

**SALT LAKE VALLEY  
LAW ENFORCEMENT SERVICE AREA**

**Basic Financial Statements  
and  
Independent Auditors' Report**

**Year Ended December 31, 2018**

**HBME**

**CERTIFIED PUBLIC ACCOUNTANTS**



**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**

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**CERTIFIED PUBLIC  
ACCOUNTANTS**

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Salt Lake Valley Law Enforcement Service Area  
Salt Lake City, Utah

**Report on the Basic Financial Statements**

We have audited the accompanying basic financial statements of Salt Lake Valley Law Enforcement Service Area (SLVLESA), as of and for the year ended December 31, 2018, and the related notes to the financial statements as listed in the table of contents.

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

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

***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Salt Lake Valley Law Enforcement Service Area as of December 31, 2018, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matter***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

*ABMC, LLC*

June XX, 2019

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Management's Discussion and Analysis**  
**December 31, 2018 and 2017**

As management of the Salt Lake Valley Law Enforcement Service Area (SLVLESA), we offer readers of SLVLESA's financial statements this narrative discussion, overview, and analysis of the financial activities of SLVLESA for the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes.

**FINANCIAL HIGHLIGHTS**

- SLVLESA's net position for governmental activities decreased \$3.1 million during 2018 resulting in a net position of \$4.4 million at December 31, 2018.
- During 2018, SLVLESA issued two series of tax and revenue anticipation notes for a total of \$8.7 million. Series 2018A was issued on February 26, 2018, for \$7.0 million; Series 2018B was issued on July 11, 2018, for \$1.7 million. Both series of notes were repaid in December 2018.
- Service fees paid to the Unified Police Department (UPD) totaled \$15.7 million in 2018 compared to \$34.3 million in 2017. This decrease reflects the departure of Herriman, Riverton, and Millcreek cities.
- During December 2017, three members (Riverton City, Herriman City, and Millcreek City) withdrew from SLVLESA. During 2018, SLVLESA incurred a one-time expenditure in the amount of \$4.9 million, taken from committed fund balance, as a final distribution to the withdrawing members.
- In November of 2018, SLVLESA purchased the building which houses the Magna Precinct. The acquisition price of the building was \$302,312.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to SLVLESA's basic financial statements, which are comprised of the government-wide and fund financial statements and related notes to the basic financial statements.

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

The *statement of net position* presents information on all the assets and liabilities of SLVLESA, with the difference being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SLVLESA is improving or deteriorating.

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

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018 and 2017**

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

**Governmental Fund** – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating SLVLESA's near-term financing requirements.

SLVLESA maintains only one individual governmental fund, the general fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund.

SLVLESA adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11 through 15 of this report.

**Notes to the Basic Financial Statements** – The notes provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 16 through 22 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Assets exceeded liabilities by \$4.4 million at December 31, 2018.

A portion of SLVLESA's net position reflects its net investment in capital assets. The remaining balance of net position is unrestricted. Unrestricted net position may be used to meet SLVLESA's ongoing obligations to UPD, creditors, and the next year's budget.



**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018 and 2017**

**Net Position**  
**December 31, 2018 and 2017**

|                                  | <b>Governmental Activities</b> |                     | <b>Total Change</b>   |
|----------------------------------|--------------------------------|---------------------|-----------------------|
|                                  | <b>2018</b>                    | <b>2017</b>         | <b>2018-2017</b>      |
| Current assets                   | \$ 4,302,384                   | \$ 7,541,980        | \$ (3,239,596)        |
| Capital assets                   | 302,312                        | -                   | 302,312               |
| Total assets                     | <u>4,604,696</u>               | <u>7,541,980</u>    | <u>(2,937,284)</u>    |
| Current liabilities              | 185,587                        | 58,024              | 127,563               |
| Long-term liabilities            | -                              | -                   | -                     |
| Total liabilities                | <u>185,587</u>                 | <u>58,024</u>       | <u>127,563</u>        |
| Net position:                    |                                |                     |                       |
| Net investment in capital assets | 302,312                        | -                   | 302,312               |
| Unrestricted                     | 4,116,797                      | 7,483,956           | (3,367,159)           |
| Total net position               | <u>\$ 4,419,109</u>            | <u>\$ 7,483,956</u> | <u>\$ (3,064,847)</u> |

**Governmental Activities** – The key elements of the decrease of SLVLESA's net position for the year ended December 31, 2018 are as follows:

