SNYDERVILLE BASIN
SPECIAL RECREATION DISTRICT,
A COMPONENT UNIT OF
SUMMIT COUNTY, UTAH
BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED DECEMBER 31, 2015

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
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YEAR ENDED DECEMBER 31, 2015

Greg Ogden, CPA
1761 East 850 South
Springville, UT 84663
(801) 489-8408

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Snyderville Basin
Special Recreation District

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2015, and the respective changes in financial position, and the budgetary comparison for the general and special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated April 26, 2016, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Greg Ogden CPA

Greg Ogden,
Certified Public Accountant
April 26, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the Snyderville Basin Special Recreation District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

District Wide Financial Highlights

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

- Total Assets of the District increased by $25,626,919 or 39.2%. The increase is due to the issuance of $25,000,000 general obligation bonds for open space, trails, and recreation facilities.
- Total Liabilities increased by $23,149,503 or 64.5% also due to the issuance of general obligation bonds. Total Net Position increased by $2,978,039 or 10.0%.

Fund Level Financial Highlights

- All District funds are governmental and are categorized into four major funds as follows:
    - General Fund – The General Fund is the primary operating fund of the District. A total of $1,208,597 was transferred from the General Fund to the Capital Fund this year. In accordance with Utah Code, the accumulation of the Fund Balance in the general fund may not exceed 100% of the current year's property tax collections. The District was within the limit after the transfer to the Capital Fund. The General Fund balance, after the transfer, was $2,588,835, leaving the fund balance at 79.4% of the allowed balance.
    - Debt Service Fund – The Debt Service Fund's purpose is to repay principal and interest on the District's general obligation bonds. The Debt Service Fund balance increased from $2,537,995 to $2,973,997, an increase of $436,002 or 17.2%. The increase is associated with the 2015 general obligation refunding bonds of $7,385,000 which refunded portions of the District's 2004 and 2008 bonds. The other contributing factor to the increase was the collection of higher than expected property tax revenues.
    - Special Revenue Fund – The Special Revenue Fund's purpose is to pay for new community park, trail and recreation system improvements based on the District's Impact Fee Facilities Plan. The Impact Fee Fund balance increased from $2,060,856 to $2,179,176, an increase of $118,320 or 5.7%. The District collected more Impact Fee revenue for the construction of new development than was used towards capital projects in 2015.
    - Capital Fund – The Capital Fund primarily holds funds for spend down following the sale of general obligation bonds, in addition to grants received, and capital contributions rolled over from the District operations budget to fund capital projects approved by the Administrative Control Board. The Capital Fund balance increased

from $5,806,170 to $31,002,297, an increase of $25,196,127 or 434.0%. This net change is outlined later in Capital Asset and Debt Administration. There is $834,442 assigned within the capital fund for capital replacement purchases.

REPORTING THE DISTRICT AS A WHOLE

This discussion and analysis is intended to serve as an introduction to the District's basic financial statement. 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.

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

- *The statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources; with the difference between the combined assets and deferred outflows of resources and the combined liabilities and deferred inflows of resources 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. However, readers will also need to consider other non-financial factors.

- *The statement of activities* presents information showing how the District's net position changed during the calendar year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the District funds are classified as Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the resulting balances left at year-end are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation included with the fund financial statements.

The four major governmental funds of the District (as determined by Generally Accepted Accounting Principles, GAAP) are as follows:

- General Fund – The purpose of this fund is to account for all financial resources except those required to be accounted for in another fund (described below). General fund monies are primarily used for the operations and maintenance of District facilities, programs, administration, trails, and open space.

- Capital Projects Fund – The objective of this fund is to account for the financial resources to be used for the acquisition or construction of major capital facilities as authorized by the voters. This fund also accounts for grants received for the purpose of specific capital projects. Excess funds accumulated through the operational tax levy may be earmarked for capital projects as approved by the District Board.

- Special Revenue Fund – The District imposes impact fees for the development of community park, recreation, and trail facilities. The Impact Fees Act requires the District to separately account for the receipts and disbursement of these fees. Impact fee expenditures may only be used for authorized facilities identified in the District's Impact Fee Facilities Plan.

- Debt Service Fund – The purpose of this fund is to account for the assessed and collected taxes for the payment of general long-term debt principal and interest.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by $32,793,659, which is a $2,978,039 increase from the prior year.

The major components of the District's net position include:

- Net Investment in Capital Assets. This reflects the investment in capital assets (e.g., park land, open space, trails, buildings, infrastructure assets, machinery and equipment) plus the balance of unspent bond proceeds from the 2011 and 2015 issued general obligation bonds minus outstanding balances of capital related debt.
- Restricted for Debt Service. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, such as property tax collections and interest income, since the capital assets themselves cannot be used to liquidate these liabilities.
- Restricted for Impact Fees. Included in this amount are impact fee funds restricted for qualified capital improvements approved by the District Board as a part of the annual budget adoption process.
- Unrestricted Position reflect those funds available for uses other than those that have been previously invested in capital assets or are otherwise restricted for debt service and capital improvements.

A condensed version of the District's Statement of Net Position as of December 31, 2015 is presented in below, with comparative information for 2014.

Snyderville Basin Special Recreation District
STATEMENT OF NET POSITION

	Governmental Activities	
	December 31, 2015	December 31, 2014
ASSETS		
Current assets	$ 6,799,065	$ 6,356,937
Noncurrent assets	84,157,983	58,973,192
Total assets	90,957,048	65,330,129
DEFERRED OUTFLOW OF RESOURCES	1,236,382	708,417
Total assets and deferred outflow of resources	92,193,430	66,038,546
LIABILITIES		
Current liabilities	230,567	298,681
Noncurrent liabilities	58,824,654	35,607,037
Total liabilities	59,055,221	35,905,718
DEFERRED INFLOW OF RESOURCES	344,550	317,208
Total liabilities and deferred inflow of resources	59,399,771	36,222,926
NET POSITION		
Net investment in capital assets	20,427,698	18,677,559
Restricted for:		
Impact fees	2,179,176	2,060,856
Debt service	2,973,997	2,537,995
Unrestricted	7,212,788	6,539,210
Total net position	$ 32,793,659	$ 29,815,620

The following statement provides information regarding the nature and source of the changes in net position from year ending 2014 to year ending 2015.

Snyderville Basin Special Recreation District

CHANGES IN NET POSITION

	Governmental Activities	
	December 31, 2015	December 31, 2014
REVENUES		
Program revenues:		
Charges for services	$ 1,404,018	$ 1,222,533
Operating grants and contributions	35,000	45,000
Capital grants and contributions	504,489	1,122,965
General revenues:		
Property taxes	7,683,826	6,057,105
Fee in lieu of taxes	218,384	218,925
Unrestricted investment earnings	192,730	70,117
Miscellaneous	6,881	27
Special item: Premium on bonds	974,428	-
Total revenues	11,019,756	8,736,672
EXPENSES		
Administration	907,617	881,831
Parks	1,268,969	1,248,353
Trails	1,034,681	898,264
Fieldhouse	1,477,999	1,342,513
Recreation	655,239	625,091
Park City ice arena contribution	50,000	50,000
Long-term debt	2,647,212	1,609,585
Total expenses	8,041,717	6,655,637
CHANGE IN NET POSITION	2,978,039	2,081,035
Net position beginning (1/1/15)	29,815,620	27,734,585
Net position ending (12/31/15)	$ 32,793,659	$ 29,815,620

Revenues:

Total revenue shows an increase of $2,283,084. This is primarily attributed to an increase in property tax revenue and the premiums received on general obligation bonds issued in 2015.

In the General Revenues detailed above, the District is funded primarily through property tax collections, fee in lieu of taxes (vehicle registrations), interest income through funds held at the State Treasurer's Pool, and miscellaneous reimbursements to the District.

Impact fees are reported as Capital Contributions. Impact fee collections for parks, recreation, and trails plus the related interest income in 2015 totaled $517,413. The allocation for parks and recreation improvements is $470,479; the allocation for trail improvements is $46,934. These fees are used for capital improvements for park, recreation, and trail facilities identified in the District's Impact Fee Facilities Plan.

