

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
BASIC FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Southeastern Utah Association of Local Governments
Price, Utah 84501

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, information of Southeastern Utah Association of Local Governments, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Association'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 Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of Southeastern Utah Association of Local Governments as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, proportionate share of the net pension liability and schedule of retirement contributions information on pages 4 through 11 and 44 through 46 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Association's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

The combining fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2018, on our consideration of Southeastern Utah Association of Local Governments' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's 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 Association's internal control over financial reporting and compliance.

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Ammuin, Rich & Marsing". The signature is written in black ink and is positioned below the printed name of the firm.

Price, Utah

December 21, 2018

**Southeastern Utah Association of Local Governments
 Management’s Discussion and Analysis
 For the Fiscal Year Ending June 30, 2018**

The following is a discussion and analysis by the management of the Southeastern Utah Association of Local Governments’ (SEUALG) financial performance for the fiscal year ending June 30, 2018. This discussion is presented for readers to review in conjunction with the financial statements and other information contained in this report.

SEUALG Background

The Southeastern Utah Association of Local Governments is a voluntary agency formed in 1970 under the Utah Inter-local Cooperation Act of 1965. The SEULAG was formed to provide regional planning and coordination of state and federal programs and grants across the southeastern Utah district, which consists of Carbon, Emery, Grand, and San Juan Counties. The SEUALG, while considered a government entity, has no regulatory authority, passes no laws, and does not set or collect taxes.

The governing board of the SEUALG consists of one county commissioner from each member county and one municipal elected official from each member county. County-level councils of governments decide which elected officials from each respective county will serve on the SEUALG board. SEUALG Board Officers are elected for a two-year term.

While the SEUALG must adhere to the same budgeting requirements as other public entities in Utah, the actual amount of funds the SEULAG receives is determined solely by the SEUALG’s granting agencies. All the grants administered by the SEUALG are “categorical” and funds from each grant can be spent only on eligible activities as determined by the granting agency.

Financial Highlights

- The total assets of the SEUALG exceeded its liabilities as of June 30, 2018 by \$1,386,704. Of this amount, \$(99,067) is unrestricted net position that has been created by the implementation of GASB 68. Although the unrestricted net position in the government-wide financial statements is negative, the fund balance in governmental fund is positive. A significant percentage of this fund balance provides the majority of the SEUALG operating capital.
- The SEUALG invests funds not needed for immediate operations, and not restricted by federal cash management regulations, in separate accounts with the Utah State Public Treasurer’s Investment Fund or in savings accounts at local banks. Earnings from these investment and savings accounts for the fiscal period ending June 30, 2018 were:

BTAC	\$	1,844
Revolving Loan Funds		16,815
Eastern Utah TV/Tech Assoc		572
Miscellaneous SEUALG Programs		3,154
Total	\$	22,385

Financial Highlights (Continued)

All other funds are held in the SEUALG general checking account.

- Capital assets (net of accumulated depreciation of the SEUALG were \$405,344 at June 30, 2018, which included buildings and equipment.
- Overall revenues increased by \$4,726 and overall expenditures increased \$92,815 for the period ending June 30, 2018. These increases were due mostly to increases in the amounts Public Health grants contracted to the agency during the reporting period.

The SEUALG experienced an increase in its overall funding during fiscal year 2018 with added programs. There were increases in one time state funding for the Aging Programs (primarily Alternatives and Caregiver Programs, QEFAP funding for a forklift and vehicles for EM Foodbank and CIB funding for HEAT) in 2018. The SEUALG added additional funding through Temporary Assistance for Needy Families (TANF) and increased production of Weatherization/Group Work Camps projects. Contributions from the Agency's member counties remained the same. Once again there was a slight increase in direct federal funding for 2018 because the homes USDA Self-Help Housing Rehabilitation Program and Rural Development Rehabilitation completed during the year.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the SEUALG's basic financial statements. The SEUALG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The governmental and fiduciary fund activities of the SEUALG for the fiscal year ending June 30, 2018 included.