- Revenues totaled \$17.6 million for the year ended December 31, 2018. Property tax revenue comprises most of SLVLESA's revenues for the years ended December 31, 2018 and 2017. These revenues were used to fund law enforcement services provided by the Unified Police Department.
- Total expenses decreased from the prior year by \$13.8 million, bringing current year expenses to \$20.9 million.
- An overall decrease in law enforcement expenses of \$18.6 million is the effect of the departure of Herriman, Riverton, and Millcreek cities.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018 and 2017**

**Changes in Net Position**  
**For the Years Ended December 31, 2018 and 2017**

|  | <b>Governmental Activities</b> |                     | <b>Total Change</b>   |
|--|--------------------------------|---------------------|-----------------------|
|  | <b>2018</b>                    | <b>2017</b>         | <b>2018-2017</b>      |
| Revenues:                                    |                                |                     |                       |
| Property taxes                               | \$ 17,783,931                  | \$ 35,700,388       | \$ (17,916,457)       |
| Interest Earned                              | 140,615                        | 158,323             | (17,708)              |
| Gain on termination of capital lease         | -                              | 197,388             | (197,388)             |
| Total revenues                               | <u>17,924,546</u>              | <u>36,056,099</u>   | <u>(18,131,553)</u>   |
| Expenses:                                    |                                |                     |                       |
| Law enforcement fees                         | 15,685,883                     | 34,332,651          | (18,646,768)          |
| Refund of property taxes to withdrawn member | 4,979,004                      | -                   | 4,979,004             |
| Professional fees                            | 191,293                        | 183,116             | 8,177                 |
| Debt service:                                |                                |                     |                       |
| Interest on capital lease obligation         | -                              | 85,225              | (85,225)              |
| Interest on tax anticipation notes           | 123,106                        | 137,482             | (14,376)              |
| Depreciation                                 | -                              | 62,333              | (62,333)              |
| Other  | 10,107                         | 19,581              | (9,474)               |
| Total expenses                               | <u>20,989,393</u>              | <u>34,820,388</u>   | <u>(13,830,995)</u>   |
| Change in net position                       | (3,064,847)                    | 1,235,711           | (4,300,558)           |
| Net position, beginning of year              | 7,483,956                      | 6,248,245           | 1,235,711             |
| Net position, end of year                    | <u>\$ 4,419,109</u>            | <u>\$ 7,483,956</u> | <u>\$ (3,064,847)</u> |

**GOVERNMENTAL FUND FINANCIAL ANALYSIS**

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

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018 and 2017**

**Governmental Fund** – The focus of SLVLESA's general fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SLVLESA's financing requirements. At December 31, 2018, SLVLESA's general fund reported a fund balance of \$4.1 million. The following information on revenues and expenditures should be noted:

- Revenues totaled \$18.2 million, which is a decrease of 49.2% compared to the prior year. Property taxes totaled \$18.1 million or 99.2% of total revenues.
- Expenditures totaled \$21.3 million for the year, which is a decrease of 38.7% compared to the prior year; \$15.7 million or 73.7% was paid to the Unified Police Department. Distributions to departing members totaled \$5.0 million or 23.5 %; \$302,000 was used to purchase a precinct facility; with the remaining \$300,000 used to cover cost of issuance and interest on SLVLESA's tax and revenue anticipation notes and general administrative functions.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, committed, assigned, and unassigned. *Nonspendable* fund balance includes prepaids, inventories, and other amounts that cannot be spent because of their form. *Restricted* fund balance includes fund resources that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. *Committed* fund balance are those resources that the Board of Trustees has established by formal action for specific purposes. *Assigned* balance are fund resources that management intends to be used for specific purposes. *Unassigned* balance is the sum of all other available net fund resources. At December 31, 2018, SLVLESA's governmental fund balance was \$4.1 million, all of which is categorized as unassigned.

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – November 2018, the Board purchased the building that has historically been leased by UPD for the Magna Precinct. The purchase price of the building was \$302,312, which the Board acquired using cash on hand.

Additional information on SLVLESA's capital asset activity can be found in Note 5 to the basic financial statements.

**Debt Administration** – During 2018, SLVLESA issued two series of tax and revenue anticipation notes for \$8.7 million. The notes were repaid in December 2018, when the majority of property tax revenue was received. The purpose of the notes was to provide cash flow necessary to fund law enforcement services until the 2018 property tax revenue was received.