Charges for services include recreation, special events, field rental, and Fieldhouse fees. The 2015 increase of $181,485, or 14.8%, can be largely attributed to an increase in Fieldhouse fitness classes and monthly memberships as well as camps offered by the Recreation department.

Summit County's annual contribution remained the same as the previous year at $35,000. Summit County contributes annually to each of the recreation regions in the County, including the Snyderville Basin, North Summit, and South Summit recreation programs.

Expenses:

The expenses listed in Changes In Net Position are comprised of the District's five major departments with two additional categories, Park City ice arena contribution and long-term debt interest and cost of issuance. Total expenses saw an increase of $1,386,080. The issuance of $25,000,000 general obligations bonds greatly contributed to the increase.

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

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

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

The Fieldhouse Department operational expenses reflect the department manager as well as year-round and seasonal wages and all related benefits, all Fieldhouse overhead expenditures, and all expenditures for Fieldhouse run fitness, sports, and camp programs. Other expenses for the purposes of Net Position are capital expenditures not capitalized and current depreciation expense.

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

The District is obligated (see Note #13) to contribute $50,000 annually to Park City per the Interlocal Agreement for Regional Ice Facility.

The final expense category, long-term debt, reflects interest payments on general obligation bonds issued by the District in 2004, 2008, 2010 (refunding of 2002), 2011, 2012 (partial refunding of 2004) and two series in 2015 (one of which was refunding the remaining portion of 2004 and part of 2008). Other expenses for the purposes of Net Position is the cost of issuance for the 2015 bonds, deferred amount on refunding, and accrued interest payable.

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As of December 31, 2015, the District's governmental funds (General, Capital Projects, Debt Service and Impact Fees) reported combined fund equity of $38,744,305. This represents an increase of $25,324,245 from last year's ending balance. The issuance of the 2015 general obligation bonds is the main cause for the increase in equity.

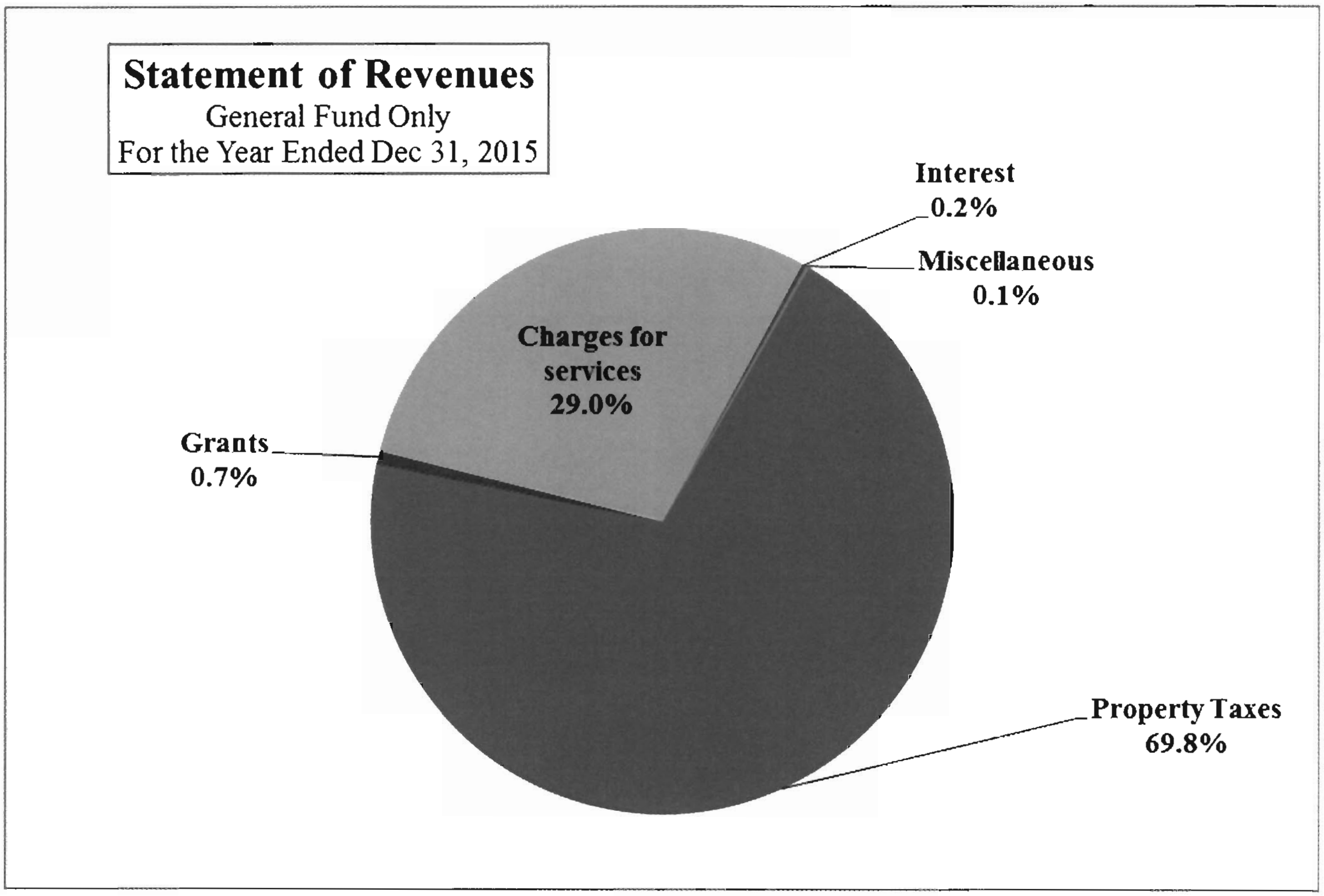
Taxes are the largest source of revenue in the governmental funds and represent 71.8% of total governmental fund revenues. The largest element of taxes since the District's inception has been property taxes for the current year and prior year collections (redemption). The remaining 28.2% of revenue in the governmental funds are operating and capital grants and contributions, charges for services, premium on bond issuance, and interest income.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the chief operating fund of the District. All activities which are not required to be accounted for in separate funds either by state or local ordinance (such as the impact fee fund and the debt service fund) or capital funds resulting from voter approved recreation bonds or funds designated for capital projects as approved by the Administrative Control Board are accounted for in this fund.

During the calendar year 2015, the General Fund adopted budget for expenditures was amended down from an original budget expenditure of $4,255,654 to a final budget of $4,202,901 (actual expenditures were $4,001,175 or 95.2% of final amended budget).

The 2015 General Fund budget for revenues was amended up from an original budget revenue amount of $4,345,773 to a final budget of $4,585,476 to reflect the higher than anticipated revenue from property taxes as well as increases in Recreation and Fieldhouse revenue. Actual revenue came in above the final budget at $4,833,568, which created excess revenues over expenditures of $832,393. The Board authorized a transfer at 2015 year-end of $1,208,597 from the General Fund to the Capital Fund. The General Fund transfer was initiated for capital related projects and expenditures planned in 2016 and 2017, and to keep the general fund balance in compliance with Utah Code.



CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The District's 2015 investment in capital assets brings the accumulated amount to $51,647,144 (net of accumulated depreciation). The investment in capital assets includes land acquisition, buildings, trail and trailhead infrastructure improvements, park improvements, vehicles and equipment, etc. Major capital asset events during 2015 included the following:

- Acquisition of 17.3 acre parcel from Fireman's Fund – funded by impact fees
- PRI section of the Millennium Trail – funded by 2011 issued bond for trails
- Willow Creek Park upgrades – two additional pavilions and drinking fountain
- Trailside Park upgrades – shade structure at the skate park and drinking fountain
- Equipment purchased for the Parks department – surveillance camera system, wide area mower, and field liner
- All-terrain vehicle purchased for the Trails department
- LED lighting upgrades at The Fieldhouse

CAPITAL ASSETS

	December 31, 2015	December 31, 2014
Land	$ 9,624,659	$ 9,198,529
Open Space	21,359,907	21,359,907
Water shares	20,000	20,000
Buildings	10,021,676	9,906,633
Parks	8,447,301	8,084,349
Trails	9,753,643	9,281,597
Vehicles and equipment	1,443,131	1,234,707
Construction in progress	286,956	331,363
Subtotal	60,957,273	59,417,085
Less accumulated depreciation	(9,310,129)	(8,136,575)
Net capital assets	$ 51,647,144	$ 51,280,510

Additional information on the District's capital assets may be found in the notes to the financial statements.