Area Agency on Aging Programs

- In-home Services
- Medicaid Waiver Program
- Pass-thru funding for local senior citizen programs
- Veterans Program, New Choices Program

Weatherization Programs

- DOE and LIHEAP Programs
- Group Workcamps Project
- Rocky Mountain and Dominion Energy special programs

Community Services Programs

- USDA/TEFAP
- Emergency Fund Network
- Operation of District Food Banks
- Emergency Assistance Programs
- Temporary Assistance for Needy Families (Circles Program)
- Temporary Assistance for Needy Families (VITA Program)
- Unified Funding, Homelessness, CARE

Financial Highlights (Continued)

Utility Assistance Programs (H.E.A.T)

- Regular utility assistance
- Emergency/Crisis funds

Economic Development Programs

- Economic Development Planning
- Business Development and Technical Assistance

Community Development Block Grant and Housing Rehabilitation Programs

- Technical Assistance for community needs assessments and grant application
- Technical Assistance for grant management
- Minor and major housing rehabilitation
- Self-Help Housing Rehabilitation Program

Fiduciary Funds

- Revolving Loan Fund Programs
- Business Incubation (Southeastern Utah Business and Technical Assistance Center)
- Eastern Utah Television TV & Technology Program

Government-wide Financial Statements

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

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

The *statement of activities* presents revenue and expense information showing how the SEUALG's net position changed during the fiscal year ending June 30, 2018. All activities and changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. In this way, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave, comp-time, and sick leave).

The government-wide financial statements of the SEUALG are reported as governmental activities. Governmental activities include central administration, management/operation of the Area Agency on Aging, community and social services, community, housing and economic development, inter-local planning and coordination, and weatherization. State and federal grants are the finance basis for these activities. Contributions from SEUALG member governments, donations, project income, and fees for services provide required matching funds and gap funding.

Fund Financial Statements

A *fund* is a group of related accounts that is used to track and maintain resources that have been segregated for specific activities. The SEUALG uses fund balance accounting to demonstrate compliance with financially related legal requirements along with budgetary and grant specific requirements and restrictions. The SEUALG maintains only governmental and fiduciary funds.

1) **Governmental Funds** are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, governmental funds statements emphasize near-term inflows and outflows of spendable resources, as well as the balances of spendable resources (fund balances) available at the end of the year. Such information may be useful in evaluating the SEUALG's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the *government-wide financial statements*, it is useful to compare the *governmental funds* information with the information detailed for *governmental activities* in the *government-wide financial statements*. Reconciliation between the *governmental funds* and the *government-wide financial statements* is necessary to understand how the information presented differs. The SEUALG maintains one governmental fund, which is the General Fund.

General Fund

The General Fund is the primary operating fund of the SEUALG. Revenues from grants, intergovernmental contributions, program income, fees for services, donations, and all other sources are accounted for in this fund. Expenditures for program operation and SEUALG administrative costs are also accounting for in the General Fund.

Fiduciary Funds

Trust and Agency Funds - The SEUALG acts as the manager and fiscal agent for the independent non-profit Southeastern Utah Business and Technical Assistance Center (BTAC). The activities of this agency are accounted for in a separate trust fund and in the same manner as enterprise funds. The Association also holds funds for the Eastern Utah Television & Technology Program and reports these monies in a Trust fund.

Nonexpendable Trust Funds - The Revolving Loan Fund Program was created by the SEUALG about twenty-five years ago with grant monies from various federal sources to provide gap financing for qualified businesses in the southeast district. The funds in the Revolving Loan Fund portfolio are accounted for individually depending on the original funding source and are included in the SEUALG's fiduciary financial statements as nonexpendable trust funds.

In 2008 the state Department of Community and Culture (Division of Housing and Community Development) completed the release of the Community Development Block Grant (CDBG) funds that had been applied for to provide the required match for the Economic Development Administration funds. The CDBG revolving loan fund monies were rolled into the EDA revolving loan fund program and are no longer shown on the financial reports as a stand-alone fund.

