>2,849,660</u>	<u>2,849,660</u>	<u>2,849,660</u>		<u>2,087,987</u>
Fund Balance at End of Year	<u>\$ 2,400,560</u>	<u>\$ 3,022,660</u>	<u>\$ 3,472,519</u>		<u>\$ 2,849,660</u>

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
A COMPONENT UNIT OF WASATCH COUNTY
**Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Special Revenue Fund**
For the year ended December 31, 2019
With comparative totals for the year ended December 31, 2018

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>2019 Actual</u>	<u>Variance</u>	<u>2018 Actual</u>
Revenues					
Charges for services	\$ -0-	\$ 4,700	\$ 6,682	\$ 1,982	\$ 88,552
Settlement gain					2,394,724
Total revenues	<u>-0-</u>	<u>4,700</u>	<u>6,682</u>	<u>1,982</u>	<u>2,483,276</u>
Expenditures					
Current					
Bad debt			39	39	
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>39</u>	<u>39</u>	<u>-0-</u>
Excess of revenues over expenditures	<u>-0-</u>	<u>4,700</u>	<u>6,643</u>	<u>2,021</u>	<u>2,483,276</u>
Other Financing Uses					
Operating transfers out		(335,700)	(337,393)	(1,693)	
Total other financing uses	<u>-0-</u>	<u>(335,700)</u>	<u>(337,393)</u>	<u>(1,693)</u>	<u>-0-</u>
Net Change in Fund Balance	-0-	(331,000)	(330,750)	<u>\$ 328</u>	2,483,276
Fund Balance (Deficit) at Beginning of Year	<u>330,750</u>	<u>330,750</u>	<u>330,750</u>		<u>(2,152,526)</u>
Fund Balance (Deficit) at End of Year	<u>\$ 330,750</u>	<u>\$ (250)</u>	<u>\$ -0-</u>		<u>\$ 330,750</u>

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
Schedules of the District's Proportionate Share of the Net Pension Liability (Asset)
Utah Retirement Systems
Last 10 Years*

	As of year ended December 31,	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
Tier 1 Noncontributory System	2018	0.0050135%	\$ 36,918	\$ 67,451	54.73%	87.00%
	2017	0.0086513%	\$ 37,904	\$ 102,318	37.05%	91.90%
	2016	0.0076343%	\$ 49,022	\$ 76,441	64.13%	87.30%
	2015	0.0065440%	\$ 37,029	\$ 67,110	55.18%	87.80%
	2014	0.0066932%	\$ 29,063	\$ 67,526	43.04%	90.20%
Tier 1 Firefighters System	2018	3.2281322%	\$ 419,164	\$ 1,060,137	39.54%	94.30%
	2017	2.8625598%	\$ (178,782)	\$ 897,050	-19.93%	103.00%
	2016	2.4990163%	\$ (19,701)	\$ 759,600	-2.59%	100.40%
	2015	2.5213771%	\$ (45,667)	\$ 734,171	-6.22%	101.00%
	2014	2.4045649%	\$ (137,214)	\$ 680,735	-20.16%	103.50%
Tier 2 Public Employees System	2018	0.0028315%	\$ 1,213	\$ 32,728	3.71%	90.80%
Tier 2 Public Safety and Firefighter System	2018	0.3059206%	\$ 7,665	\$ 407,087	1.88%	95.60%
	2017	0.2265645%	\$ (2,622)	\$ 239,200	-1.10%	103.00%
	2016	0.2270713%	\$ (1,971)	\$ 187,616	-1.05%	103.60%
	2015	0.2199607%	\$ (3,214)	\$ 130,960	-2.45%	110.70%
	2014	0.0000000%	\$ -0-	\$ -0-	0.00%	0.00%

* Information for measurement periods prior to December 31, 2014 are not available. No employees participated in the Tier 2 Public Employees System prior to January 1, 2018.