DEBT ADMINISTRATION

Long-term Debt – As of December 31, 2015, the District had total bonded debt outstanding of $58,780,000. All of this debt is general obligation debt and is backed by the full faith and credit of the District. These general obligation bonds were issued for specified capital projects. The District's debt fund, which is serviced by ad valorem taxes to be levied without limitation as to rate or amount on all taxable property in the District, will provide all funding for the bonds' principal and interest repayment. In addition to the general obligation bond debt, the District has long-term debt in the form of compensated absences in the amount of $44,654. The combination of these items results in $58,824,654 of total long-term debt at year-end.

LONG-TERM DEBT

	December 31, 2015	December 31, 2014
Net general obligation bonds	$ 58,780,000	$ 35,565,000
Compensated absences	44,654	42,037
Total long-term debt	$ 58,824,654	$ 35,607,037

Additional information on the outstanding debt obligations of the District may be found in the notes to the financial statements.

ECONOMIC OUTLOOK

- According to the Summit County Assessor's Office, overall taxable values throughout the District will continue to increase at or slightly above rates from 2015. In June, when the 2016 details of each taxing district are available, the fiscal impact to the District will be more clearly defined.

- The Park City Board of Realtors reports continued price increases in sales of single family homes, condominiums, and vacant lots in Summit County. Though the number of single family home sales in Snyderville Basin was down 4 percent, the median price was up 13 percent to $912,500. That compares to a median price of $806,000 at the end of the first quarter, 2015. With inventory levels remaining low, the market continues to be a seller's market.

- A 240-acre residential and commercial development agreement for the southeast corner of Silver Creek Junction was approved by the Summit County Council on June 3, 2015. The development, Silver Creek Village, is proposing 939 multi-family units, 351 single-family units and 50,000 square feet of neighborhood commercial space. The agreement includes a land dedication of approximately 80 acres to the District for a community park, trails and open space. Site improvements are expected to begin as early as summer 2016.

- The Park City Tech Center at Kimball Junction is entitled to 1.2 million square feet of office space with only one building, approximately 30,000 square feet, completed to date. The development agreement states that the developer will contribute $300,000 to Summit County after construction of 300,000 gross square feet of research space based upon the issuance of Certificates of Occupancy. An agreement exists between Summit County and the District that such funds will be paid to the District to reimburse the District for a portion of the costs associated with the construction of the SR 224 Underpass, which was completed in 2011. In addition, the developer has public trail obligations to uphold contingent upon the development.

- Regarding commercial construction, the Snyderville Basin Planning Commission recently approved plans for a 48,565 square foot office building in the Park City Tech Center currently intended to house Skullcandy. Preparations have also been made to begin reconfiguration and construction at Canyon Corners, a retail development near Kimball Junction, with entitlements of 68,000 square feet including a 40,000 square foot Whole Foods market.

- There is significant development expected to begin construction in summer 2016 in the Canyons. First, the Apex Residences plan to add 161,000 square feet of multi-family residential density with a total of 63 units. Second, the Frostwood development will add 25 units of multi-family residential space, totally 50,000 square feet. Lastly, the Residences at BlackStone has completed construction of 32 townhomes and will begin construction on 96 multi-family units on the LV4 parcel. The entire development at BlackStone will ultimately cover 185,000 square feet.
- Construction is scheduled to begin at Fiddich Glen, a 12 unit Single Family Attached development near Kimball Junction consisting of approximately 26,930 square feet.
- The Snyderville Basin Planning Commission continues to review plans for the Discovery CORE project, a development between Pinebrook and Summit Park, which proposes 49 single family lots and 46 townhome units.

REQUESTS FOR INFORMATION

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

Business Manager, Snyderville Basin Special Recreation District, 5715 Trailside Drive, Park City, Utah 84098.

BASIC FINANCIAL STATEMENTS

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2015

	Governmental Activities
ASSETS AND DEFERRED OUTFLOW OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 5,967,622
Accounts Receivable	751,679
Prepaid Expense	3,273
Other Assets	76,491
TOTAL CURRENT ASSETS	6,799,065
NONCURRENT ASSETS	
Restricted Assets	
Cash and Cash Equivalents	32,510,839
Capital Assets	
Non Depreciable	31,291,522
Depreciable Assets (net of Depreciation)	20,355,622
TOTAL NONCURRENT ASSETS	84,157,983
TOTAL ASSETS	90,957,048
DEFERRED OUTFLOW OF RESOURCES	1,236,382
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	92,193,430
LIABILITIES AND DEFERRED INFLOW OF RESOURCES	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	230,567
Unearned Revenue	-
TOTAL CURRENT LIABILITIES	230,567
NONCURRENT LIABILITIES	
Due Within One Year	2,779,699
Due in more than One Year	56,044,955
TOTAL NONCURRENT LIABILITIES	58,824,654
TOTAL LIABILITIES	59,055,221
DEFERRED INFLOW OF RESOURCES	344,550
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	59,399,771
NET POSITION	
Net Investment in Capital Assets	20,427,698
Restricted for	
Impact Fees	2,179,176
Debt Service	2,973,997
Unrestricted	7,212,788
TOTAL NET POSITION	$ 32,793,659

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
Governmental Activities					
Administration	$ 907,617	$ 4,725	$ 35,000	$ -	$ (867,892)
Parks	1,268,969	80,745	-	458,665	(729,559)
Trails	1,034,681	-	-	45,824	(988,857)
Fieldhouse	1,477,999	945,284	-	-	(532,715)
Recreation	655,239	373,264	-	-	(281,975)
Park City Ice Arena Contribution	50,000	-	-	-	(50,000)
Interest and Costs of Issuance on Long-Term Debt	2,647,212	-	-	-	(2,647,212)
TOTAL GOVERNMENTAL ACTIVITIES	$ 8,041,717	$ 1,404,018	$ 35,000	$ 504,489	(6,098,210)

General Revenues	
Property Taxes	7,683,826
Vehicle Taxes	218,384
Premiums on Bonds	974,428
Unrestricted Investment Earnings	192,730
Miscellaneous	6,881
Total General Revenues	9,076,249
Change in Net Position	2,978,039
Net Position - Beginning	29,815,620
Net Position - Ending	$ 32,793,659

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General	Debt Service	Special Revenue	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 2,525,879	$ -	$ -	$ -	$ 2,525,879
Accounts Receivable	11,906	-	-	48,535	60,441
Property Taxes Receivable	287,972	403,266	-	-	691,238
Restricted Cash	-	2,771,841	2,179,176	31,001,565	35,952,582
Prepaid Expenses	3,273	-	-		3,273
Other Assets	1,600	-	-	-	1,600
TOTAL ASSETS	$ 2,830,630	$ 3,175,107	$ 2,179,176	$ 31,050,100	$ 39,235,013
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	$ 98,355	$ -	$ -	$ 47,803	$ 146,158
TOTAL LIABILITIES	98,355	-	-	47,803	146,158
DEFERRED INFLOW OF RESOURCES	143,440	201,110	-	-	344,550
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	241,795	201,110	-	47,803	490,708
FUND BALANCE					
Non-Spendable	3,273	-	-	-	3,273
Restricted for					
Debt Service	-	2,973,997	-	-	2,973,997
Impact Fees	-	-	2,179,176	-	2,179,176
Construction and Land Acquisition	-	-	-	27,560,554	27,560,554
Assigned for					
Capital Replacement	-	-	-	834,442	834,442
Capital Projects	-	-	-	2,607,301	2,607,301
Unassigned	2,585,562	-	-	-	2,585,562
TOTAL FUND EQUITY	2,588,835	2,973,997	2,179,176	31,002,297	38,744,305
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND EQUITY	$ 2,830,630	$ 3,175,107	$ 2,179,176	$ 31,050,100	$ 39,235,013

