TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT

FINANCIAL STATEMENTS

December 31, 2018 and 2017

CONTENTS

CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Chairman and Board of Trustees
Taylorsville-Bennion Improvement District

Report on the Financial Statements

We have audited the accompanying financial statements of Taylorsville-Bennion Improvement District (the District) as of and for the years ended December 31, 2018 and 2017 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Proportionate Share of Net Pension Liability, Schedule of Contributions and the related notes to the required supplementary information, on pages 5 - 12 and 41 - 43 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 Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, on pages 38 - 39 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WSRP, LLC

Salt Lake City, Utah
May 02, 2019

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)
For the Year ended December 31, 2018

Management's Discussion and Analysis is presented in three sections. The introductory section will show some of the highlights of the past year along with other important data, figures, and facts. The second section analyzes the results of operations, and the final section will address our consolidated revenues, expenses, and other liabilities.

Cautionary Statements

From time to time, in written reports and oral statements, we discuss our expectations regarding Taylorsville-Bennion Improvement District's future performance. These "forward-looking statements" are based on currently available financial and economic data and our operating plans. They are also inherently uncertain, and readers must recognize that events could turn out to be significantly different from what we expect.

Introduction

Taylorsville-Bennion Improvement District offers readers of its financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2018. The District encourages readers to consider the information presented in conjunction with the schedules, notes, and other reports found herein.

Taylorsville-Bennion Improvement District provides competitively-priced, customer-focused, drinking water and wastewater services. Our strategy recognizes that our products and services are essential to life and that our customers' expectations are high.

Taylorsville-Bennion Improvement District owns 20 wells, 16 reservoirs, 5 booster stations, 3 fluoride and chlorine injection plants, 2 lift stations and over 233 miles of water pipeline and over 184 miles of sewer pipeline. The District provides certified operations and maintenance for culinary water distribution and wastewater collection to:

- 16,528 individual residential households
- 507 commercial
- 224 institutional customers
- 8 industrial customers
- 70,000 population

The following is a discussion and analysis of Taylorsville-Bennion Improvement District's financial activities for the year ended December 31, 2018. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District changed the water rate structure from a single rate to a tiered rate. The District did not increase rates in 2018 as it was seeking to understand how the new rate structure would affect demand.
- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at December 31, 2018 by $78,409,647 (net position). Of this amount, $24,080,489 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by $2,747,294. The total increase was made up of a $3,467,127 increase from operating income and a $1,179,339 decrease from non-operating income.
- The District's operating revenue increased by $221,853 (1%). The increase in operating revenues was a result of an increase in the amount of water sold.
- The District's total long-term debt decreased by $1,436,864 during the current fiscal year. The decrease was attributable to principal payments and bond discount amortization on the Series 2010B bond.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)
For the Year ended December 31, 2018

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of the financial statements

The District's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States as promulgated by the Governmental Accounting Standards Board ("GASB"). The District reports as a single enterprise fund. Revenues are recognized when earned and expenses are recognized in the period in which they are incurred. See the notes to the financial statements for a summary of the District's significant accounting policies.

The statements of net position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as total net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating.

The statements of revenues, expenses and changes in net position present information showing how the net position changed during the fiscal years. 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 for some items that will only result in cash flows in future fiscal periods.

The statements of cash flows show a summary of the District's cash receipts and disbursements from operating, financing and investing activities.

The notes provide additional information that is essential to the full understanding of the data provided in the fund financial statements. The notes are part of the basic financial statements.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)
For the Year ended December 31, 2018

CONDENSED FINANCIAL INFORMATION

Net Position

The District's net position is comprised of net investments in capital assets ($54,258,277), restricted for debt service ($70,881) and unrestricted ($24,080,489). Net investment in capital assets reflects the District's investment in capital assets (e.g. land, buildings, water system, sewer system, equipment, and water rights) less any related debt used to acquire those assets that is still outstanding. Resources needed to repay capital-related debt must be provided from other sources. The District's net position restricted for debt service is subject to external restrictions.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S CHANGES IN NET POSITION

	2018	2017	2016
Assets:			
Current and other assets	$ 18,182,535	$ 18,061,008	$ 16,018,350
Capital assets, net	55,731,276	55,681,784	56,713,522
Investment in Central Valley Water Reclamation Facility	10,905,956	10,165,942	8,205,417
Other assets	70,881	61,615	60,570
Total assets	84,890,648	83,970,349	80,997,859
Total deferred outflows of resources:	797,875	926,642	779,308
Total assets and deferred outflows of resources	$ 85,688,523	$ 84,896,991	$ 81,777,167
Liabilities:			
Current and other liabilities	$ 2,705,981	$ 2,585,874	$ 2,330,225
Net pension liabilities	954,196	1,345,705	1,178,711
Long-term liabilities	3,199,167	5,131,619	8,364,125
Total liabilities	6,859,344	9,063,198	11,873,061
Total deferred inflows of resources:	419,532	171,440	119,624
Net position:			
Net investment in capital assets	54,258,277	52,771,921	52,401,794
Restricted for debt service	70,881	61,615	60,527
Unrestricted	24,080,489	22,828,817	17,322,161
Net position	78,409,647	75,662,353	69,784,482
Total liabilities, deferred inflows and net position	$ 85,688,523	$ 84,896,991	$ 81,777,167

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)
For the Year ended December 31, 2018

Changes in Net Position

The District's net position increased by $2,747,294 during the year ended December 31, 2018. Key elements of this overall increase are as follows:

- A net loss in equity in Central Valley Water Reclamation Facility of $2,120,511.
- A decrease in operating expenses of $217,065.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S CHANGES IN NET POSITION

	2018	2017	2016
Revenues:			
Operating revenues	$ 15,500,013	$ 15,278,160	$ 14,864,457
Capital contributions	459,506	604,258	97,248
Other revenues:			
Property taxes and assessments	470,981	468,024	475,859
Interest income	339,672	320,585	283,049
Gain (loss) on disposal of capital assets	39,490	(194,407)	68,791
Impact fees	213,189	922,422	205,366
Total revenues	17,022,851	17,399,042	15,994,770
Expenses:			
Operating expenses	12,032,886	12,249,951	10,919,420
Interest expense	122,160	187,950	276,925
Net (gain) loss in equity of Central Valley Water Reclamation Facility	2,120,511	(916,730)	373,492
Total expenses	14,275,557	11,521,171	11,569,837
Change in net position	2,747,294	5,877,871	4,424,933
Net position - beginning of year	75,662,353	69,784,482	65,359,549
Net position - end of year	$ 78,409,647	$ 75,662,353	$ 69,784,482

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets, as of December 31, 2018 totaled $55,731,276 (net of accumulated depreciation) which is an increase of $49,492 from December 31, 2017. The increase in assets was more than the increase in accumulated depreciation, which creates an overall increase in capital assets. This investment in capital assets includes the water system, sewer system, administrative buildings and land, water rights, well houses, reservoirs, and equipment.