Additional information on SLVLESA's debt activity can be found in Note 6 to the basic financial statements.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Management's Discussion and Analysis (Continued)**  
**December 31, 2018 and 2017**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

SLVLESA amended its budget twice during the calendar year. The first amendment, in June 2018, reflected an increase of 0.73 million in property tax revenue, an increase of 0.08 million in interest income, a decrease of 0.62 million in service fees to the Unified Police Department.

The budget was again amended in November 2018 to reflect an increase of 0.11 million in service fees to the Unified Police Department for the separation of the Kearns and Magna precincts and 0.31 million to purchase the Magna precinct building.

With these adjustments, actual expenditures were \$0.2 million less than final budgeted amounts. The most significant positive variance was \$0.1 million in interest on tax anticipation notes. Actual revenues were \$0.3 million more than final budgeted amounts due to higher than anticipated tax collection rates.

During December 2017, three members (Riverton City, Herriman City, and Millcreek City) withdrew from SLVLESA. The budget for fiscal year 2018 included expenditures of \$5.0 million to distribute the pro-rata portions of unassigned fund balance to the departing member cities.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the Salt Lake Valley Law Enforcement Service Area and to demonstrate SLVLESA's accountability for public funds it is entrusted with. If you have questions about this report or need additional financial information, contact the Chief Financial Officer or Treasurer for Salt Lake Valley Law Enforcement Service Area, at 3365 South 900 West, Suite 121, Salt Lake City, Utah 84119.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Statement of Net Position**  
**December 31, 2018**

|                                  | Primary<br>Government<br>Governmental<br>Activities |
|----------------------------------|---|
| <u>ASSETS</u>                    |   |
| Current assets:                  |   |
| Cash and investments             | \$ 4,203,991  |
| Property tax receivable          | 98,393  |
| Total current assets             | 4,302,384   |
| Capital assets                   | 302,312   |
| Total assets                     | 4,604,696   |
| <u>LIABILITIES</u>               |   |
| Liabilities:                     |   |
| Accounts payable                 | 185,587   |
| <u>NET POSITION</u>              |   |
| Net investment in capital assets | 302,312   |
| Unrestricted                     | 4,116,797   |
| Total net position               | \$ 4,419,109  |

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

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Statements of Activities**  
**For the Year Ended December 31, 2018**

|   | Program Revenues        |  |  | Net (Expense)<br>Revenues and<br>Changes in Net<br>Position |
|---|-------------------------|--|--|---|
| Expenses                                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary<br>Governmental<br>Activities                       |
| <b>Functions / Programs</b>                   |                         |  |  |   |
| <b>Primary Governmental:</b>                  |                         |  |  |   |
| Governmental activities                       |                         |  |  |   |
| General government                            | \$ 20,866,287           | \$ -                                     | \$ -                                   | \$ (20,866,287)   |
| Interest and fiscal charges on long-term debt | 123,106                 | -  | -                                      | (123,106)   |
| Total governmental activities                 | \$ 20,989,393           | \$ -                                     | \$ -                                   | (20,989,393)  |
| General Revenues:                             |                         |  |  |   |
| Taxes:  |                         |  |  |   |
| Property taxes                                |                         |  |  | 16,927,809  |
| Fee in lieu of taxes                          |                         |  |  | 856,122   |
| Investment earnings                           |                         |  |  | 140,615   |
|   |                         |  | Total general revenues                 | 17,924,546  |
|   |                         |  | Change in net position                 | (3,064,847)   |
|   |                         |  | Net position - beginning               | 7,483,956   |
|   |                         |  | Net position - ending                  | \$ 4,419,109  |

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

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Balance Sheet – Governmental Fund**  
**December 31, 2018**

|  | Governmental<br>Fund Types |
|--|----------------------------|
|  | General                    |
| <b><u>ASSETS</u></b>   |                            |
| Cash and investments   | \$ 4,203,991               |
| Receivables  |                            |
| Property taxes   | 98,393                     |
| <b>Total assets</b>  | <b>\$ 4,302,384</b>        |
| <b><u>LIABILITIES</u></b>  |                            |
| Accounts payable   | \$ 185,587                 |
| <b><u>FUND BALANCE</u></b>   |                            |
| Unassigned   | 4,116,797                  |
| <b>Total fund balances</b>   | <b>4,116,797</b>           |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balances</b> | <b>\$ 4,302,384</b>        |