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2015

TOTAL GOVERNMENTAL FUNDS BALANCES	$ 38,744,305
Amounts reported for governmental activities in the statement of net position are different because	
Impact Fee credits are available for use in future periods and are not recorded as income in the current period, therefore, they are not reported in the funds	74,891
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	51,647,144
Deferred amounts on bond refundings are deferred outflows of resources and, therefore, are not reported in the funds	1,236,382
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(58,909,063)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 32,793,659

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Debt Service	Special Revenue	Capital Projects	Total Governmental Funds
REVENUES					
Taxes	$ 3,375,806	$ 4,526,404	$ -	$ -	$ 7,902,210
Grants	35,000	-	-	-	35,000
Charges for Services	1,404,018	-	-	-	1,404,018
Impact Fees	-	-	504,489	-	504,489
Interest	11,863	13,304	12,924	154,639	192,730
Miscellaneous	6,881	-	-	-	6,881
TOTAL REVENUES	4,833,568	4,539,708	517,413	154,639	10,045,328
EXPENDITURES					
Administration	884,980	-	-	-	884,980
Parks	774,110	-	-	-	774,110
Trails	558,051	-	-	-	558,051
Fieldhouse	1,148,007	-	-	-	1,148,007
Recreation	636,027	-	-	-	636,027
Debt Service					
Principal	-	9,170,000	-	-	9,170,000
Interest and Finance Charges	-	1,874,603	-	-	1,874,603
Capital Outlay	-	-	-	1,707,347	1,707,347
TOTAL EXPENDITURES	4,001,175	11,044,603	-	1,707,347	16,753,125
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	832,393	(6,504,895)	517,413	(1,552,708)	(6,707,797)
OTHER FINANCING SOURCES (USES)					
Proceeds from Bonds Issued	-	32,385,000	-	-	32,385,000
Premiums on Bonds Issued	-	974,428	-	-	974,428
Park City Ice Arena Contribution	(50,000)	-	-	-	(50,000)
Costs of Issuance of Bonds	-	(433,624)	-	-	(433,624)
Deferred Amount on Refunding	-	(843,762)	-	-	(843,762)
Transfers from Other Funds	-	-	-	26,748,835	26,748,835
Transfers to Other Funds	(1,208,597)	(25,141,145)	(399,093)	-	(26,748,835)
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	(426,204)	436,002	118,320	25,196,127	25,324,245
BEGINNING FUND BALANCE	3,015,039	2,537,995	2,060,856	5,806,170	13,420,060
ENDING FUND BALANCE	$ 2,588,835	$ 2,973,997	$ 2,179,176	$ 31,002,297	$ 38,744,305

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES - TOTAL GOVERNMENTAL FUNDS	$ 25,324,245
Amounts reported for governmental activities in the statement of activites are different because	
Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	366,634
Issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This amount is the net difference in the treatment of long-term debt and related items.	(22,689,652)
Some revenues and expenses reported in the statement of activities do not add to or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. This is the difference between prior and current accrued interest and the usage of impact fee credits.	(23,188)
CHANGE IN NET POSITION OF GOVERNMENTAL FUNDS	$ 2,978,039

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
REVENUES				
Taxes	$ 3,058,618	$ 3,184,537	$ 3,375,806	$ 191,269
Grants	35,000	35,000	35,000	-
Charges for Services	1,241,655	1,351,733	1,404,018	52,285
Interest	10,000	11,500	11,863	363
Miscellaneous	500	2,706	6,881	4,175
TOTAL REVENUES	4,345,773	4,585,476	4,833,568	248,092
EXPENDITURES				
Administration	998,176	932,155	884,980	47,175
Parks	890,662	836,867	774,110	62,757
Trails	599,335	592,789	558,051	34,738
Fieldhouse	1,120,691	1,187,640	1,148,007	39,633
Recreation	646,790	653,450	636,027	17,423
TOTAL EXPENDITURES	4,255,654	4,202,901	4,001,175	201,726
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	90,119	382,575	832,393	449,818
OTHER FINANCING SOURCES (USES)				
Park City Ice Arena	(50,000)	(50,000)	(50,000)	-
Transfers to Other Funds	(40,119)	(1,208,597)	(1,208,597)	-
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	$ -	$ (876,022)	$ (426,204)	$ 449,818

See the accompanying notes to the financial statements

SNYDERVILLE BASIN SPECIAL RECREATION DISTRICT

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Variance
	Original	Final	Actual Amounts	with Final Budget
REVENUES				
Impact Fees	$ 545,000	$ 540,000	$ 504,489	$ (35,511)
Interest	7,140	12,510	12,924	414
TOTAL REVENUES	552,140	552,510	517,413	(35,097)
EXPENDITURES				
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	552,140	552,510	517,413	(35,097)
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	(478,000)	(412,000)	(399,093)	12,907
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND USES	$ 74,140	$ 140,510	$ 118,320	$ (22,190)

See the accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Snyderville Basin Special Recreation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Boards (GASB). The following is a summary of the more significant of the District's accounting policies.

Financial Reporting Entity

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

Basis of Presentation

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

Government-wide and Fund Financial Statements -- The government-wide financial statements report financial information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District. Direct expenses are those that are specifically associated with a specific function and are clearly identified to that particular function. The District does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function or segment offset by program revenues directly connected to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include 1) charges to customers who directly benefit from goods or services provided by a given function or activity; 2) operating grants and contributions which finance annual operating activities, including restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets.

For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

NOTE 1 – (CONTINUED)

Taxes, interest, and other revenue sources not properly included with program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the District.

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

Fund Accounting – The District uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and liabilities as fund balance.

The District reports the following major governmental funds:

The *general fund* is the government's main operating fund. 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.

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

The *special revenue fund* is used to account for the collection and use of impact fees for parks and trails.

The *capital projects fund* is used to account for the acquisition or construction of major capital facilities of the District.

Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. The statement of activities reports revenues and expenses.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

NOTE 1 – (CONTINUED)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting, At the fund reporting level, governmental funds use the modified accrual basis of accounting.

Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange Transactions – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, the phrase "available for exchange transactions" means expected to be received within 60 days of year-end.

Revenues – Non-exchange Transactions – Non-exchange transactions in which the District receives value without directly giving equal value in return, include property tax, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected by December 31, 2015 for property taxes and within 60 days for other non-exchange transactions) before it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable. On the modified accrual basis, expenditures are generally recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

Assets, Liabilities and Fund Equity

Cash and cash equivalents

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. The District's investment policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of the District's cash in the Fund is the same as the fair value of the Fund shares.

NOTE 1 - (CONTINUED)

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less, when purchased, meet this definition.

Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as "restricted cash" on the statement of net position and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted.

Capital assets

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

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

Capital asset depreciation is recognized using the straight-line method over the estimated useful lives as follows:

Classification	Range of Lives
Buildings	10-40 years
Parks	8-40 years
Trails	15-30 years
Vehicles and Equipment	7-10 years

Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a bi-weekly basis and is fully vested when earned. Employees may carry up to one half of the vacation hours they can earn in one year over to the next year. At retirement, death, or termination, all unpaid accrued vacation is paid to the beneficiary. Governmental funds report an expenditure as the vacation is paid or at termination. Accumulated sick leave is earned at a rate of one day per month. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate up to 90 days of sick leave. Qualified employees who earned sick leave prior to April 1, 2007 will be paid 100% of the sick leave they had accumulated at that date upon separation from employment. No sick leave earned after that date, but unused upon separation, will be paid.

Long-term liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 - (CONTINUED)

Fund equity

In the fund financial statements, governmental funds report fund balances divided into five categories as follows:

Non-spendable – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained. Fund balance amounts related to permanent endowments would be classified as non-spendable.

Restricted – This classification includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. The District's remaining balances of impact fees and debt service reserves are restricted.