Major capital asset events during the fiscal year 2018 included the following:

- Increase in sewer systems of $856,577 was due in large part to the lining of sewer pipelines in the District.
- Increase in water systems of $1,554,432 was due in large part to water well development projects and the installation of a new well auxiliary power generator.
- Increase in accumulated depreciation of $2,540,556.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S CAPITAL ASSETS

	2018	2017	2016
Capital assets:			
Water system	$ 69,618,837	$ 68,064,405	$ 67,262,879
Sewer system	22,953,438	22,096,861	21,890,858
Water rights	1,526,395	1,518,585	1,512,644
Equipment	13,264,706	13,131,329	13,143,988
Land and building	7,656,403	7,618,551	7,527,434
Total	115,019,779	112,429,731	111,337,803
Less accumulated depreciation	(59,288,503)	(56,747,947)	(54,624,291)
Net capital assets	$ 55,731,276	$ 55,681,784	$ 56,713,512

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

Long-Term Debt

At December 31, 2018, the District had water and sewer revenue bonds outstanding of $1,475,000. The debt represents bonds secured solely by specified revenue sources.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S OUTSTANDING DEBT

	2018	2017	2016
Long-term debt:			
*Revenue bonds payable	$ -	$ -	$ 1,800,823
Water and Sewer Revenue Bonds, Series 2010B	1,475,000	2,915,000	4,320,000
Discount	(2,001)	(5,137)	(8,272)
Total long-term debt	$ 1,472,999	$ 2,909,863	$ 6,112,551

*Revenue bonds payable above represents the District's obligated proportion of $35 million of sewer revenue bonds held by the Central Valley Water Reclamation Facility.

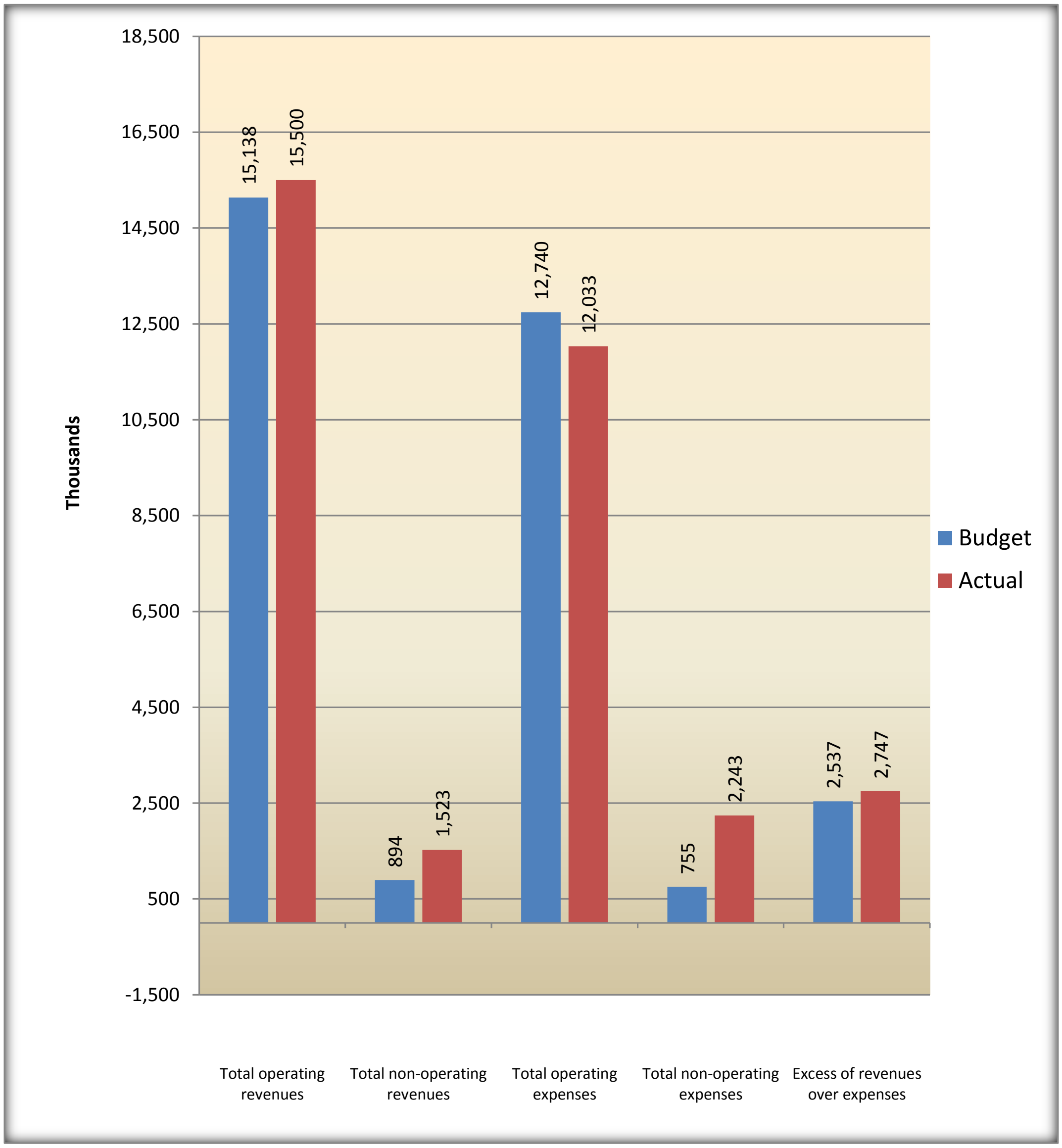
TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)
For the Year ended December 31, 2018