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
Schedules of District Contributions
Utah Retirement Systems
Last 10 Years

	As of year ended December 31,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll**
Tier 1 Noncontributory System	2019	\$ -0-	\$ -0-	\$ -0-	\$ -0-	0.00%
	2018	\$ 6,612	\$ 6,612	\$ -0-	\$ 52,681	12.55%
	2017	\$ 14,900	\$ 14,900	\$ -0-	\$ 95,155	15.66%
	2016	\$ 13,033	\$ 13,033	\$ -0-	\$ 70,561	18.47%
	2015	\$ 10,766	\$ 10,766	\$ -0-	\$ 67,110	16.04%
	2014	\$ 10,520	\$ 10,520	\$ -0-	\$ 67,526	15.58%
	2013	\$ 9,291	\$ 9,291	\$ -0-	\$ 69,574	13.35%
	2012	\$ 8,315	\$ 8,315	\$ -0-	\$ 82,369	10.09%
	2011	\$ 8,695	\$ 8,695	\$ -0-	\$ 113,920	7.63%
	2010	\$ 8,019	\$ 8,019	\$ -0-	\$ 56,682	14.15%
Tier 1 Firefighters System	2019	\$ 50,627	\$ 50,627	\$ -0-	\$ 1,162,899	4.35%
	2018	\$ 42,782	\$ 42,782	\$ -0-	\$ 1,060,137	4.04%
	2017	\$ 32,736	\$ 32,736	\$ -0-	\$ 897,050	3.65%
	2016	\$ 27,662	\$ 27,662	\$ -0-	\$ 759,600	3.64%
	2015	\$ 26,485	\$ 26,485	\$ -0-	\$ 734,171	3.61%
	2014	\$ 21,436	\$ 21,436	\$ -0-	\$ 680,735	3.15%
	2013	\$ 17,476	\$ 17,476	\$ -0-	\$ 670,576	2.61%
	2012	\$ 9,135	\$ 9,135	\$ -0-	\$ 620,682	1.47%
	2011	\$ 7,123	\$ 7,123	\$ -0-	\$ 690,575	1.03%
	2010	\$ 5,475	\$ 5,475	\$ -0-	\$ 552,729	0.99%
Tier 2 Public Employees System*	2019	\$ 8,029	\$ 8,029	\$ -0-	\$ 51,459	15.60%
	2018	\$ 5,048	\$ 5,048	\$ -0-	\$ 32,728	15.42%

(Continued)

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT**
Schedules of District Contributions
Utah Retirement Systems
Last 10 Years

	<u>As of year ended December 31,</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll**</u>
Tier 2 Public Safety and Firefighter System*	2019	\$ 50,977	\$ 50,977	\$ -0-	\$ 525,135	9.71%
	2018	\$ 45,411	\$ 45,411	\$ -0-	\$ 407,087	11.16%
	2017	\$ 25,798	\$ 25,798	\$ -0-	\$ 239,200	10.79%
	2016	\$ 20,168	\$ 20,168	\$ -0-	\$ 187,616	10.75%
	2015	\$ 14,101	\$ 14,101	\$ -0-	\$ 130,960	10.77%

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

** Contributions as a percentage of covered payroll may be different than the Board certified rate due to rounding or other administrative issues.

ADDITIONAL AUDITORS' REPORTS AND SCHEDULE

These additional reports are required by *Government Auditing Standards* and the Office of the Utah State Auditor, respectively.



**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***

The Board of Directors
Wasatch County Fire District
(a Component Unit of Wasatch County)
Heber City, Utah

We have audited, 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, the financial statements of the governmental activities and each major fund of Wasatch County Fire District (the District), a component unit of Wasatch County, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated May 29, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 that 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah
May 29, 2020



**Independent Auditor’s Report on Compliance and Report on Internal Control
over Compliance As Required by the *State Compliance Audit Guide***

To the Board of Directors
Wasatch County Fire District
(a Component Unit of Wasatch County)
Heber City, Utah

Report on Compliance

We have audited Wasatch County Fire District’s compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Wasatch County Fire District for the year ended December 31, 2019.

State compliance requirements were tested for the year ended December 31, 2019 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Open and Public Meetings Act
- Public Treasurer’s Bond
- Special and Local Service District Board Members

The District did not have any state funding classified as a major program during the year ended December 31, 2019.

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 Wasatch County Fire 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 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 Wasatch County Fire 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 with for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Wasatch County Fire District's compliance with those requirements.

Opinion on General State Compliance Requirements

In our opinion, Wasatch County Fire District complied, in all material respects, with the state compliance requirements referred to above for year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Wasatch County Fire 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 Wasatch County Fire District's internal control over compliance with the state compliance requirements referred to above to determine the auditing 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 Wasatch County Fire District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state 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.



Salt Lake City, Utah
May 29, 2020

**WASATCH COUNTY FIRE PROTECTION
SPECIAL SERVICE DISTRICT
A COMPONENT UNIT OF WASATCH COUNTY
Schedule of Findings and Recommendations
December 31, 2019**

Current Year Findings

None

Prior Year Findings

None