Financial Analysis (Government/Agency-wide)

In 2015, the Southeastern Utah Association of Local Governments adopted and implemented Government Accounting Standards No. 68, *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This new standard requires the Association to recognize a liability in its government-wide financial statements for its proportionate share of the net pension liability.

An analysis of SEUALG's net position, may serve over time, as a useful indicator of the organization's financial position. In the case of the SEUALG, assets exceeded liabilities by \$1,386,704 as of June 30, 2018. We have made a comparison of the past two fiscal years of net position.

Table 1
Net Position

	Governmental Activities June 30, 2017	Governmental Activities June 30, 2018
Current and other assets	\$ 1,376,537	\$ 1,510,824
Capital assets, net	<u>391,952</u>	<u>405,344</u>
Total assets	\$ 1,768,489	\$ 1,916,168
Deferred outflow of resources	<u>240,480</u>	<u>282,761</u>
Total assets and deferred outflow of resources	<u>\$ 2,008,969</u>	<u>\$ 2,198,929</u>
Long-term debt outstanding	\$ 478,252	\$ 363,417
Other liabilities	<u>131,731</u>	<u>189,292</u>
Total liabilities	\$ 609,983	\$ 552,709
Deferred inflow of resources	<u>126,612</u>	<u>259,516</u>
Total liabilities and deferred inflow of resources	<u>\$ 736,595</u>	<u>\$ 812,225</u>
Net position:		
Net investment in capital assets	\$ 391,952	\$ 405,344
Restricted	1,010,879	1,080,427
Unrestricted	<u>(130,457)</u>	<u>(99,067)</u>
Total net position	<u>\$ 1,272,374</u>	<u>\$ 1,386,704</u>

Governmental Activities Analysis

A comparison of this fiscal year's activities with the previous year's activity is represented in Table 2 below:

Table 2
Change in Net Position

	Governmental Activities June 30, 2017	Governmental Activities June 30, 2018
Revenues		
Program Revenues:		
Charges for services	\$ 109,924	\$ 112,926
Operating grants and contributions	3,382,736	3,624,848
Capital grants and contributions	408,372	172,114
General Revenues:		
Other general revenues	34,174	30,044
Total revenues	<u>\$ 3,935,206</u>	<u>\$ 3,939,932</u>
Program expenses		
General government	\$ 341,855	\$ 204,849
Public health	2,619,675	2,677,443
Economic development	808,861	943,310
Total expenses	<u>\$ 3,770,391</u>	<u>\$ 3,825,602</u>
Change in net position	<u>\$ 164,815</u>	<u>\$ 114,330</u>
Net position - beginning	\$ 1,107,559	\$ 1,272,374
Net position - ending	<u>1,272,374</u>	<u>1,386,704</u>
Change in net position	<u>\$ 164,815</u>	<u>\$ 114,330</u>

Capital Assets

The SEUALG’s threshold for reporting and tracking capital assets is \$5,000. In order to comply with various grant and contract requirements, the SEUALG also tracks all equipment, computer, and software purchases over \$500. However, these expenditures are not accounted for in the Capital Asset Account. The SEUALG’s investment in capital assets net of accumulated depreciation as of June 30, 2018 was \$405,344.

Table 3
Capital Assets (Depreciated)

	Balance		Transfers, Adjustments	Balance
	June 30, 2017	Additions	Depreciation & Retirements	June 30, 2018
Buildings	\$ 195,449		\$ (8,405)	\$ 187,044
Equipment and vehicles	196,503	\$ 76,647	(54,850)	218,300
Total	<u>\$ 391,952</u>	<u>\$ 76,647</u>	<u>\$ (63,255)</u>	<u>\$ 405,344</u>

During Fiscal 2018 increases in “equipment and vehicles” were due to purchase of capital assets greater than current yearly depreciation and asset retirements.