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S BUDGET VS. ACTUAL AMOUNTS

	Budget Amount	Actual Results	Variance
Operating revenues:			
Water and sewer service fees	$ 14,896,600	$ 15,222,557	$ 325,957
Miscellaneous	241,500	277,456	35,956
Total operating revenues	15,138,100	15,500,013	361,913
Non-operating revenues:			
Property tax	459,000	470,981	11,981
Contributions from builders and subdividers	-	459,506	459,506
Impact fees	120,950	213,189	92,239
Interest income	314,321	339,672	25,351
Gain on disposal of capital assets	-	39,490	39,490
Total non-operating revenues	894,271	1,522,838	628,567
Total revenues	16,032,371	17,022,851	990,480
Operating expenses:			
Salaries and benefits	3,955,117	3,867,258	87,859
Office expenses	522,950	506,741	16,209
Water and sewer system	2,798,255	2,339,626	458,629
Utilities	732,564	691,022	41,542
Gas and oil	55,000	58,173	(3,173)
Water purchases	1,850,000	1,769,942	80,058
Professional fees	85,200	87,694	(2,494)
Depreciation and amortization	2,555,825	2,608,687	(52,862)
Miscellaneous expense	185,500	103,743	81,757
Total operating expenses	12,740,411	12,032,886	707,525
Non-operating expenses			
Interest expense	123,424	122,160	1,264
Loss in equity of Central Valley Water Reclamation Facility	631,800	2,120,511	(1,488,711)
Total non-operating expenses	755,224	2,242,671	(1,487,447)
Excess of revenues over expenses	$ 2,536,736	$ 2,747,294	$ 210,558
Capital projects	$ (8,045,212)	$ (5,017,828)	$ 3,027,384
Debt service	$ (1,440,000)	$ (1,440,000)	$ -

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)
For the Year ended December 31, 2018

BUDGET VS ACTUAL RESULTS 2018 - IN THOUSANDS



TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS (UNAUDITED)
For the Year ended December 31, 2018

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT'S TOTAL TAXABLE VALUATION, CERTIFIED TAX RATE/MILL LEVY, AND TAXES LEVIED AND COLLECTED

The following is a summary of Taylorsville-Bennion Improvement District's total taxable valuation, certified tax rate/mill levy, and taxes levied and collected by year for a ten year period including 2009-2018, as provided by Salt Lake County.

Year	Taxable Valuation	Certified Tax Rate/ Mill Levy	Taxes Levied	Total Taxes Collected	Current Year Levy Collection Percentage
2009	2,624,603,646	0.0158%	422,751	408,040	96.52%
2010	2,560,362,399	0.0163%	416,546	411,881	98.88%
2011	2,481,091,806	0.0168%	425,676	411,710	96.72%
2012	2,315,991,863	0.0181%	434,038	419,730	96.70%
2013	2,425,295,375	0.0173%	434,745	423,661	97.45%
2014	2,551,286,451	0.0164%	418,411	421,664	100.78%
2015	2,786,234,516	0.0157%	438,436	420,374	95.88%
2016	3,041,472,425	0.0146%	445,687	432,341	97.01%
2017	3,283,096,571	0.0136%	448,094	437,619	97.66%
2018	3,611,997,560	0.0125%	453,381	439,788	97.00%

Requests for Information

This financial report is designed to provide a general overview of Taylorsville-Bennion Improvement District's finances for all those with an interest. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the accounting office at P.O. Box 18579, Taylorsville, Utah 84118-0579.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF NET POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,257,598	$ 5,448,179
Marketable securities	10,024,035	10,695,683
Receivables:		
Water and sewer charges	1,147,625	1,119,528
Certified liens	246,184	254,288
Impact fees	229,893	262,565
Unremitted property taxes	5,549	14,351
Prepaid expenses	87,065	84,260
Inventory of materials	184,586	182,154
TOTAL CURRENT ASSETS	18,182,535	18,061,008
RESTRICTED CASH AND CASH EQUIVALENTS	70,881	61,615
CAPITAL ASSETS, NET	55,731,276	55,681,784
OTHER ASSETS		
Investment in Central Valley Water Reclamation Facility	10,905,956	10,165,942
TOTAL ASSETS	84,890,648	83,970,349
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow of resources relating to pensions	797,875	926,642
TOTAL DEFERRED OUTFLOW OF RESOURCES	797,875	926,642
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 85,688,523	$ 84,896,991

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF NET POSITION
December 31, 2018 and 2017

	2018	2017
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 296,039	$ 246,801
Accrued compensated absences	34,000	24,000
Accrued termination benefits	361,760	440,834
Workers compensation payable	504	-
Accrued interest on bonds	923	1,713
Central Valley payable	369,610	239,539
Bonds payable - current	1,472,999	1,440,000
Engineering deposits	82,083	80,759
Deferred revenue	88,063	112,228
TOTAL CURRENT LIABILITIES	2,705,981	2,585,874
ACCRUED COMPENSATED ABSENCES	400,478	482,798
ACCRUED TERMINATION BENEFITS	2,798,689	3,178,958
LONG-TERM DEBT, NET OF CURRENT PORTION AND PREMIUM	-	1,469,863
NET PENSION LIABILITY	954,196	1,345,705
TOTAL LIABILITIES	6,859,344	9,063,198
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources relating to pensions	419,532	171,440
TOTAL DEFERRED INFLOWS OF RESOURCES	419,532	171,440
NET POSITION		
Net investment in capital assets	54,258,277	52,771,921
Restricted for debt service	70,881	61,615
Unrestricted	24,080,489	22,828,817
TOTAL NET POSITION	78,409,647	75,662,353
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 85,688,523	$ 84,896,991

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years ended December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Water sales	$ 9,279,156	$ 8,924,387
Sewer service	5,943,401	5,983,979
Other	277,456	369,794
TOTAL OPERATING REVENUES	15,500,013	15,278,160
OPERATING EXPENSES		
Direct operation and maintenance - water	4,371,990	4,711,044
Direct operation and maintenance - sewer	2,579,624	2,335,569
General and administrative	2,472,585	2,670,731
Depreciation and amortization	2,608,687	2,532,607
TOTAL OPERATING EXPENSES	12,032,886	12,249,951
OPERATING INCOME	3,467,127	3,028,209
NON-OPERATING INCOME (EXPENSES)		
Property taxes	470,981	468,024
Interest income	339,672	320,585
(Loss) gain on disposal of capital assets	39,490	(194,407)
Net gain (loss) in equity of Central Valley Water Reclamation Facility	(2,120,511)	916,730
Impact fees	213,189	922,422
Interest expense	(122,160)	(187,950)
TOTAL NON-OPERATING INCOME	(1,179,339)	2,245,404
INCOME BEFORE CAPITAL CONTRIBUTIONS	2,287,788	5,273,613
CAPITAL CONTRIBUTIONS BUILDERS AND SUBDIVIDERS	459,506	604,258
CHANGE IN NET POSITION	2,747,294	5,877,871
NET POSITION BEGINNING OF YEAR	75,662,353	69,784,482
NET POSITION END OF YEAR	$ 78,409,647	$ 75,662,353