Committed – This classification includes amounts that can only be used for specific purposes established by formal action of the District Board, which is the District's highest level of decision making authority. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the District Board. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has not committed any fund balance amounts.

Assigned – This classification includes amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. These are established by the District Director. This classification includes the remaining positive fund balances for governmental funds other than the general fund.

Unassigned – This classification holds the remainder of the fund equity and is the amount available for the District to spend.

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

Net position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists 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 legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1 - (CONTINUED)

Inter-Fund Transactions

During the course of normal operations, the District has transactions between funds to subsidize operations in certain funds, to allocate administrative costs, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as operating transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

Unearned Revenue

Customer fees paid in advance are shown as unearned revenue.

Estimates and Assumptions

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

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Capital Asset Differences

When capital assets (land and improvements) are purchased or constructed for use in governmental fund activities, the costs of those assets are reported as expenditures in the governmental funds. However, those costs are reported as capital assets in the statement of net position. The details of these differences are presented below:

Land	$ 9,624,659
Open Space	21,359,907
Water Shares	20,000
Buildings	10,021,676
Parks	8,447,301
Trails	9,753,643
Vehicles and Equipment	1,443,131
Construction in Progress	286,956
Less Accumulated Depreciation	(9,310,129)
Net Capital Asset Difference	$ 51,647,144

NOTE 2 - (CONTINUED)

Long-Term Liability Differences

Long-Term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet. All liabilities (both current and long-term) are reported in the statement of net position. The details of these differences are presented below:

Compensated Absences	$ (44,654)
Accrued Interest Payable	(84,409)
General Obligation Bonds Payable	(58,780,000)
	$ (58,909,063)

Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund financial statements include a reconciliation between changes in fund balances in the governmental funds and changes in net position in the government-wide statement of activities. This difference primarily results from the long-term economic focus of the statement of activities versus the current financial resource focus of the governmental fund financial statements.

Capital Outlay and Depreciation Differences

Capital outlays are reported as expenditures in the statement of revenues, expenditures and changes in fund balances. They are reported as capital assets, with the costs allocated over the useful lives of the assets, as depreciation, in the statement of activities. The details of these differences are reported below:

Capital Outlay	$ 1,625,856
Capital Outlay Disposition	(7,775)
Depreciation Expense	(1,251,447)
Net Difference	$ 366,634

Long-Term Debt Issuance and Repayment Differences

When long-term debt is issued it is reported as an "other financing source". Repayments are reported as expenditures in the statement of revenues, expenditures and changes in fund balance. Issuance of debt is reported as long-term liability and repayments are reported as reductions to those liabilities in the statement of activities. The details of these differences are reported below:

Proceeds from Bonds Issued	$ (32,385,000)
Compensated Absences	(2,617)
Amortization of Deferred Amount on Refunding	(315,797)
Deferred Amount on Refunding	843,762
General Obligation Bonds Repaid or Refunded	9,170,000
Net Difference	$ 22,689,652

Other Revenue and Expense Differences

The change in accrued interest payable is not reported in the statement of revenues, expenditures and changes in fund balance. The detail of this difference is reported below:

Change in Accrued Interest Payable	$ (23,188)

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

Tax Revenues

Property taxes are collected by the Summit County Treasurer's Office and remitted to the District on a monthly distribution schedule. Taxes are levied and are due and payable on November 1st and are delinquent after November 30th of each year, at which time they become liens if not paid. Consequently, the majority of funds are paid to the District in the December distribution. A final settlement for "current year" collections is paid *shortly* after the January 15th property tax payment deadline.

NOTE 4 - CASH AND INVESTMENTS

The District maintains a deposit and investment pool. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost or amortized cost, which approximates fair value. Deposits are not collateralized nor are they required to be by State statute.

Deposits and investments for District 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 Money Management Act. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2015, all of the District's bank balances of $154,840 were insured and collateralized.

NOTE 4 - (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 Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The District is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subjected to the Act and Council requirements. The PTIF is not registered with the 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, 2015, the District had the following investments and maturities:

Investment Type	Fair Value
State of Utah Public Treasurer's Investment Fund	$ 38,363,926

The deposits and investments described above are included on the statement of net position as per the following reconciliation:

Deposits	$ 114,080
Cash on Hand	455
Investments	38,363,926
Total	$ 38,478,461
Cash and Cash Equivalents	$ 3,408,738
Restricted Cash and Cash Equivalents	35,069,723
Total	$ 38,478,461

NOTE 5 - ACCOUNTS RECEIVABLE

Property taxes were levied on January 1 of 2015, and were due in November of 2015. The property taxes that have been remitted to the District within 60 days of the end of the current fiscal period have been recognized as revenue. The uncollected, measurable amounts have been accrued as deferred revenue. All other items are considered to be measurable and available only when cash is received by the District.

Property taxes of $691,238 were receivable at December 31, 2015. Of that amount $346,688 was collected by Summit County and remitted to the District within 60 days of year end. The remaining balance of $344,550 was charged but unpaid as of December 31, 2015. An additional $60,441 was receivable from other various sources at December 31, 2015.

NOTE 6 - CAPITAL ASSETS

The following schedule presents the capital activity of the governmental activities for the year ended December 31, 2015.

	Beginning Balance	Additions	Deletions	Shifted Assets	Ending Balance
Capital Assets not being Depreciated					
Land	$ 9,198,529	$ 376,130	$ -	$ 50,000	$ 9,624,659
Open Space	21,359,907	-	-	-	21,359,907
Water	20,000	-	-	-	20,000
Capital Assets being Depreciated					
Buildings	9,906,633	134,663	(19,620)	-	10,021,676
Parks	8,084,349	212,957	-	149,995	8,447,301
Trails	9,281,597	438,725	-	33,321	9,753,643
Vehicles and Equipment	1,234,707	228,549	(66,049)	45,924	1,443,131
Construction in Progress	331,363	234,833	-	(279,240)	286,956
Less Accumulated Depreciation	(8,136,575)	(1,251,447)	77,893	-	(9,310,129)
Capital Assets, Net	$51,280,510	$ 374,410	$ (7,776)	$ -	$51,647,144

Depreciation was charged to the functions/programs of the District as follows:

Administration	$ 15,186
Parks	440,598
Trails	456,064
Fieldhouse	323,681
Recreation	15,918
Total Depreciation Expense	$ 1,251,447

NOTE 7 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial 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 periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one type of deferred outflows. The District reports deferred charges on refunding of $1,418,953. The deferred charges on refunding resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of refunded or refunding debt.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of deferred inflows of resources. Property taxes of $344,550 were unpaid in the prior year, and so were unavailable as current resources. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. This amount is reported in the funds balance sheet and in the government-wide statement of net position.

NOTE 8 - LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District at December 31, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds					
2004 Series	$ 780,000	$ -	$ (780,000)	$ -	$ -
2008 Series	7,935,000	-	(6,570,000)	1,365,000	435,000
2010 Series	4,725,000	-	(110,000)	4,615,000	525,000
2011 Series	18,545,000	-	(340,000)	18,205,000	350,000
2012 Series	3,580,000	-	(190,000)	3,390,000	190,000
2015 Series A	-	25,000,000	(500,000)	24,500,000	1,015,000
2015 Series B	-	7,385,000	(680,000)	6,705,000	230,000
Compensated Absences	42,037	2,674	(57)	44,654	34,699
	$35,607,037	$ 32,387,674	$(9,170,057)	$58,824,654	$ 2,779,699

Long-term debt and obligations payable at December 31, 2015 were as follows:

	Interest Rate	Maturity Dates	Current Portion	Long-term Balance
General Obligation Recreation Bonds, Dated October 22, 2008 (original amount -- $10,000,000)	4.00% to 4.65%	2018	$435,000	930,000
General Obligation Recreation Bonds, Dated March 9, 2010 (original amount -- $5,125,000)	2.00% to 5.00%	2021	525,000	4,090,000
General Obligation Recreation Bonds, Dated March 2, 2011 (original amount -- $20,000,000)	3.00% to 4.75%	2030	350,000	17,855,000
General Obligation Recreation Bonds, Dated November 6, 2012 (original amount -- $3,810,000)	0.35% to 2.00%	2023	190,000	3,200,000
General Obligation Recreation Bonds, Dated February 6, 2015 (original amount -- $25,000,000)	2.00% to 3.125%	2034	1,015,000	23,485,000
General Obligation Refunding Bonds, Dated February 6, 2015 (original amount -- $7,385,000)	2.125% to 4.00%	2028	230,000	6,475,000
Compensated Absences			34,699	9,955
Total Long-term Debt			$ 2,779,699	$ 56,044,955

NOTE 8 – (CONTINUED)

Principal and interest requirements to retire the District's long-term obligations are as follows:

Years	Principal	Interest
2016	$ 2,745,000	$ 2,025,819
2017	2,825,000	1,946,419
2018	2,905,000	1,866,889
2019	3,005,000	1,772,875
2020	3,110,000	1,660,904
2021-2025	17,225,000	6,738,101
2026-2030	20,670,000	3,526,501
2031-2034	6,295,000	493,306
Totals	$ 58,780,000	$ 20,030,814

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On December 31, 2015, $14,450,000 of bonds outstanding are considered defeased.

On March 11, 2015, the District issued $7,385,000 in general obligation refunding bonds with interest rates ranging between 2.125% and 4.0%. The District issued the bonds to advance refund $780,000 of 2004 general obligation bonds with interest rates ranging between 4.0% and 5.0% and $6,160,000 of 2008 general obligation bonds with interest rates ranging between 4.5% and 4.65%. The District used the net proceeds of the 2015 Series B bonds to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2004 and 2008 series bonds. As a result, the refunded portions mentioned above are considered defeased, and the District has removed the liabilities from its accounts.

The advance refunding reduced the total debt service payments over the next thirteen years by $412,188. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $350,806.

NOTE 9 - INTERFUND TRANSFER AND LOAN RECONCILIATIONS

Operating Transfers

During 2015, the District transferred money from the general fund to the capital projects fund for current and planned future projects. The purpose of this transfer was to move $332,575 to the capital projects fund specifically for future equipment replacement. $876,022 was transferred to the capital projects fund for future planned capital projects. $25,141,145 was transferred from the debt service fund to the capital projects fund. Finally, the impact fee portion of the cost of park projects of $399,094 was transferred from the impact fee fund to the capital projects fund. The interfund transfers made for these purposes were as follows:

	In	Out
General Fund	$ -	$ 1,208,597
Debt Service Fund	$ -	$ 25,141,145
Impact Fee Fund	$ -	$ 399,094
Capital Projects Fund	$ 26,748,836	$ -

NOTE 10 - RISK MANAGEMENT

Snyderville Basin Special Recreation District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Through December 15, 2015, the District paid an annual premium to Olympus Insurance Agency. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 11 - DEFERRED COMPENSATION PLANS

Through 2015, the District has sponsored a defined contribution deferred compensation plan under the Internal Revenue Code Section 401(a) for permanent full-time employees and permanent part-time employees. The deferred compensation is not available until termination, retirement, death, or unforeseeable emergency. The 401(a) deferred compensation monies are not available to the District or its general creditors. The District's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. For qualified full-time and qualified part-time employees, the District contributes 12.0% and 6.0%, respectively, of their annual salary. During the years ended December 31, 2015, 2014 and 2013 contributions totaling $175,202, $150,091 and $137,992 respectively, were made to the plan by the District.

Through 2015, the District has sponsored a defined contribution deferred compensation plan under the Internal Revenue Code Section 457 for participating employees. The plan, available to certain full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 457 deferred compensation monies are not available to the District or its general creditors. During the year ended December 31, 2015, contributions totaling $79,165 were made to the plan by employees.

In 2016, the District will be required to participate in the Utah Retirement System's defined benefit pension plans.

NOTE 12 - INTERLOCAL AGREEMENT WITH PARK CITY SCHOOL DISTRICT

The Recreation District (District) has signed a Lease and Joint Use Agreement - Middle School Facilities for Recreation to lease 18.43 acres of land at Ecker Hill Middle School from the Park City School District (PCSD). The lease is for thirty years, with a twenty year option to renew at a cost of $1 per year. The lease arrangements are set forth in an interlocal agreement between the two agencies dated 1996. The interlocal agreement calls for the District to provide to PCSD a capital contribution of $1,327,000 for field development, community pool enhancements and additional parking space. In 2011, the three-way Joint Use Agreement was reviewed by all entities. Minor amendments were made and each of the governing boards affirmed the changes and formally adopted the updated agreement in May 2012, thereby completing the five-year review provided for in the Agreement.

The District has provided all required capital contributions. Additionally, the District has constructed field support buildings on site, which include park equipment storage and restrooms valued at an additional $596,731. In 2008 the PCSD Board granted permission to the District to make hardscape improvements at the Ecker Hill Field Complex. Improvements were made at the sole expense of the District within an area subject to the long-term lease agreement. In June of 2008, the PCSD Board granted permission to the District for improvement of expanded field space on the southwest end of the Pinebrook Field. Improvements were made at the sole expense of the District utilizing impact fees. The 2011 capital expenditures totaled $6,000. These and the prior year capital expenditures are shown as capital assets of the PCSD and are not included in the District's financial statements. The total capital contributions to PCSD as of December 31, 2015 amounted to $2,107,396.

NOTE 12 – (CONTINUED)

The District, PCSD and Park City Municipal Corporation adopted a three-way Joint Use Agreement for Recreation in May, 2007. The three parties desired to clarify and augment existing agreements, including the aforementioned Lease and Joint Use Agreement - Middle School Facilities for Recreation. At Ecker Hill Middle School the District pays for all expenses associated with field maintenance activities and repairs within the complex. PCSD pays for water. At Trailside Elementary School the Joint Use Agreement designates the rights and responsibilities of each party to effectively and efficiently manage the shared use of the Trailside Elementary fields and gymnasium facilities. The District pays for field maintenance activities. PCSD pays for water. Further, PCSD provides the District with use of Trailside Elementary school facilities for youth basketball programs and camps held during school break periods at no charge.

In 2008, the School District and SBSRD agreed to add the fields located at Jeremy Ranch Elementary School to the joint use field inventory. Effective in the spring of 2010, SBSRD upgraded the irrigation system and now maintains the playfields according to field maintenance standards adopted by the District. The Recreation District pays for all expenses associated with field maintenance activities and repairs within the playfield area. PCSD pays for water to irrigate the turf.

NOTE 13 - INTERLOCAL AGREEMENT WITH PARK CITY FOR A REGIONAL ICE FACILITY

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

On May 6, 2009, the District agreed to budget for and contribute a minimum of $50,000 per fiscal year toward operational costs of the facility in the first two years, after which the contribution will be placed in a Capital Replacement Reserve Fund by Park City. The 2004 agreement specifies in the event that RAP tax proceeds exceed $50,000 in the first two years of operation; the District will commit an additional 50% of any RAP receipts in excess of the $50,000. It was understood by the Parties that should RAP tax grants be unavailable to the District, then the District will contribute their minimum $50,000 annual payment through other funding mechanisms. In the years following the execution of the Agreement, it was determined by Summit County that the RAP grant cycle would occur every other year. In addition, the nature of the distribution changed due to the eligibility of other entities to apply for and be awarded these funds. Substantial completion of the Park City Ice Arena occurred in February 2006 and the rink, operated by Park City, opened for business. In keeping with the intent of the Parties at the time the Agreement was approved, the first $50,000 payment was made in December, 2005. In 2006 and 2008, the District applied for and received RAP grants to contribute toward operational costs of the facility.

NOTE 13 - (CONTINUED)

Interlocal Agreement on Ice

On April 1, 2008, the District Board participated in a three-year review of the Interlocal Agreement on Ice to fulfill obligations of the parties with respect to Article 4, "Operation of the Ice Facility" and specifically Section 4.3 "Operating Contributions" paragraph (a)(2)v: "The District and the City agree to review the amount of annual contributions and Use Guidelines every third year following the opening of the Ice Facility and to mutually agree upon allocations to the Ice Facility Reserve Fund, the Capital Replacement Reserve Fund (CRRF) and the Expansion Fund."