Long Term Debt

The SEUALG carries two long-term debt obligations. One obligation consists of compensated absences incurred from the accumulation of vacation, sick leave and comp-time which has been earned but unpaid as of June 30, 2018. The amount of the obligation at this time is \$36,782. The Association also has reported a long-term net pension liability. The net pension liability is now required to be reported because of the adoption and implementation of Government Accounting Standard No. 68. At June 30, 2018, the net pension liability was \$326,635.

General Fund Budget Highlights

The original budget was adopted on May 25, 2017, and was revised on May 31, 2018. The Association’s final budget was \$3,709,018 for revenues. During the year, the Association received revenue of \$3,939,932, which was \$230,914 more than had been budgeted. Expenditures were budgeted to be \$3,709,018, which actual expenditures were \$3,863,206. Over all, the Association had a \$76,726 favorable variance for the year, but had a \$154,188 unfavorable variance for total expenditures. The Association doesn’t anticipate a significant difference between the current fiscal year and the subsequent fiscal year with regard to the budget for revenue and expenditures.

Request for Information

This financial report is designed to provide interested parties with a general overview of the SEULAG's financial status and to demonstrate the SEUALG's accountability for the state, federal, and local funding it received. Questions concerning any of the reports and information contained in this financial audit, and requests for additional information, should be addressed to the Southeastern Utah Association of Local Governments, Executive Director, 375 S. Carbon Ave. (P.O. Box 1106), Price, UT 84501.

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2018**

		<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$	916,730
Due from other governmental units		592,844
Prepaid expenses		1,250
Capital assets (net of accumulated depreciation):		
Buildings		187,044
Equipment		218,300
Total assets	\$	1,916,168
Deferred Outflows of Resources		
Amounts related to pensions		282,761
Total assets and deferred outflow of resources	\$	2,198,929
<u>LIABILITIES</u>		
Accounts payable	\$	157,315
Accrued liabilities		31,977
Noncurrent liabilities:		
Net pension liability		326,635
Compensated absences		36,782
Total liabilities	\$	552,709
Deferred Inflows of Resources		
Amounts related to pensions		259,516
Total liabilities and deferred inflow of resources	\$	812,225
<u>NET POSITION</u>		
Net investment in capital assets	\$	405,344
Restricted		1,080,427
Unrestricted		(99,067)
Total net position	\$	1,386,704

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

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	TOTAL
<u>FUNCTION/PROGRAMS</u>						
Primary government:						
Governmental activities:						
General government	\$ 204,849	\$ 11,533	\$ 221,848	\$ 5,331	\$ 33,863	\$ 33,863
Public health	2,677,443	99,785	2,595,712	66,497	84,551	84,551
Economic development	943,310	1,608	807,288	100,286	(34,128)	(34,128)
Total governmental activities	<u>\$ 3,825,602</u>	<u>\$ 112,926</u>	<u>\$ 3,624,848</u>	<u>\$ 172,114</u>	<u>\$ 84,286</u>	<u>\$ 84,286</u>
Total primary government	<u>\$ 3,825,602</u>	<u>\$ 112,926</u>	<u>\$ 3,624,848</u>	<u>\$ 172,114</u>	<u>\$ 84,286</u>	<u>\$ 84,286</u>
General revenues:						
Grants and contributions not restricted to specific programs					\$ 26,890	\$ 26,890
Unrestricted investment earnings					3,154	3,154
Total general revenues					<u>\$ 30,044</u>	<u>\$ 30,044</u>
Change in net position					\$ 114,330	\$ 114,330
Net position - beginning					<u>1,272,374</u>	<u>1,272,374</u>
Net position - ending					<u>\$ 1,386,704</u>	<u>\$ 1,386,704</u>