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS
For the Years ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 15,178,399	$ 14,852,121
Receipts from other sources	277,456	369,794
Payments to employees for services	(4,413,067)	(3,625,692)
Payments to suppliers of goods and services	(5,381,545)	(5,792,245)
NET CASH FLOWS FROM OPERATING ACTIVITIES	5,661,243	5,803,978
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash received from property taxes	479,783	463,680
NET CASH FROM NON-CAPITAL FINANCING ACTIVITIES	479,783	463,680
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash received from sale of fixed assets	45,990	57,501
Cash received from impact fees	245,861	854,378
Principal paid on capital debt	(1,440,000)	(3,205,823)
Interest paid on bonds and notes	(122,950)	(227,626)
Net investment in Central Valley Water Reclamation Facility	(2,860,525)	(1,043,795)
Acquisition and construction of capital assets	(2,202,037)	(1,145,384)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(6,333,661)	(4,710,749)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income on investments	339,672	320,585
Net cash received (paid) for purchase of marketable securities	671,648	(2,426,372)
NET CASH FROM INVESTING ACTIVITIES	1,011,320	(2,105,787)
NET CHANGE IN CASH AND CASH EQUIVALENTS	818,685	(548,878)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,509,794	6,058,672
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,328,479	$ 5,509,794
REPRESENTED ON THE BALANCE SHEET AS		
Cash and cash equivalents - unrestricted	$ 6,257,598	$ 5,448,179
Cash and cash equivalents - restricted	70,881	61,615
	$ 6,328,479	$ 5,509,794

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
STATEMENTS OF CASH FLOWS
For the Years ended December 31, 2018 and 2017

	2018	2017
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 3,467,127	$ 3,028,209
Noncash operating activities adjustment:		
Depreciation and amortization	2,608,687	2,532,607
Changes in assets and liabilities:		
(Increase) decrease in operating assets:		
Accounts receivable	(19,993)	(44,062)
Prepaid expenses	(2,805)	2,671
Inventory of materials	(2,432)	(52,473)
Deferred outflows of resources relating to pensions	128,767	(147,334)
Net pension asset	-	43
Increase (decrease) in operating liabilities:		
Accounts payable	49,238	47,422
Accrued compensated absences	(72,320)	11,538
Deferred revenue	(24,165)	(12,183)
Other payables	131,899	(17,299)
Accrued termination benefits	(459,343)	236,029
Deferred inflows of resources relating to pensions	248,092	51,816
Net pension liability	(391,509)	166,994
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 5,661,243	$ 5,803,978
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital contributions - builders and subdividers	$ 459,506	$ 604,258
Gain (loss) on investment in Central Valley Water Reclamation Facility	$ (2,120,511)	$ 916,730
(Loss) gain on disposal of capital assets	$ 39,490	$ (194,407)

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Taylorsville-Bennion Improvement District (the "District") consistently applied in the preparation of the accompanying financial statements follows:

The Reporting Entity

The Taylorsville-Bennion Improvement District is a political subdivision of the State of Utah organized during June, 1957, for the purpose of providing sewer and water services. The District is not a component unit of another government as defined by Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus,* since the District is a special service district governed by a Board of Trustees which are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units defined in GASB Statement 39, *Determining Whether Certain Organizations Are Component Units,* which are included in the District's reporting entity.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles. Financial reporting is based upon accounting guidance codified by GASB.

Financial Statement Presentation and Basis of Accounting

The District prepares its financial statements on an enterprise fund, which is reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Enterprise funds are used to account for operations that are financed and operated in a manner similar to private businesses, where the intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Revenues from operations, investments, and other sources are recorded when earned and expenses are recorded when liabilities are incurred. Non-exchange transactions, in which the District receives value without directly giving equal value in return, includes property tax revenue and contributed water and sewer lines.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers of the system. Operating expenses for the District include the costs of treatment, personnel, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash, cash Equivalents and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition.

Inventories

Materials and supplies inventories are stated at the lower of cost (first-in, first-out) or market.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Contributions

In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, capital contributions are recorded as revenues.

Accounts Receivable

Accounts receivable are comprised of receivables on water sales and sewer services, certified liens and impact fees. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management does not expect any material uncollectible amounts as uncollected fees are certified to the county and attached as liens on the related real estate.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. This statement requires that investments be reported at fair value in the balance sheet, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less. Such investments may be reported at amortized costs. All investment income, including changes in the fair value of investments, is to be recognized in the operating statement.

Joint Venture

The District accounts for its interest in a joint venture with the equity method of accounting.

Budgetary Accounting

For management and control purposes, the District adopts and maintains a budget each year. Budgets are prepared on the accrual basis of accounting, with the exception of sale of assets and contributions from builders and subdividers not being budgeted.

Pension Plans

The District participates in the Utah State Retirement Systems.

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Accumulated unpaid sick leave is accrued each year. Employees are paid for sick leave days accrued at retirement or termination at their rate of pay at that time. These accrued days can be used for sick leave at any time. Employees can carry over unused sick leave up to 75 days. Unused days above 75 days are converted at half their normal pay rate to either vacation days or are paid out as cash. The sick leave year end is December 31. Accrued sick leave payable at December 31, 2018 and 2017 was $434,478 and $506,798, respectively. The District does not allow employees to carry over unused vacation hours.

Impact Fees

The District charges impact fees to new customers based on meter size, the number of laterals and/or the number of fixture units.

Net Position

The District's net position is classified as follows:

•Net Investment in Capital Assets

This component of net position consists of the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

•Restricted For Debt Service

This component of net position consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

•Unrestricted

This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

Property Taxes

The property tax revenue of the District is levied, collected, and distributed by Salt Lake County as required by Utah State law. Utah statutes established the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 22. By July 22, the county auditor is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the county board of equalization between August 8 and August 22 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1, who also delivers the completed assessment rolls to the county treasurer on that same date. Tax notices have a due date of November 30.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are stated at cost. Interest incurred during the construction phase of capital asset, if directly related to the construction, is included as part of the capitalized amount of the assets constructed. There was no interest capitalized during the years ending December 31, 2018 and 2017. Interest costs incurred and charged to expense during the years ending December 31, 2018 and 2017 was $122,160 and $187,950, respectively. Capital assets donated to the District are recorded at the estimated fair value at the date of donation. Contributed easements are not valued and therefore not included as capital assets. Normal maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Depreciation of property, plant, and equipment is calculated using the straight-line method over the following estimated useful lives:

	Years
Sewer and water systems	50
Buildings	30
Furniture and fixtures	8
Automotive equipment	5
Other equipment	3-8
Fence enclosures and landscaping	20
Water wells	25
Telemetering system	8
Wells mechanical	10

Investments in surface water resources represent investments in water stock and are stated at cost.

