

1 **South Davis Recreation District**
2 **Administrative Control Board Meeting**

3 May 1, 2023, at 5:30 p.m.
4

5 Board Members present in person:

6 Todd Meyers, County Representative
7 Rick Earnshaw, County Representative
8 Mayor Ryan Westergard, Woods Cross City
9 Mayor Brian Horrocks, North Salt Lake City
10 Jennie Decker, County Representative
11 Councilmember Spencer Summerhays, Centerville City
12 Councilmember Kate Bradshaw, Bountiful City
13 Mayor Ken Romney, West Bountiful City ***arrived at 5:39 p.m.*
14

15 Staff In Attendance:

16 Tif Miller, Executive Director
17 Mary Gadd, Office Manager
18 Scott McDonald, Aquatics & Fitness Director
19 Kaylie Glissmeyer, Customer Service Manager
20 Marcus Arbuckle, Keddington & Christensen, LLC.
21
22 Tyson Beck, District Clerk
23 Cory Haddock, Ice & Recreation Director
24 Jayme Blakesley, District Attorney

25
26 **Agenda items were taken out of order*
27

28 **WELCOME**

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30 Chairman Earnshaw opened the meeting at 5:31 p.m.
31

32 **OTHER MATTERS**

33 Jennie Decker introduced herself to staff and the other Board Members. David Burgoyne,
34 Assistant Finance Director with Bountiful City, administered the oath of office to Mrs. Decker.
35

36 Jayme Blakesley gave an update regarding the individual who requested an appeal hearing on
37 their ability to use the facility. Mr. Blakesley stated that the individual has requested a later date than
38 the scheduled May 8th meeting. Mr. Blakesley noted the June 12th meeting will now host their appeal.
39

40 **REVIEW OF THE 2022 ANNUAL FINANCIAL REPORT**

41 Tyson Beck reported that Keddington & Christensen, LLC has completed the required annual
42 independent audit and a financial report for the year ending December 31, 2022, has been issued.
43

44 **Mayor Romney arrived at 5:39 p.m.**
45

46 Mr. Beck reported that the net income loss, of \$1.2 million, is the largest amount in District
47 history and pointed to the declining trend in the net income loss over the last few years. Mr. Beck
added that the trend has been exacerbated by the repairs and maintenance to the facility and the covid
pandemic.

48 Mr. Beck showed that operating revenues have been stagnant and that operating expenses
49 have been increasing over the last 13 years. Mr. Beck stated that over the few years the District has
50 relied on the subsidy for operations, instead of saving the subsidy for future repairs and emergencies.
51 Mr. Beck observed that in 2018 the change in cash balance starts to decline more rapidly than
52 previous years where the District was saving \$500,000-\$1,000,000 each year. Chairman Earnshaw
53 asked if the age of the facility and the needed repairs can be attributed to that decline. Mr. Beck said
54 there are multiple factors including an aging facility, increasing in staffing costs and no increase to
55 the tax subsidy. After being asked, Mr. Beck reported that interest earnings have seen an increase of
56 \$60,000 in 2022 but that it is not a great revenue source.
57

58 Mr. Beck stated that in each year, from 2020, revenues have increased and that 2022 was only
59 \$506,915 less than 2019. The expense side has also increased, resulting with 2022 being \$1,361,012
60 more than 2019. Mr. Beck added that if you back out the capital items in 2022, \$1,132,061, that
61 operating expenses account for \$228,951 of those increased expenses.
62

63 Mrs. Decker started a discussion on memberships and retention, citing that she believes the
64 lack of updated fitness equipment and the current equipment being poorly maintained is why
65 memberships sales are still down. Mayor Romney added that caution should be taken to not compete
66 with private businesses.
67

68 Mr. Beck shared that recreation program revenues have increased by \$117,000 from 2021 to
69 2022 with the adopted fee increases to those programs. Daily pool admission revenues have also
70 increased by \$153,000 with the adopted fee increase as well.
71

72 **2022 INDEPENDENT AUDIT REPORT**

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74 Marcus Arbuckle, from the auditing firm of Keddington & Christensen CPA, presented an
75 independent audit report for the fiscal year ending December 31, 2022. Mr. Arbuckle presented a
76 clean and unmodified opinion that the financial position of South Davis Recreation District and the
77 change in net position, and cash flows thereof for the year then ended in accordance with accounting
78 principles generally accepted in the United States of America.
79

80 Mr. Arbuckle noted that two deficiencies were found. One instance was in the payroll process.
81 Mr. Arbuckle stated that two payroll periods that were reviewed were found to be missing the
82 department head signatures approving the timecards. The other instance found was that some Board
83 members hadn't received their annual open and public meetings training.
84

85 Mr. Arbuckle continued that the District has a reliable accounting system and policies, he
86 experienced no difficulties in performing the audit, there were no disagreements with management,
87 no instances of fraud and overall the audit went well.
88

89 **DISTRICT FINANCIAL WORK SESSION**

90
91 Chairman Earnshaw commented that after hearing the audit report that he felt that most of, if
92 not all, the Board Members recognize the need to increase the tax subsidy. Mr. Beck gave a brief
93 review of the financial spreadsheet and reminded the Board that the intended purpose is to help guide
94 any possible financial changes. Board Members had discussions on:
95

96 The full-time personnel additions that were added recently, with comments both questioning
97 their additions and complementing the work they do and what they bring to the facility.

98
99 The absence of any past tax subsidy increases over the last 15 years, with an added comment
100 that many other cities and entities have increased their subsidies and the District has always put it off.

101
102 The possibility of increasing swim team fees again so the fees cover the coaches' salaries and
103 benefits.

104
105 The addition of programs and events after the formation of the District, with a remark on if
106 those additions have help put the current strain on expenses and a comment that the addition of these
107 programs are a credit to the staff doing the right things.

108
109 Board Members also took the opportunity to make suggestions that were then entered on the
110 financial spreadsheet to see how those changes would affect the cash reserve trajectory. One
111 suggestion was to increase the subsidy by 60% initially then an additional 2.5% increase each year
112 after that, along with increases in some fees. Another suggestion was to increase the subsidy by
113 150%.

114
115 Mr. Beck advised that the best plan has a balanced approach between the subsidy, revenues,
116 and expenses and the Board should explore all the options.

117
118 Chairman Earnshaw stated that reaching a consensus on the subsidy level was unlikely
119 tonight. Mayor Westergard thanked the Board for having the discussions tonight.

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121 **CLOSED HEARING TO DISCUSS THE CHARACTER, PROFESSION COMPETENCE, OR**
122 **PHYSICAL OR MENTAL HEALTH OF AN INDIVIDUAL**

123
124 No closed hearing was held.

125
126 **ADJOURN**

127
128 At 8:28 p.m., Councilmember Summerhays made a motion to adjourn. Councilmember
129 Bradshaw seconded the motion.