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

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 916,730	\$ 916,730
Due from other governmental units	592,844	592,844
Prepaid expenses	1,250	1,250
	<u>1,250</u>	<u>1,250</u>
Total assets	<u>\$ 1,510,824</u>	<u>\$ 1,510,824</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 156,548	\$ 156,548
Accrued liabilities payable	31,977	31,977
Deposits	767	767
	<u>767</u>	<u>767</u>
Total liabilities	<u>\$ 189,292</u>	<u>\$ 189,292</u>
Fund balances:		
Nonspendable	\$ 1,250	\$ 1,250
Restricted	1,080,427	1,080,427
Unassigned		
General fund	239,855	239,855
	<u>239,855</u>	<u>239,855</u>
Total fund balances	<u>\$ 1,321,532</u>	<u>\$ 1,321,532</u>
Total liabilities and fund balances	<u>\$ 1,510,824</u>	<u>\$ 1,510,824</u>

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

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balances - governmental fund types:	\$ 1,321,532
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

	Buildings	\$ 187,044	
	Equipment	<u>218,300</u>	405,344

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

	Net pension liability	\$ (326,635)	
	Compensated absences	<u>(36,782)</u>	(363,417)

Deferred outflows of resources related to pensions not reported in governmental funds	282,761
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Deferred inflows of resources related to pensions not reported in governmental funds	<u>(259,516)</u>
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Net position of governmental activities	<u><u>\$ 1,386,704</u></u>
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"The notes to the financial statements are an integral part of this statement."

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:		
Intergovernmental	\$ 3,670,257	\$ 3,670,257
Charges for services	112,926	112,926
Miscellaneous revenue	156,749	156,749
	<hr/>	<hr/>
Total revenues	\$ 3,939,932	\$ 3,939,932
	<hr/>	<hr/>
EXPENDITURES:		
Current:		
General government	\$ 204,561	\$ 204,561
Public health	2,738,980	2,738,980
Economic development	919,665	919,665
	<hr/>	<hr/>
Total expenditures	\$ 3,863,206	\$ 3,863,206
	<hr/>	<hr/>
Excess revenues over (under) expenditures	\$ 76,726	\$ 76,726
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):		
Operating transfers in (out)	\$...	\$...
	<hr/>	<hr/>
Excess of revenues and other sources over (under) expenditures and other uses	\$ 76,726	\$ 76,726
	<hr/>	<hr/>
FUND BALANCES - beginning of year	1,244,806	1,244,806
	<hr/>	<hr/>
FUND BALANCES - end of year	\$ 1,321,532	\$ 1,321,532
	<hr/> <hr/>	<hr/> <hr/>

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

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

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

Net changes in fund balances - total governmental funds	\$	76,726
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
		13,392
<p>Some expenses reported in the Statement of Activity do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the net change in these items.</p>		
Compensated absences		(7,365)
Pensions expense		31,577
		31,577
Change in net position of governmental activities	\$	114,330