Fidelity Bond

As of December 31, 2018, the District is covered by a public employee blanket bond with Arch Insurance Company in the amount of $250,000. Also, as of December 31, 2018, a public official bond covers the treasurer in the amount of $500,000.

Bond Discounts and Bond premiums

Bond discounts and bond premiums are deferred and amortized over the term of the related bonds using the effective interest method. Bond discounts and bond premiums are presented as a reduction or addition to the face amount of bonds payable.

Long-term Obligations

Long-term debt is reported as a liability in the statement of net position.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Non-Operating Revenues

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are charges to customers for services provided by the District. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Water and Sewer Sales Revenue

Revenue from water and sewer sales is recorded based on monthly usage at the stated retail rates. Water and sewer usage are measured by flow meters located throughout the system.

Deferred Outflows/Inflows of Resources

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

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

Subsequent Events

The District evaluated all events or transactions that occurred after December 31, 2018 through May 2, 2019, the date the District issued these financial statements. During this period, the District did not have any material recognizable subsequent events.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The District follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the District's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Cash and cash equivalents consisted of the following amounts:

Unrestricted:	**2018**	**2017**
Cash on hand	$ 1,001	$ 1,001
Cash on deposit - demand	1,291,145	1,429,332
Utah Public Treasurer's Investment Fund	4,965,452	4,017,846
Total unrestricted cash and cash equivalents	6,257,598	5,448,179
Restricted:		
Debt service account - 2010B bond	70,881	61,615
Total restricted cash and cash equivalents	70,881	61,615
Total cash and cash equivalents	$ 6,328,479	$ 5,509,794

Custodial Credit Risk

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, 2018 and 2017, the District's cash deposits exceeded the FDIC insured amounts by $5,820,903 and $5,039,705, respectively.

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 District is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses - net of administration fees of the PTIF, are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares. As of December 31, 2018 and 2017, the District had funds of $4,965,452 and $4,017,846, respectively, with the PTIF. The entire balance had a maturity of less than three months. The PTIF pool has not been rated.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

NOTE 3 - NET POSITION

Net position is restricted by provisions of the bond resolutions adopted by the District (Note 6) as follows:

Amounts Restricted For Revenue Bond Debt Service

On March 9, 2010, the District issued Water and Sewer Revenue Bonds, Series 2010A and 2010B. The bond covenants require the District to maintain in a debt service account an amount not less than the debt service reserve requirement outlined in the bond issuance documents.

Use of Restricted Assets

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

Restricted net position are as follows as of December 31:

	2018	2017
Debt service account - 2010B bond	$ 70,881	$ 61,615
Total restricted net position	$ 70,881	$ 61,615

NOTE 4 - RETIREMENT PLANS

General Information About the Pension Plan

Plan Description

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

Defined Benefit Plans

• Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.

• Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee retirement system.

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

NOTE 4 - RETIREMENT PLANS (CONTINUED)

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

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

System	Final Average Salary	Years of Service Required and /or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Non contributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

** with actuarial reductions*
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.*

Contributions Rate Summary

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

NOTE 4 - RETIREMENT PLANS (CONTINUED)

Contribution rates as of December 31, 2018 are as follow:

Utah Retirement Systems	**Employee**	**Employer**	**Employer 401(k)**
Contributory System			
111Local Governmental Division - Tier 2	N/A	15.54%	0.15%
Noncontributory System			
15- Local Government Division - Tier 1	N/A	18.47%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	10.00%

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

For fiscal year ended December 31, 2017, the employer and employee contributions to the Systems were as follows:

System	**Employer Contributions**	**Employee Contributions**
Noncontributory System	$ 328,900	N/A
Tier 2 Public Employees System	70,834	-
Total Contributions	$ 399,734	$ -

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At December 31, 2018, we reported a net pension asset of $0 and a net pension liability of $954,197.

Measurement date December 31, 2017	**Net Pension Asset**	**Net Pension Liability**
Noncontributory System	$ -	$ 951,418
Tier 2 Public Employees System	-	2,778
Total Net Pension Asset/Liability	$ -	$ 954,196

	Proportionate Share December 31, 2017	**Proportionate Share December 31, 2016**	**Change (Decrease)**
Noncontributory System	0.2171544%	0.2091700%	0.0079844%
Tier 2 Public Employees System	0.0315080%	0.0231123%	0.0083957%

NOTE 4 - RETIREMENT PLANS (CONTINUED)

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2018, we recognized pension expense of $375,828. At December 31, 2018, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,327	$ 60,827
Changes in assumptions	345,484	22,510
Net difference between projected and actual earnings on pension plan investments	-	336,195
Changes in proportion and differences between contributions and proportionate share contributions	31,330	-
Contributions subsequent to the measurement date	399,734	-
TOTAL	$ 797,875	$ 419,532

$399,734 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflows (Inflows) of Resources
2018	$ 60,927
2019	87,499
2020	(54,546)
2021	(117,928)
2022	(582)
Thereafter	3,238

NOTE 4 - RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25 - 9.75 percent, average, including inflation
Investments Rate of Return	6.95 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Rate of Return**
Equity securities	40%	6.75%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
TOTALS	100%		4.75%
		INFLATION	2.50%
EXPECTED ARITHMETIC NOMINAL RETURN			7.25%

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

NOTE 4 - RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	$ 2,573,092	$ 951,419	$ (396,914)
Tier 2 Public Employees System	32,709	2,778	(20,303)
Total	$ 2,605,801	$ 954,197	$ (417,217)

Pension Plan Fiduciary Net Position

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

Defined Contribution Savings Plans

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

The District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 4 - RETIREMENT PLANS (CONTINUED)

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31, were as follows:

401(k) Plan	2018	2017	2016
Employer Contributions	$ 134,949	$ 93,488	$ 72,862
Employee Contributions	$ 85,207	$ 51,014	$ 31,064
457 Plan			
Employer Contributions	$ -	$ -	$ -
Employee Contributions	$ 74,125	$ -	$ -
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ 8,880	$ 12,130	$ 9,205
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	$ 6,495	$ -	$ -

NOTE 5 - TERMINATION BENEFITS

Retirement Benefit - Purchase Of Future Service Years

The District participates in a retirement benefit program where they share in the purchase of future service years upon retirement for employees who meet the retirement eligibility requirements of the Utah Retirement System with no actuarial reduction. The District will purchase between 65% to 95% of future service years based on an employee's years of service at retirement, determined from a table found in the District's Personnel Policy Handbook (Handbook). Based on the calculations obtained using the Utah Retirement System's Service Purchase Estimate Calculator, the specified employer share from the table in the Handbook and the likelihood that an employee will meet the retirement eligibility requirements of the Utah Retirement System with no actuarial reduction, as estimated by management, the District has estimated the retirement buyout liability to be $2,060,711 and $2,271,485, respectively, as of December 31, 2018 and 2017.