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

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Reconciliation of the Balance Sheet of the Governmental Fund to the**  
**Statement of Net Position**  
**December 31, 2018**

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

|   |                            |
|---|----------------------------|
| Total fund balances - total governmental funds (page 11)  | \$ 4,116,797               |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the general fund. | <u>302,312</u>             |
| Net position - governmental activities (page 10)  | <u><u>\$ 4,419,109</u></u> |

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



**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Statement of Revenues, Expenditures, and Change in Fund Balance –**  
**Governmental Fund**  
**For the Year Ended December 31, 2018**

|  | Governmental<br>Fund Types |
|--|----------------------------|
|  | General                    |
| <b><u>REVENUES</u></b>   |                            |
| Property taxes   | \$ 17,222,503              |
| Fee in lieu of taxes   | 856,122                    |
| Interest on investments  | 140,615                    |
| <b>Total revenues</b>  | 18,219,240                 |
| <b><u>EXPENDITURES</u></b>   |                            |
| General government:  |                            |
| Law enforcement fees   | 15,685,883                 |
| Refund of property taxes to withdrawn members                        | 4,979,004                  |
| Professional fees  | 191,293                    |
| Other  | 10,107                     |
| Capital outlay   |                            |
| General government   | 302,312                    |
| Debt service:  |                            |
| Interest and fiscal agent fees                                       | 123,106                    |
| <b>Total expenditures</b>  | 21,291,705                 |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | (3,072,465)                |
| <b>Fund balance, beginning of year</b>                               | 7,189,262                  |
| <b>Fund balance, end of year</b>                                     | \$ 4,116,797               |

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

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Change in Fund Balance of the Governmental Fund to the**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

|  |                              |
|--|------------------------------|
| Net change in fund balances - total governmental funds (page 13)   | \$ (3,072,465)               |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. |                              |
| Capital asset purchases  | 302,312                      |
| Current year depreciation expense  | -                            |
| Delinquent property taxes reported as deferred inflows of resources in the prior year do not require the use of current financial resources and, therefore, are not reported as revenue in the general fund.     | <u>(294,694)</u>             |
| Change in net position of governmental activities (page 10)  | <u><u>\$ (3,064,847)</u></u> |

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

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Statement of Revenues, Expenditures, and Change in Fund Balance – Budget to Actual**  
**General Fund**  
**For the Year Ended December 31, 2018**

|   | Original<br>Budget    | Final<br>Budget       | Actual<br>Amounts   | Variance with<br>Final Budget |
|---|-----------------------|-----------------------|---------------------|-------------------------------|
| <b><u>REVENUES</u></b>                        |                       |                       |                     |                               |
| Property taxes                                | \$ 16,395,827         | \$ 17,099,426         | \$ 17,222,503       | \$ 123,077                    |
| Fee in lieu of taxes                          | 691,490               | 723,152               | 856,122             | 132,970                       |
| Interest on investments                       | 20,000                | 100,000               | 140,615             | 40,615                        |
| <b>Total revenues</b>                         | <b>17,107,317</b>     | <b>17,922,578</b>     | <b>18,219,240</b>   | <b>296,662</b>                |
| <b><u>EXPENDITURES</u></b>                    |                       |                       |                     |                               |
| General government:                           |                       |                       |                     |                               |
| Law enforcement fees                          | 16,249,023            | 15,685,883            | 15,685,883          | -                             |
| Refund of property taxes to withdrawn members | 4,290,144             | 4,979,004             | 4,979,004           | -                             |
| Professional fees                             | 210,000               | 260,000               | 191,293             | 68,707                        |
| Other   | 16,000                | 16,000                | 10,107              | 5,893                         |
| Capital outlay                                |                       |                       |                     |                               |
| General government                            | -                     | 310,000               | 302,312             | 7,688                         |
| Debt service:                                 |                       |                       |                     |                               |
| Interest and fiscal agent fees                | 149,000               | 174,000               | 123,106             | 50,894                        |
| <b>Total expenditures</b>                     | <b>20,914,167</b>     | <b>21,424,887</b>     | <b>21,291,705</b>   | <b>133,182</b>                |
| <b>Net change in fund balances</b>            | <b>\$ (3,806,850)</b> | <b>\$ (3,502,309)</b> | <b>(3,072,465)</b>  | <b>\$ 429,844</b>             |
| <b>Fund balances, beginning of year</b>       |                       |                       | <b>7,189,262</b>    |                               |
| <b>Fund balances, end of year</b>             |                       |                       | <b>\$ 4,116,797</b> |                               |

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

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Notes to the Financial Statements**  
**December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Salt Lake Valley Law Enforcement Service Area (SLVLESA) conform with accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the more significant accounting policies applied by SLVLESA.