A letter of consent was prepared to document direction and consent given by the District Board for the following redistribution of the District's contribution between the funds which stated: (1) The existing fund balance of $25,000 in the Expansion Fund, plus interest accrued, shall be reserved and restricted for the master plan and conceptual design specific to future expansion of the facility; and (2) Allocation of the annual District contribution for the years 2013-2014 will go to the CRRF.

In 2012, the District and City conducted another 3-year review, and consented to the following allocation of the District's contribution between the Funds for the period 2012 – 2015. (1) In 2011-2012, $15,000 of the fund balance of $25,000 in the Expansion Fund was used for future planning, including a Recreation Facilities Demand Study completed in December, 2011 and the Community Interest and Opinion Survey, dated June 1, 2012, leaving a balance of approximately $10,000 in the "Expansion Fund." The remaining funds are to be used for the master plan and conceptual design specific to future expansion of the ice facility. (2) Allocation of $35,000 of the annual District contribution will go to the Capital Facilities Replacement Reserve to be used for Ice Facility replacement items that carry a useful life of more than one year and have a minimum cost of $1,000. (3) Allocation of up to $15,000 of the annual District contribution will be to the Ice Facility Reserve Fund, the use of which will be restricted to costs of repair which exceed $1,000 of Ice Facility replacement items as defined above. Any funds remaining from this portion of the contribution which are unused shall be allocated to the Capital Facilities Replacement Reserve at the end of each fiscal year.

The District and City conducted another 3-year review of the agreement in 2015. No material changes to the agreement were made. The District Board reserves the right to modify the annual distribution at the time of the next third year review in 2018. Either party has the right to request renegotiation of the agreement at any time.

NOTE 14 - OPEN SPACE ACQUISITION

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

In the District's amended Recreation and Trails Master Plan, the role of the District and its relationship with Summit County and BOSAC in matters of recreational open space acquisition is clarified. The District's Master Plan is the recreation element of the Snyderville Basin General Plan. The Snyderville Basin General Plan, most recently updated in February 2014, acknowledges the preservation of open space that contains critical lands, recreational, cultural, and scenic spaces. The General Plan makes a distinction between "pristine", "managed recreational", and "active open space".

NOTE 14 - (CONTINUED)

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

On November 2, 2004 the District held a bond election submitting to the qualified electors of the District the question of the issuance of $10 million of general obligation bonds to finance costs of acquisition of recreational open space property, construction of trails and related improvements. The electors voted to approve issuance of the bonds to acquire open space.

On February 20, 2008, the Board of County Commissioners adopted a resolution authorizing the sale of up to $10,000,000 General Obligation Recreation Bonds for the District. The District issued the full $10 million to finance the costs of acquiring recreational open space property negotiated by BOSAC, and pay the costs and expenses incident to the issuance and sale of the Bonds. Bonds were sold on October 22, 2008 to PNC Capital Markets, LLC (the Underwriter) in the total principal amount of $10,000,000, plus a reoffering premium of $165,698.90, less an original issue discount of $15,168.20 and less an underwriters' discount of $40,500 for a new purchase price of $10,110,030.70, a portion of which was used to pay costs of issuance.

On November 12th, 2008, the District and Summit County entered into an Interlocal Cooperation Agreement "For Distribution of Funds and Expenditure and Use of Open Space Bond Proceeds" which fully describes the terms and conditions to acquire two major open space parcels. The recitals of the agreement specifically state "the District desires to contract with the County for the joint and cooperative use, as the case may be, of the Funds for open space land acquisition and other approved and related use." It specifically provides for corridors to accommodate non-motorized trails and trail system improvements.

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

On November 2, 2010, electors voted to approve issuance of $20,000,000 General Obligation Bonds for the purpose of financing $12,000,000 to acquire recreational Open Space property negotiated by BOSAC and $8,000,000 for Trails construction and trail-related improvements, and paying related costs and expenses. 72% of voters were in favor of the issuance. The District issued the full $20,000,000 and bonds were sold on March 2, 2011 to Piper Jaffrey in the total principal amount of $20,000,000, plus a reoffering premium of $247,364.75, less an underwriter's discount of $27,037.50 and less $155,000 for costs of issuance for a new purchase price of $20,065,327.25. The Series 2011 Bonds are fixed-rate bonds structured to produce roughly level debt service payments across all District debt. Final maturity for the Series 2011 Bonds will be December 15, 2030. The spend down should occur within three years, or arbitrage penalties could be incurred.

NOTE 14 - (CONTINUED)

In October 2011, the Basin Recreation Board approved a commitment of up to $2.8 million for the purchase of a conservation easement 1,268 acres of land at Hi-Ute Ranch 3-mile Canyon. Two million dollars was paid out in December 2011, with the balance of $800,000 due by December 2012. The Conservation Easement Option contemplates an eventual Fee Purchase Option.

In December 2011, the Basin Recreation Board approved a contribution of $450,000 to Summit Land Conservancy as a contribution towards a conservation easement on the Osguthorpe 120 open space parcel. A 7.89% interest in the Conservation Easement Deed and Agreement was assigned to SBSRD, as a qualified "co-holder" of the easement with Park City Municipal Corporation and Summit Land Conservancy.

In May 2012, the Recreation District and Summit County entered into a Real Estate Purchase and Settlement Agreement with Nadine Gillmor for the purchase of 292 acres of recreational open space land. The purchase price of $7,425,000 was paid using $6,000,000 of SBSRD Recreational Open Space Bond Funds paid to seller at closing along with a $1,425,000 promissory note due in 2013. Paragraph 13(A)(i.) of the Settlement Agreement provides that title to the property will be conveyed to both the County and the District as joint tenants.

In December 2012, the Recreation District, Summit County, and Park City agreed to collaborate with Utah Open Lands to preserve 781 acres of open space in Toll Canyon at a cost of $6,100,000. The acquisition involves several steps, as outlined in the Open Space Purchase and Exchange Agreement.

1. Toll Canyon's initial down payment of $2,000,000 was paid in February 2013 by the District with funds from the 2011 issued general obligation bonds for open space. The remaining $4,100,000 is an interest-free promissory note held by Utah Open Lands, due in December 2014. If Utah Open Lands is able to repay the note by the due date, the original land owner will discount the purchase price by $610,000, making the net due $3,490,000. The District will pay $3,240,000 toward the promissory note. Utah Open Lands will pay the remaining $250,000 and deed the Toll Canyon property to Basin Recreation. Utah Open Lands will hold the conservation easement.
2. On April 29, 2013, Park City Municipal purchased from the Recreation District and Summit County the 292 acres of open space acquired in 2012 from Nadine Gillmor. The proceeds of the sale by the District to Park City paid off the outstanding Gillmor promissory note and will provide additional funding for Toll Canyon. In addition to $3,966,000 cash ($2.5 million of which was a promissory note due November 1, 2014) for the Gillmor property, Park City conveyed to the County its interest, valued at approximately $3,500,000, in the Kimball Junction open space near the entrance to the Utah Olympic Park.
3. In conjunction with the Gillmor transaction, Summit County conveyed to the District 63% of the Kimball Junction open space mentioned in item 2, valued at approximately $10,100,000.

Park City Municipal paid the $2,500,000 Gillmor promissory note to the Recreation District on October 31, 2014. The closing for the Toll Canyon transaction occurred in December 2014 which resulted in the purchase price being discounted by the landowner by $610,000. As the agreement outlined, the Recreation District holds the title and Utah Open Lands hold the conservation easement on Toll Canyon.

On November 4, 2014, electors voted to approve issuance of $25,000,000 General Obligation Bonds for the purpose of financing $15,000,000 to acquire recreational Open Space property negotiated by BOSAC, $8,000,0000 for recreation facilities, and $2,000,000 for Trails construction and trail-related improvements, and paying related costs and expenses. 71.8% of voters were in favor of issuance.