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

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	<u>REVOLVING LOAN FUNDS TRUST FUNDS</u>	<u>BTAC</u>	<u>EASTERN UTAH TV & TECH ASSOCIATION</u>
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 955,496	\$ 113,182	\$ 1,804
Note receivable - BTAC		1,527	
Note receivable - EDA Recap funds	21,741		
Note receivable - EDA funds	133,118		
	<hr/>	<hr/>	<hr/>
Total current assets	\$ 1,110,355	\$ 114,709	\$ 1,804
Noncurrent Assets:			
Notes receivable	\$ 415,817		
Equipment		\$ 5,279	
Less: Accumulated depreciation		(5,279)	
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	\$ 415,817	\$...	\$...
	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,526,172	\$ 114,709	\$ 1,804
<u>LIABILITIES</u>			
Current Liabilities:			
Liabilities	<hr/>	<hr/>	<hr/>
Total current liabilities	\$...	\$...	\$...
Noncurrent Liabilities:			
Deposit payable		\$ 5,484	
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	\$...	\$ 5,484	\$...
	<hr/>	<hr/>	<hr/>
Total liabilities	\$...	\$ 5,484	\$...
<u>NET POSITION</u>			
Held in trust	\$ 1,526,172	\$ 109,225	\$ 1,804
	<hr/>	<hr/>	<hr/>
Total net position	\$ 1,526,172	\$ 109,225	\$ 1,804
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	REVOLVING LOAN FUNDS TRUST FUNDS	BTAC	EASTERN UTAH TV & TECH ASSOCIATION
OPERATING REVENUES:			
Charges for services	\$ 5,780	\$ 59,247	\$ 10,000
Interest	52,423	1,844	572
Total operating revenues	<u>\$ 58,203</u>	<u>\$ 61,091</u>	<u>\$ 10,572</u>
OPERATING EXPENSES:			
Salaries and benefits	\$ 25,660	\$ 13,819	\$ 541
Meeting and conference	499	550	109
Telephone	279	4,949	
Utilities		15,746	
Indirect expense	2,270	1,416	49
Rent	682	68	
Professional service	1,815	11,412	
IT Services	230	58	
Building materials & supplies		1,399	38,407
Postage & office supplies	722	438	27
Fees, Licenses & legal	9,516	1,008	235
Travel	1,359	8	
Insurance		975	
Miscellaneous	50	1,210	
Total operating expenses	<u>\$ 43,082</u>	<u>\$ 53,056</u>	<u>\$ 39,368</u>
Operating income/(loss)	<u>\$ 15,121</u>	<u>\$ 8,035</u>	<u>\$ (28,796)</u>
NON-OPERATING REVENUES (EXPENSES):			
Loan write-off			
Total non-operating revenues (expenses)	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
Change in net position	\$ 15,121	\$ 8,035	\$ (28,796)
NET POSITION, beginning of year	<u>1,511,051</u>	<u>101,190</u>	<u>30,600</u>
NET POSITION, end of year	<u><u>\$ 1,526,172</u></u>	<u><u>\$ 109,225</u></u>	<u><u>\$ 1,804</u></u>

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Southeastern Utah Association of Local Governments (Association) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Southeastern Utah Association of Local Governments was established in 1970, by representatives of local governments of Carbon, Emery, Grand and San Juan counties, in the State of Utah in accordance with an Executive Order issued by Governor Rampton in 1970. The Executive Order fixed the boundaries of multi-county districts for planning and development in the State of Utah. All county and municipal units of government within each district were requested to cooperate and participate in establishing a multi-county association of governments under the terms of the Inter-local Cooperation Act of 1965. The main purposes of the districting and the establishment of Association of Governments were to facilitate area-wide planning and development activities, to provide a strengthened role of county and municipal officials in the execution of state and federal programs at the local level, and to eliminate duplication and competition between various levels of government and thus facilitate the most effective use of the State's resources.

In June 1999, the Governmental Accounting Standard Board (GASB) unanimously approved Statement No. 34, Basic Financial Statement and Management's Discussion and Analysis, State and Local Governments. Certain of the significant changes in Statement No. 34 include the following:

- For the first time the financial statements include:
 - A Management's Discussion and Analysis (MD&A) providing an analysis of the Association's overall financial position and results of operations.
 - Financial Statements prepared using full accrual accounting for all of the Association's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements as of June 30, 2018.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

A. **Reporting Entity**

For financial reporting purposes, the Association has included all funds, organizations, account groups, agencies, boards and commissions. The Association has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Association to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the Association. All entities, of which the Association is considered to be financially accountable, would be included in their financial reporting. According to the Standards listed above there are no entities that should be included in the Association's financial statements as component units. The Association is not a component unit of any other governmental organization.

B. **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Association and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)**

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Sales taxes, property taxes, franchise taxes, interest, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Association.

Fiduciary fund financial statements are presented using the accounting basis, which is consistent with the fund's accounting measurement objective. Trust funds use the economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable. The Fiduciary Funds reported in the Association's financial statements are used to account for the activity of the revolving loan moneys received from different governmental organizations and funds held for the Southeastern Utah Business and Technical Assistance Center and the Eastern Utah TV & Technological Association. The money in these three funds is being used to promote new business and develop a technological structure to improve communication for the television and emergency radio communications.