Early Retirement Incentive Pay Policy

The District will pay employees with over 20 years of service to the District an early retirement incentive given that the employee 1) gives the District at least 6 months notice of retirement; or, 2) have suffered a catastrophic illness or injury preventing them from returning to work; or, 3) the General Manager in his sole discretion for either health or other significant reasons, decides less than six months notice could be given. Employees electing to retire early under this policy will receive up to a full year's salary paid on the next pay day following retirement according to the following scale:

completed 20 years of full time service but less than 21, 50% of salary
completed 21 years of full time service but less than 22, 60% of salary
completed 22 years of full time service but less than 23, 70% of salary
completed 23 years of full time service but less than 24, 80% of salary
completed 24 years of full time service but less than 25, 90% of salary
completed 25 years or more of full time service, 100% of salary

The District has estimated the early retirement incentive liability to be $1,099,738 and $1,348,307, respectively, as of December 31, 2018 and 2017.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 6 - LONG-TERM DEBT

Notes payable at December 31, 2018 and 2017 consist of the following:

	2018	2017
Water and Sewer Revenue Bond, Series 2010B	$ 1,475,000	$ 2,915,000
Less unamortized discount	(2,001)	(5,137)
Long-term debt less unamortized discount	1,472,999	2,909,863
Less current portion	(1,472,999)	(1,440,000)
Long-term debt net of current portion and unamortized discount	$ -	$ 1,469,863

During 2010, the District issued Water and Sewer Revenue Bonds, Series 2010A and 2010B to finance a portion of the cost of the construction and improvements of various projects to improve and expand the District's water and sewer system. The District's obligation related to the bonds as of December 31, 2018 and 2017 is $1,475,000 and $2,915,000, respectively. The bond is shown on the statements of net position net of discounts of $2,001 and $5,137, respectively, as of December 31, 2018 and 2017. The Series 2010A bond was paid in full during the year ended December 31, 2015.

Future maturities of Water and Sewer Bonds, Series 2010B for the year ended December 31, 2018 is as follows:

	Principal	Interest	Total
2019	$ 1,475,000	$ 62,688	$ 1,537,688
Total	$ 1,475,000	$ 62,688	$ 1,537,688

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 7 - CAPITAL ASSETS

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

Capital assets	Balance at 12/31/2017	Additions	Deletions	Balance at 12/31/2018
Capital assets, not being depreciated:				
Land	$ 2,571,407	$ 39,897	$ (6,500)	$ 2,604,804
Water rights	1,518,585	7,810	-	1,526,395
Total capital assets, not being depreciated	4,089,992	47,707	(6,500)	4,131,199
Capital assets, being depreciated:				
Buildings	5,047,144	4,455	-	5,051,599
Sewer systems	22,096,861	856,577	-	22,953,438
Water systems	52,914,616	539,782	-	53,454,398
Water wells	15,149,789	1,014,650	-	16,164,439
Meters and accessories	8,687,244	63,720	-	8,750,964
Equipment	4,444,085	137,787	(68,130)	4,513,742
Total capital assets being depreciated	108,339,739	2,616,971	(68,130)	110,888,580
Accumulated depreciation for:				
Buildings	(2,793,766)	(118,839)	-	(2,912,605)
Sewer systems	(10,576,332)	(414,129)	-	(10,990,461)
Water systems	(24,983,358)	(1,055,256)	-	(26,038,614)
Water wells	(6,858,819)	(490,399)	-	(7,349,218)
Meters and accessories	(7,864,741)	(266,128)	-	(8,130,869)
Equipment	(3,670,931)	(263,935)	68,130	(3,866,736)
Total accumulated depreciation	(56,747,947)	(2,608,686)	68,130	(59,288,503)
Total capital assets being depreciated, net	51,591,792	8,285	-	51,600,077
Total capital assets, net	$ 55,681,784	$ 55,992	$ (6,500)	$ 55,731,276

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2017 is as follows:

Capital assets	Balance at 12/31/2016	Additions	Deletions	Balance at 12/31/2017
Capital assets, not being depreciated:				
Land	$ 2,502,582	$ 72,517	$ (3,692)	$ 2,571,407
Water rights	1,512,644	5,941	-	1,518,585
Total capital assets, not being depreciated	4,015,226	78,458	(3,692)	4,089,992
Capital assets, being depreciated:				
Buildings	5,024,852	22,292	-	5,047,144
Sewer systems	21,890,858	206,003	-	22,096,861
Water systems	52,332,771	581,845	-	52,914,616
Water wells	14,930,108	708,113	(488,432)	15,149,789
Meters and accessories	8,628,004	59,240	-	8,687,244
Equipment	4,515,984	96,825	(168,724)	4,444,085
Total capital assets being depreciated	107,322,577	1,674,318	(657,156)	108,339,739
Accumulated depreciation for:				
Buildings	(2,662,143)	(131,623)	-	(2,793,766)
Sewer systems	(10,170,336)	(405,996)	-	(10,576,332)
Water systems	(23,940,966)	(1,042,392)	-	(24,983,358)
Water wells	(6,677,480)	(421,555)	240,216	(6,858,819)
Meters and accessories	(7,595,556)	(269,185)	-	(7,864,741)
Equipment	(3,577,800)	(261,855)	168,724	(3,670,931)
Total accumulated depreciation	(54,624,281)	(2,532,606)	408,940	(56,747,947)
Total capital assets being depreciated, net	52,698,296	(858,288)	(248,216)	51,591,792
Total capital assets, net	$ 56,713,522	$ (779,830)	$ (251,908)	$ 55,681,784