NOTE 14 - (CONTINUED)

The District issued the full $25,000,000 and bonds were sold on March 11, 2015 to Janney Montgomery Scott, LLC in the total principal amount of $25,000,000, plus a reoffering premium of $453,783.90, less an underwriter's discount of $135,087.50 and less $177,551.34 for costs of issuance for a new purchase price of $25,141,145.06. The 2015 Series A Bonds are fixed-rate bonds structured to produce roughly level debt service payments across all District debt. Final maturity will be December 15, 2034. The spend down should occur within three years, or arbitrage penalties could be incurred.

NOTE 15 - BOND RATING

In October, 2008, the credit review committee at Standard & Poor's upgraded the District's bond rating from A+ to AA+. In addition, the District received one of only two Utah bond rating upgrades reported by Moody's and was assigned an Aa3 rating, up from A1. These rating upgrades positioned the District to borrow at the best possible rates for the 2008 Open Space bond issuance. Moody's Investor Service underwent a public finance rating recalibration to standardize their global rating scale in 2010. As a result of their recalibration process, Moody's has revised Snyderville Basin Special Recreation District's general obligation bond rating from "Aa3" to "Aa2", as of May, 2010.

Prior to the 2011 Open Space Bond sale (see Note 14), Moody's Investors affirmed the District's Aa2 rating based primarily on the District's sizable and relatively affluent service area, as well as consistent and healthy general fund reserve levels, strong management, and somewhat low debt burden. Standard and Poor's re-affirmed their AA+ rating.

Prior to the 2012 general obligation refunding bonds, Moody's Investors, once again, re-affirmed the District's Aa2 rating. Standard and Poor's also re-affirmed their rating of AA+.

The District presented to rating agencies prior to the sale of the 2015 bonds and received increased ratings from both agencies. Moody's Investors assigned an Aa1 rating to the District while Standard and Poor's Rating Services assigned an AAA rating to the District. The increased ratings allowed the District to borrow at the lowest possible rates for the 2015 Series A bond issuance and the 2015 Series B refunding bond issuance.

NOTE 16 - TRAILHEAD AGREEMENT WITH SBWRD

On August 5, 2010, the District entered into an agreement with the Snyderville Basin Water Reclamation District (SBWRD) to provide a trailhead facility on SBWRD property. This agreement is for a period of thirty (30) years and at the end of the thirty (30) year period, may be renewed by the parties for an additional period as determined by the governing board of each entity. In 2010, the Recreation District made initial improvements on the property to include a roadbase trailhead parking lot, soft surface trail, and bridge to connect the facilities on the property to the developed trail system on the north side of East Canyon Creek. A bicycle pump-track has been improved at this location. As funding becomes available, the District intends to construct additional improvements to include a restroom and asphalt surface/striping of trailhead parking.

NOTE 17 - SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through April 26, 2016, the date the financial statements were available to be issued.

NOTE 17 (CONTINUED)

The District was made aware in January 2016 that it is required to participate in the Utah Retirement System's (URS) defined benefit pension plans. The District was informed that URS would assess contributions for the prior three years (January 14, 2013 through February 7, 2016). Subsequently, the District received an invoice for $754,322 for the three year period. On April 14, 2016, the District's attorney filed an appeal requesting the assessment for the years 2013 through 2015 be waived. The District is waiting for an answer on the appeal and therefore, the coverage effective date for the District is still yet to be determined.

The District Director resigned to take a position with another company in March of 2016. The Business Manager is serving as the Interim Director. The District is in the process of hiring a new Director.

Using $5,500,000 of the proceeds from the issuance of the 2015 Series A Bonds, the District plans to further expand the Fieldhouse in 2016. Okland Construction has been hired by the District to serve as the construction managers for the project.

NOTE 18 – WATER ENTITLEMENTS

In a separate transaction related to the Toll Canyon acquisition, Utah Open Lands conveyed water right entitlements and water source entitlements tied to the Toll Canyon property to the District in February 2013. The District then entered into a Water Transfer and Banking Agreement with Mountain Regional Water Special Service District on August 7, 2013. This agreement transferred water source entitlements to Mountain Regional Water in return for impact fee source credits, valued at approximately $86,150. The Recreation District utilized 1.57 acre feet of the water source entitlements in 2013. Therefore, the remaining impact fee source credits are now valued at approximately $74,891. The agreement also transferred water right entitlements to Mountain Regional Water in exchange for water right impact fee credit. The credits, valued at approximately $451,000 will not be recognized and available to the District until the Utah State Engineer grants use of the water rights in a Mountain Regional source. None of these credits were used during 2015.

STATE COMPLIANCE REPORT

GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801) 489-8408

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH THE *STATE COMPLIANCE AUDIT GUIDE* ON:

- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS
- INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
Snyderville Basin Special Recreation District

REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS

I have audited Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the District for the year ended December 31, 2015.

General state compliance requirements were tested for the year ended December 31, 2015 in the following areas:

Budgetary Compliance
Fund Balance
Utah Retirement Systems
Open and Public Meetings Act

The District did not have any state funding classified as a major program during the year ended December 31, 2015.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on General State Compliance Requirements

In my opinion, Snyderville Basin Special Recreation District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District for the year ended December 31, 2015.

Other Matters

The results of my auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in my letter to management dated April 26, 2016 as item #2015-1 under the heading State Compliance Findings. My opinion on compliance is not modified with respect to these matters.

District's Response to Finding

The District's response to the noncompliance finding identified in my audit is described in the letter to management. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the compliance requirements that could have a direct and material effect on the District to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of Report

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

Greg Ogden CPA

Greg Ogden,
Certified Public Accountant
April 26, 2015

GOVERNMENT AUDITING STANDARDS REPORT

GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801) 489-8408
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Snyderville Basin Special Recreation District

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Snyderville Basin Special Recreation District (District), a component unit of Summit County, Utah, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated April 26, 2016.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Greg Ogden CPA

Greg Ogden,
Certified Public Accountant
April 26, 2016

SNYDERVILLE BASIN
SPECIAL RECREATION DISTRICT,
A COMPONENT UNIT OF
SUMMIT COUNTY, UTAH

MANAGEMENT LETTER
DECEMBER 31, 2015

GREG OGDEN, CPA
1761 EAST 850 SOUTH
SPRINGVILLE, UT 84663
(801) 489-8408

April 26, 2016

Administrative Control Board
Snyderville Basin Special Recreation District
Summit County, Utah

Board Members:

While planning and performing my audit of the basic financial statements of Snyderville Basin Special Recreation District for the year ended December 31, 2015, I noted a matter regarding compliance with requirements of the *Utah Code* and the District's internal control over financial reporting which needs to be addressed by the District's management.

My finding from the audit is attached. If the deficiency noted in this report is left uncorrected, it is possible that an unacceptable amount of errors could occur without detection.

This report is intended solely for the use of the management of Snyderville Basin Special Recreation District. However, this report is a matter of public record and its distribution is not limited.

By its nature, this report focuses on exceptions, weaknesses and problems. This focus should not be understood to mean that there are not also various strengths and accomplishments. I appreciate the courtesy and assistance extended to me by the personnel of the District during the course of my audit, and I look forward to a continuing professional relationship.

Greg Ogden CPA

Greg Ogden,
Certified Public Accountant

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE COMPLIANCE FINDING

2015-01 FINDING – NON-PARTICIPATION IN THE UTAH RETIREMENT SYSTEMS

In January 2016, the District was informed by Utah Retirement Systems (URS) that they need to participate in the URS Systems. The District, since they started hiring full-time employees, has been providing 401(a) plan and/or 457 plan options to eligible employees. The Utah Retirement Systems is in the process of making a determination as to whether the District may begin participation with URS as of the start of 2016 or must fund the prior three years as though they had been participating since 2013.

RECOMMENDATION

Management should follow the guidance of URS once they reach their final determination.

DISTRICT RESPONSE

The District has become a member of the Utah Retirement Systems since learning of its requirement to participate.