**The Reporting Entity** – SLVLESA was formed on September 8, 2009, to provide funding for law enforcement services to the unincorporated areas of Salt Lake County and participating member cities, and townships. Law enforcement services are provided by the Unified Police Department (UPD). SLVLESA began its operations on January 1, 2010.

During December 2017, three member cities (Riverton, Herriman, and Millcreek) elected to withdraw from SLVLESA. Distributions totaling \$5.0 million were paid to withdrawing members during 2018.

The Board of Trustees is the primary governing authority for SLVLESA. As of December 31, 2018, the Board was comprised of the Salt Lake County Deputy Mayor; a council member from each of the following metro townships: Kearns, Magna, Emigration Canyon, White City, and Copperton; and two additional members from the Salt Lake County Council. The Board approves the budget, establishes policies, and appoints officials with responsibilities for administering all activities and fiscal matters of SLVLESA.

**Government-wide Financial Statements** – The *statement of net position* and the *statement of activities* report all information on the activities of SLVLESA.

**Fund Financial Statements** – The fund financial statements provide information about SLVLESA's general fund, a major governmental fund. It accounts for all financial resources of SLVLESA's general operations.

**Measurement Focus and Basis of Accounting** – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. SLVLESA considers revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. All property taxes and interest pertaining to the current year are accrued and reported in the financial statements. Other receipts become measurable and available when cash is received by SLVLESA and are recognized as revenue at that time. Expenditures are recorded when the related fund liability matures or is paid.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting** – SLVLESA operates within budget requirements as specified by Utah law. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America using the modified accrual basis of accounting for the general fund. All annual appropriations lapse at fiscal year-end. These financial reports reflect the following budgetary standards:

- For the fiscal year beginning January 1, the fiscal officer prepares a proposed budget for the general fund which is presented to the Board of Trustees on or before November 1.
- After a public hearing is held, the Board of Trustees, by resolution, legally adopts the final budget no later than December 31.
- Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board upon recommendation of the fiscal officer; however, increases in appropriations at the overall fund level require a public hearing prior to amending the budget. In accordance with Utah State law and with Board policy, administration may make interim adjustments from one appropriation (at the program, function, or object level) to another within the general fund without seeking the immediate approval of the Board. The Board approves these changes later in the year.
- The total budgeted expenditures of the general fund may not exceed the expected revenues for the fiscal year plus the budgetary use of fund balance. Budgetary control is exercised at the overall fund level.
- Interim adjustments in estimated revenues and appropriations during the year ended December 31, 2018, are included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed appropriations at the activity or departmental level.

**Capital Assets** – SLVLESA defines capital assets as assets with an initial, individual cost of \$100,000; such assets are reported in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are expensed rather than capitalized. Capital outlays for assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Depreciation is applied using the straight-line method over the asset's estimated useful life.

**Deferred Inflows of Resources** – Deferred inflows of resources represent an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenues) in the current year.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position/Fund Balances** – The residual of all other elements presented in a statement of net position is *net position* on the government-wide financial statements and the residual of all other elements presented in a balance sheet is *fund balance* on the governmental fund financial statements.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which SLVLESA is bound to honor them. SLVLESA first determines and reports nonspendable balances, then restricted, then committed, then assigned, with the remainder being reported as unassigned.

The categories and descriptions of fund balance are as follows:

- **Nonspendable Fund Balance** – Prepaid expenditures, and other similar assets not in spendable form or that are contractually required to be maintained intact are classified as nonspendable fund balance.
- **Restricted Fund Balance** – Assets that are constrained by externally imposed restrictions, or by law through constitutional provisions or enabling legislation are classified as restricted fund balance.
- **Committed Fund Balance** – Amounts formally designated by Board through formal action for a specific purpose that cannot be used for another purpose unless the Board formally changes the use through a superseding action are classified as committed fund balance.
- **Assigned Fund Balance** – Amounts constrained by the Board, for a specific purpose, through the appropriations process in establishing and amending budgets are classified as assigned fund balance.
- **Unassigned Fund Balance** – Amounts that may be used for any governmental purpose are classified as unassigned fund balance.