NOTE 8 - CENTRAL VALLEY WATER RECLAMATION FACILITY

During 1978, the District entered into a joint venture with four other special districts and two other cities. The joint venture was organized to construct and operate a regional sewage treatment facility, know as Central Valley Water Reclamation Facility (CVWRF), for the benefit of the seven members. Effective January 1, 2017, CVWRF implemented amendments to the interlocal agreement regarding ownership. The amendments define the Post-2016 beneficial ownership and each member's undivided beneficial ownership interest in Central Valley Water Reclamation Facility as a percentage of the net value of all ownership categories of the Facility as of the most recent annual audit report. The Post-2016 beneficial ownership and valuation of each member's undivided beneficial ownership interest will then be recomputed on an annual basis at the end of each calendar year as outlined in the interlocal agreement. The seven members and their related ownership interests, as amended, are listed below:

Member	**December 31, 2017 Ownership**		**December 31, 2018 Ownership**	
Cottonwood	$ 14,415,154	17.03%	$ 16,311,844	17.32%
Mt Olympus	20,814,365	24.59%	22,697,197	24.10%
Granger-Hunter	18,715,153	22.11%	21,096,150	22.40%
Kearns	8,921,651	10.54%	9,898,238	10.51%
Murray	7,152,557	8.45%	8,071,161	8.57%
South Salt Lake	4,460,826	5.27%	5,198,694	5.52%
Taylorsville-Bennion	10,165,942	12.01%	10,905,956	11.58%
	$ 84,645,648	100.00%	$ 94,179,240	100.00%

CVWRF is administered by a joint administration board. Each member appoints one member to the board, and voting power is not related to ownership. Therefore, each member is equal to another for voting privileges. The joint venture is responsible for adopting a budget and financing its operations, subject to the approval by each of the seven members.

The District accounts for its investment in CVWRF using the equity method of accounting. Summarized financial information of CVWRF as of December 31, 2018 and 2017 and for the years then ended is as follows:

NOTE 8 - CENTRAL VALLEY WATER RECLAMATION FACILITY (CONTINUED)

	2018	2017
Total assets	$ 134,832,508	$ 124,262,379
Net position:		
Net investment in capital assets	$ 90,378,909	$ 82,291,732
Restricted for debt service	1,830,033	755,792
Unrestricted	1,970,298	1,598,124
Net position	$ 94,179,240	$ 84,645,648
Operating revenues	$ 18,230,389	$ 15,237,162
Change in net position	$ 9,533,592	$ 1,144,589
The District's interest in:		
Net position	$ 10,905,956	$ 10,165,942
Income (loss) from operations	$ (2,120,511)	$ 916,730

Audited statements are available at Central Valley Water Reclamation Facility, 800 West Central Valley Road, Salt Lake City, Utah 84119.

The District incurred the following costs from the joint venture for the years ended December 31, 2018 and 2017:

	2018	2017
Operating costs	$ 1,738,291	$ 1,540,443
Project costs	2,860,525	344,495
Total	$ 4,598,816	$ 1,884,938

At December 31, 2018 and 2017, the District had a balance due to Central Valley Water Reclamation Facility of $369,610 and $239,539, respectively.

NOTE 9 - FAIR VALUE MEASUREMENT

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles and in accordance with GASB Statement No. 72, *Fair Value Measurement and Application.* The hierarchy is based on the valuation inputs used to measure the fair value of asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of December 31, 2018:

- PTIF of $4,965,452 are valued using quoted market prices (Level 1 inputs).
- Bonds of $10,024,035 are valued using significant observable inputs (Level 2 inputs).

PTIF funds are included with cash and cash equivalents on the balance sheet and bond investments are included with marketable securities on the balance sheet.

There were no changes in the valuation techniques used to determine the fair value of these financial instruments during the fiscal year ended December 31, 2018.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 10 - LONG-TERM LIABILITIES

The following summarizes long-term obligation activity for the year ended December 31, 2018 as follows:

	Balance at 12/31/2017	Additions	Reductions	Balance at 12/31/2018	Due within one year
Accrued termination benefits	$ 3,619,792	$ 309,406	$ (768,749)	$ 3,160,449	$ 361,760
Accrued compensated absences	506,798	61,366	(133,686)	434,478	34,000
Revenue bonds	2,915,000	-	1,440,000	1,475,000	1,475,000
Total	$ 7,041,590	$ 370,772	$ 537,565	$ 5,069,927	$ 1,870,760

NOTE 11 - BOARD DESIGNATED RESERVES

The Board has designated $3,000,000 for emergencies and unforeseeable expenditures, $4,474,440 for construction of future projects, $800,000 for retirement benefits and $300,000 for Central Valley Water Reclamation Facility phosphorus removal project. Water sources continue to undergo more restrictions and lower MCL's (maximum contaminant levels) every year, which may result in additional levels of water treatment. Also, much of the District's infrastructure in reservoirs, water wells, water lines and sewer lines is reaching their projected life expectancy. This infrastructure will need to be replaced as required.

SUPPLEMENTAL INFORMATION

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
SCHEDULE OF BUDGET TO ACTUAL COMPARISON
For the Year ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
REVENUES:			
Water sales	$ 8,916,000	$ 9,279,156	$ 363,156
Sewer service	5,980,600	5,943,401	(37,199)
Property taxes	459,000	470,981	11,981
Impact fees	120,950	213,189	92,239
Interest income	314,321	339,672	25,351
Contributions from builders and subdividers*	-	459,506	459,506
Gain on disposal of capital assets*	-	39,490	39,490
Other income	241,500	277,456	35,956
TOTAL REVENUES	16,032,371	17,022,851	990,480
EXPENSES:			
Depreciation and amortization	2,555,825	2,608,687	(52,862)
Water purchased	1,850,000	1,769,942	80,058
Salaries and wages	2,226,835	2,215,672	11,163
Employee benefits	1,728,282	1,651,586	76,696
Central Valley expenses	1,965,685	1,715,335	250,350
Utilities	732,564	691,022	41,542
Net loss (gain) in equity of Central Valley Water Reclamation Facility	631,800	2,120,511	(1,488,711)
Interest expense	123,424	122,160	1,264
System maintenance and landscaping	832,570	624,291	208,279
Office expenses	522,950	506,741	16,209
Insurance	100,000	89,539	10,461
Professional fees	85,200	87,694	(2,494)
Gas and oil	55,000	58,173	(3,173)
Miscellaneous	85,500	14,204	71,296
TOTAL EXPENSES	13,495,635	14,275,557	(779,922)
EXCESS REVENUES OVER EXPENSES	$ 2,536,736	$ 2,747,294	$ 210,558
CAPITAL PROJECTS	$ (8,045,212)	$ (5,017,828)	$ (3,027,384)
DEBT SERVICE	$ (1,440,000)	$ (1,440,000)	$ -