The government reports the following major governmental fund:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those that are required to be accounted for in another fund.

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

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Association's BTAC function and various other functions of the Association. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expense 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 enterprise funds are charges to customers for sales and services. 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.

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

D. **Budgeting**

The Association's budgets are adopted on the modified accrual basis of accounting. The Association follows the budgetary practices and procedures required by Utah State law. These requirements are summarized as follows:

1. A formal budget is adopted for all funds which require a budget: all general and special revenue funds. The budget is a complete financial plan, which identifies all estimated revenue and all appropriations for expenditure for the year. The budget must balance, that is estimated revenues and other financing sources must equal appropriated expenditures.
2. By June 7, the Association's executive director submits to the Association's governing board a proposed operating budget for the fiscal year beginning July 1.
3. The Board of Directors discusses and approved the budget and sets a date for a public hearing.
4. A public hearing is held to obtain public comments and the budget is adopted.
5. The governing board can transfer budgeted amounts between line items or departments by resolution, but any action that increases the total general fund budget must be approved by resolution only after a public hearing. (The budgets of other funds may be increased after giving public notice.)

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

E. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents - Cash and cash equivalents are carried at cost or amortized cost, which approximates market. Cash and cash equivalents are reported on the financial statements as cash and represent deposits with financial institutions or cash deposits held in escrow. The cash reported on the financial statements by fund has been pooled by the Treasurer into several bank accounts.

Investments - Investments are funds deposited with the State of Utah and held in the States Public Treasurers Investment Fund. Investments are considered cash equivalent in the financial statements.

F. Receivables

Accounts receivable in the governmental fund types consist mainly of amounts due from federal and state governments where collectibility is reasonably assured. Accordingly, no allowance for uncollectible accounts has been established.

G. Capital Assets

Capital assets, which include building and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines Capital Assets as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Association uses the straight-line method of depreciation to amortize the cost of equipment and buildings over their estimated useful life.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized and reported as equipment or projects as they are constructed. There has been no interest expense incurred during construction of assets. Interest expense is not capitalized. Estimated useful lives are as follows:

Equipment	5-15 years
Building	40 years

H. Compensated Absences

It is the Association's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave because employees are not paid for unused sick leave at retirement or termination. Vacation pay vests to employees and is paid to employees in cash at termination or when they retire.

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

I. Net Position/Fund Balance Classifications

In the government-wide financial statements, net positions are displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net positions – consist of net positions with constraints placed on the 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.
- c. Unrestricted net positions – consist of all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Governmental fund equity is classified as fund balance. Fund balances are classified into five different classifications, namely, nonspendable, restricted, committed, assigned and unassigned. For further explanation on fund balance classifications and their presentation in this report please refer to subsequent notes to the financial statements.

J. Pensions

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.

K. Deferred Outflows/Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statement 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(s) and will not be recognized as an inflow of resources (revenue) until that time. These deferred outflows and inflows have been created and relate to pensions as disclosed in note number 5.

2. **DEPOSITS AND INVESTMENTS**

Depositing and investing, for the Association is governed by the Utah Money Management Act (Utah Code, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

The Association 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 Association funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

The Association maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Income from the investment of pooled cash is allocated based on each fund's portion of the pool. In addition, cash is separately held by individual funds.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Association's deposits may not be returned to it. The Association does not have a formal deposit policy for custodial credit risk. At June 30, 2018, the Association's bank balance of cash on deposit was \$924,317 of this amount \$500,000, was insured. But \$424,317 of the deposits was uninsured and uncollateralized.

Investments

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

Act defines the types of securities authorized as appropriate investments for the Association's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

2. DEPOSITS AND INVESTMENTS (Continued)

Statutes authorize the Association to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurer’s Investment Fund.

The Utah State Treasurer’s Office operates the Public Treasurer’s Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. 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, and 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 of the PTIF, net of administration fees, 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.