**Net Position/Fund Balance Flow Assumption** – Sometimes SLVLESA will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

- **Net Position** – It is SLVLESA’s policy to consider restricted net position to have been depleted before unrestricted net position.
- **Fund Balance** – When components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2018**

**2. DEPOSITS AND INVESTMENTS**

SLVLESA complies with the Utah State Money Management Act (*Utah Code* Title 51, Chapter 7) (the Act) and related rules of the Utah Money Management Council (the Council) in handling its depository and investing transactions. SLVLESA's funds are deposited in qualified depositories as defined by the Act. The Act also authorizes SLVLESA to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The Act's rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. SLVLESA considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

**Deposits** – Amounts held in a financial institution occasionally are in excess of federal depository insurance limits. No deposits are collateralized, nor are they required by state statute to be collateralized.

**Custodial Credit Risk** – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. SLVLESA does not have a formal deposit policy for custodial credit risk other than to comply with the Act.

**Investments** – At December 31, 2018, SLVLESA had \$4.2 million invested in the PTIF. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of investment-grade corporate notes held by the Utah State Treasurer. At December 31, 2018, the portfolio has a weighted average maturity of fifty days. The PTIF is not rated.

- **Credit Risk** – Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. SLVLESA's policy for limiting the credit risk of investments is to comply with the Act.
- **Interest Rate Risk** – Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. SLVLESA manages its exposure to declines in fair value by investing in the PTIF and by adhering to the Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2018**

**2. DEPOSITS AND INVESTMENTS (CONTINUED)**

- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. SLVLESA’s policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of SLVLESA’s total portfolio with a single issuer. SLVLESA places no other limits on the amount it may invest in any one issuer.
- **Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, SLVLESA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. SLVLESA’s investment policy is to follow the Act and to invest in the PTIF. SLVLESA’s investment policy does not limit the amount that can be held by counterparties.

**3. FAIR VALUE MEASUREMENTS**

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

SLVLESA has the following recurring fair value measurements as of December 31, 2018: Public Treasurers’ Investment Fund of \$4.2 million is valued at SLVLESA’s position in the PTIF multiplied by the published fair value factor (level 2 inputs).

**4. PROPERTY TAXES**

The property tax revenue of SLVLESA is collected and distributed by the Salt Lake County (the County) treasurer as an agent of SLVLESA. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 (the legal lien date) and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the county board of equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the County auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2.5% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 31 of the following year, delinquent taxes, including penalties, are subject to an interest charge; the interest period is from January 1 until date paid.



**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2018**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018 is as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------|------------------|---------------------------|
| <b><u>Governmental activities</u></b>       |                              |                   |                  |                           |
| Capital assets being depreciated:           |                              |                   |                  |                           |
| Buildings                                   | \$ -                         | \$ 302,312        | \$ -             | \$ 302,312                |
|   | <u>-</u>                     | <u>302,312</u>    | <u>-</u>         | <u>302,312</u>            |
| Accumulated depreciation for:               |                              |                   |                  |                           |
| Buildings                                   | -                            | -                 | -                | -                         |
|   | <u>-</u>                     | <u>-</u>          | <u>-</u>         | <u>-</u>                  |
| Total capital assets being depreciated, net | <u>\$ -</u>                  | <u>\$ 302,312</u> | <u>\$ -</u>      | <u>\$ 302,312</u>         |

In November, SLVLESA purchased a building for Magna Precinct for \$302,312. The transaction was completed using cash on hand from unassigned fund balance.

**6. TAX AND REVENUE ANTICIPATION NOTES**

On February 26, 2018, SLVLESA issued Tax and Revenue Anticipation Note, Series 2018A in the amount of \$7 million with an interest rate of 1.76%. On July 11, 2018, SLVLESA issued Tax and Revenue Anticipation Note, Series 2018B in the amount of \$1.7 million with an interest rate of 2.5%. The purpose of both series was to provide necessary cash flows to fund law enforcement services in anticipation of 2018 property tax revenue.

Proceeds from both issues were invested in the PTIF, which generated interest earnings of \$172,057. The interest expense paid on the TRANs totaled \$123,106, for a net earnings from borrowing of \$48,951.