*NOTE:

The "Actual" result of "Loss on disposal of capital assets" and "Contributions from builders and subdividers" do not have a corresponding budget figure. They are included above in order to balance the "Excess of Revenues over Expenses" in the "Actual" column to the Change in Net Position as shown on the Statements of Revenues, Expenses, and Changes in Net Position for the year ended December 31, 2018.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
SCHEDULE OF INSURANCE COVERAGE
December 31, 2018

Carrier	Policy Number	Insurance Coverage	Amount	Term	Premium
Travelers	106925411	Public Official Bond	$ 1,000,000	1/17/2022	$ 50
	106868509	Public Official Bond	1,000,000	1/17/2020	1,440
Philadelphia Indemnity Insurance Co	PHPK1909530	Commercial Package:		12/1/2019	49,550
		Blanket Building	5,367,248		
		Blanket Business Personal Property	3,550,250		
		Data Processing Equipment	500,000		
		Inland Marine	200,000		
		Flood	2,500,000		
		Earthquake	1,000,000		
		General Liability:			
		Each Occurrence	1,000,000		
		Damage to Premises Rented to You	1,000,000		
		Personal and Advertising Injury	1,000,000		
		General Aggregate	3,000,000		
		Products-Completed Operations Agg	3,000,000		
		Medical expense	10,000		
		Employee Benefits Liability Per Person	1,000,000		
		Employee Benefits Liability Aggregate	3,000,000		
		Crime:			
		Employee Dishonesty	250,000		
		Forgery or Alteration	500,000		
		Theft Disappearance & Destruction Inside/Outside	50,000		
		Computer Fraud/Funds Transfer Fraud	500,000		
		Professional Liability Per Claim	1,000,000		
		Professional Liability Aggregate	3,000,000		
		Employment Practices Liability Per Claim	1,000,000		
		Employment Practices Liability Aggregate	3,000,000		
		Wrongful Acts Per Claim	1,000,000		
		Wrongful Acts Aggregate	3,000,000		
		Commercial Auto:			
		Liability	1,000,000		
		Uninsured Motorists	1,000,000		
		Underinsured Motorists	1,000,000		
	PHUB655341	Commercial Excess Liability	10,000,000		12,550
Aspen Specialty	PRA7QG117	Difference in Conditions/Earthquake/Flood - Reservoir Tanks	10,000,000	12/1/2019	29,528
Workers Compensation Fund	1554371	Workers Compensation	500,000	1/1/2020	26,765

REQUIRED SUPPLEMENTARY INFORMATION

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*
December 31, 2018

	Noncontributory Retirement System	Tier 2 Public Employees Retirement System
Proportion of the net pension liability (assets)		
For the year ending December 31, 2017	0.2171544%	0.0315080%
For the year ending December 31, 2016	0.2091700%	0.0231123%
For the year ending December 31, 2015	0.2083086%	0.0195960%
For the year ending December 31, 2014	0.2054688%	0.0189049%
Proportionate share of the net pension liability (asset)		
For the year ending December 31, 2017	$ 951,419	$ 2,778
For the year ending December 31, 2016	$ 1,343,127	$ 2,578
For the year ending December 31, 2015	$ 1,178,711	$ (43)
For the year ending December 31, 2014	$ 892,194	$ (573)
Covered employee payroll		
For the year ending December 31, 2017	$ 1,905,210	$ 308,247
For the year ending December 31, 2016	$ 1,865,456	$ 189,536
For the year ending December 31, 2015	$ 1,810,177	$ 126,661
For the year ending December 31, 2014	$ 1,773,905	$ 92,818
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		
For the year ending December 31, 2017	49.94%	0.90%
For the year ending December 31, 2016	72.00%	1.36%
For the year ending December 31, 2015	65.12%	-0.03%
For the year ending December 31, 2014	50.30%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability		
For the year ending December 31, 2017	91.90%	97.40%
For the year ending December 31, 2016	87.30%	95.10%
For the year ending December 31, 2015	87.80%	100.20%
For the year ending December 31, 2014	90.20%	103.50%

**The amounts presented for each fiscal year were determined as of December 31. In accordance with paragraph 81.a of GASB 68, employers are required to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will be built prospectively from the implementation date of GASB 68.*

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*
December 31, 2018

	As of Fiscal Year Ended December 31,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	$ 317,403	$ 317,403	$ -	$ 1,778,732	17.84%
	2015	$ 334,340	$ 334,340	$ -	$ 1,810,177	18.47%
	2016	$ 344,550	$ 344,550	$ -	$ 1,913,203	18.01%
	2017	$ 361,174	$ 361,174	$ -	$ 1,955,463	18.47%
	2018	$ 328,900	$ 328,900	$ -	$ 2,146,824	15.32%
Tier 2 Public Employees System**	2014	$ 13,488	$ 13,488	$ -	$ 92,818	14.53%
	2015	$ 18,895	$ 18,895	$ -	$ 126,611	14.92%
	2016	$ 28,261	$ 28,261	$ -	$ 189,536	14.91%
	2017	$ 46,272	$ 46,272	$ -	$ 308,247	15.01%
	2018	$ 70,834	$ 70,834	$ -	$ 467,388	15.16%

* The 10-year schedule will be built prospectively. The schedule above provides the current year with prior year numbers as available from prior year RSI.
**Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems.

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year ended December 31, 2018

NOTE 1 - CHANGES IN ASSUMPTION

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

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CERTIFIED PUBLIC
ACCOUNTANTS AND
BUSINESS ADVISORS

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*

To the Chairman and Board of Trustees
Taylorsville-Bennion Improvement District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Taylorsville-Bennion Improvement District (the District) as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 2, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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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 District'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.

WSRP, LLC

Salt Lake City, Utah
May 02, 2019

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

<u>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*</u>

To the Chairman and Board of Trustees
Taylorsville-Bennion Improvement District:

Report on Compliance

We have audited Taylorsville-Bennion Improvement District's (the District) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide* , issued by the office of the State Auditor, that could have a direct and material effect on the District for the year ended December 31, 2018.

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

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or 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 eaknesses may exist that have not been identified.

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

WSRP, LLC

Salt Lake City, Utah
May 02, 2019

TAYLORSVILLE-BENNION IMPROVEMENT DISTRICT
SCHEDULE OF FINDINGS - COMPLIANCE - STATE OF UTAH
December 31, 2018

No matters were reported for the year ended December 31, 2018.