**7. COMPONENT UNIT**

SLVLESA's primary and sole purpose is for the support and funding of the UPD, through collecting and remitting property taxes that are used to fund the operations of the UPD. SLVLESA was created because the UPD cannot legally assess a property tax. Management believes this relationship requires that SLVLESA be included as a component unit in the financial statements of the UPD for the year ended June 30, 2019. The financial statements of the UPD can be obtained by contacting management of the UPD.

**8. PENSION OBLIGATION**

All administrative, fiscal, and clerical functions of SLVLESA are performed by contract with UPD. As such, SLVLESA has no employees and thus has no pension obligations.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Notes to the Financial Statements (Continued)**  
**December 31, 2018**

**9. SUBSEQUENT EVENTS**

On April 9, 2019, SLVLESA issued Tax and Revenue Anticipation Notes, Series 2019, in the amount of \$7.5 million. The interest rate on these notes is 2.24% and will be repaid during the year ending December 31, 2019, from anticipated property tax revenue collections.

## **COMPLIANCE SECTION**



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC ACCOUNTANTS**

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
- GARY E. MALMROSE, CPA
- EDWIN L. ERICKSON, CPA
- MICHAEL L. SMITH, CPA
- JASON L. TANNER, CPA
- ROBERT D. WOOD, CPA
- AARON R. HIXSON, CPA
- TED C. GARDINER, CPA
- JEFFREY B. MILES, CPA
- DONALD M. JACK, CPA

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

Board of Trustees  
Salt Lake Valley Law Enforcement Service Area

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Salt Lake Valley Law Enforcement Service Area (SLVLESA) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise SLVLESA’s basic financial statements, and have issued our report thereon dated June XX, 2019.

***Internal Control over Financial Reporting***

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying *schedule of findings and responses* that we consider to be a significant deficiency as item 2018-1.

### ***Compliance and Other Matters***

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

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

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

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

*ABMC, LLC*

June XX, 2019



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC ACCOUNTANTS**

- E. LYNN HANSEN, CPA
- CLARKE R. BRADSHAW, CPA
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- JEFFREY B. MILES, CPA
- DONALD M. JACK, CPA

**INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROLS OVER COMPLIANCE AS REQUIRED BY *THE STATE COMPLIANCE AUDIT GUIDE***

Board of Trustees  
Salt Lake Valley Law Enforcement Service Area

***Report on Compliance with General State Compliance Requirements***

We have audited Salt Lake Valley Law Enforcement Service Area’s (SLVLESA) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on SLVLESA for the year ended December 31, 2018.

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

- |                                       |                 |
|---------------------------------------|-----------------|
| Budgetary Compliance                  | Fund Balance    |
| Open and Public Meetings Act          | Cash Management |
| Public Treasurer’s Bond               |                 |
| Restricted Taxes and Related Revenues |                 |

***Management’s Responsibility***

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

***Auditors’ Responsibility***

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

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

### ***Opinion on Compliance***

In our opinion SLVLESA complied, in all material respects, with the state compliance requirements referred to above for the year ended December 31, 2018.

### ***Report on Internal Control Over Compliance***

Management of SLVLESA is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered SLVLESA's internal control over compliance with the state compliance requirement referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SLVLESA's internal control over compliance.

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

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

***Purpose of This Report***

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

*HBMC, LLC*

June XX, 2019



**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA**  
**Schedule of Findings and Responses**  
**December 31, 2018**

**Finding/Program**

**Finding/Noncompliance**

Finding 2018-1

Accounting Policies and Procedures

Reporting requirement: **Significant Deficiency**

Condition:

During the performance of our audit procedures, we noted the Service Area does not have written and approved accounting policies and procedures.

Cause:

The Service Area has not established written accounting policies and procedures that are approved by the Board.

Effect or Potential Effect:

The Service Area relies on the employees of the Unified Police Department, the organization the Service Area contracts with, to perform most of the day-to-day operational functions. Most of the revenue collected by the Service Area is from property taxes, which are electronically deposited into the bank accounts of the Service Area. However, the effects of this finding mainly relate to the processing of expenditures and the needed professional services and other contracts required to be executed by the Service Area.

The potential effect of the finding is mitigated by the verbal procedures that were observed during the performance of our audit procedures.

Recommendation:

We recommend management ensures that written and approved accounting policies and procedures be created and continually updated address the needs of the Service Area.

Management's Response:

SLVLESA management will create accounting policies and procedures that will be approved by the Board and will review and update them, as needed.