Fair Value of Investments

The Association measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2018, the Association had the following recurring fair value measurements:

Investments by fair value level	6/30/2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities:				
Utah Public Investment Fund	\$ 117,329		\$ 117,329	
Total Debt Securities	\$ 117,329	\$...	\$ 117,329	\$...

2. DEPOSITS AND INVESTMENTS (Continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets.
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2018 fair value factor, as calculated by the Utah State Treasurer, to the Association's average daily balance in the fund; and,
- Donated Real Estate: recent appraisals of the real estate's value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association manages its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

As of June 30, 2018, the Association's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
State of Utah Public Treasurers' Investment Fund	\$ 117,329	\$ 117,329			
Total	\$ 117,329	\$ 117,329	\$...	\$...	\$...

2. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association reduces its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

At June 30, 2018 the Association's investments had the following quality ratings:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
State of Utah Public					
Treasurers' Investment Fund	\$ 117,329				\$ 117,329
Total	<u>\$ 117,329</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 117,329</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Association's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

3. RESTRICTED NET POSITION/FUND BALANCE

The Association has restricted net position in the amount of \$1,080,427 in the government wide and fund financial statements respectively. Amounts have been restricted because the Association has entered into many different grant agreements where funds are restricted by these agreements for specific functions and purposes. See note 10 for detail of amounts restricted.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government Governmental activities:				
Capital assets not being depreciated:				
Land				
Total capital assets not being depreciated	\$...	\$...	\$...	\$...
Capital assets being depreciated:				
Buildings	\$ 336,187			\$ 336,187
Machinery and equipment	612,537	\$ 76,647		689,184
Total capital assets being depreciated:	\$ 948,724	\$ 76,647	\$...	\$ 1,025,371

4. **CAPITAL ASSETS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Primary Government Governmental activities:				
Less accumulated depreciation for:				
Buildings	\$ 140,738	\$ 8,405		\$ 149,143
Machinery and equipment	<u>416,034</u>	<u>54,850</u>		<u>470,884</u>
Total accumulated depreciation	<u>\$ 556,772</u>	<u>\$ 63,255</u>	<u>\$...</u>	<u>\$ 620,027</u>
Total capital assets being depreciated, net	<u>\$ 391,952</u>	<u>\$ 13,392</u>		<u>\$ 405,344</u>
Governmental activities capital assets, net	<u><u>\$ 391,952</u></u>	<u><u>\$ 13,392</u></u>	<u><u>\$...</u></u>	<u><u>\$ 405,344</u></u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 4,154
Public Health	33,180
Community and Economic Development	<u>25,921</u>
Total depreciation expense - governmental activities	<u><u>\$ 63,255</u></u>

5. PENSION PLAN

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 Funds:

- 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.

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:

Summary of Benefits by System

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Service	COLA **
Noncontributory 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 System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% 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.

5. **PENSION PLANS (Continued)**

Contribution 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 Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2018 are as follows:

	Employee	Employer	Employer 401(k)
Contributory System:			
11 Local Government Div - Tier 1	6.00	14.46	N/A
111 Local Government Div - Tier 2	N/A	15.11	1.58
Noncontributory System			
15 Local Government Div - 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 June 30, 2018, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 105,356	N/A
Tier 2 Public Employees System	28,727	
Tier 2 DC Only System	6,045	N/A
Total	\$ 140,128	\$...

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.

5. **PENSION PLANS (Continued)**

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

At June 30, 2018, we reported a net pension asset of \$0 and a net pension liability of \$326,635.

	<u>(Measurement Date): December 31, 2017</u>				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec 31, 2016	Change (Decrease)
Noncontributory System		\$ 325,332	0.0742547%	0.0698034%	0.0044513%
Tier 2 Public Employees System		1,303	0.0147813%	0.0054889%	0.0092924%
	<u>\$...</u>	<u>\$ 326,635</u>			

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 June 30, 2018, we recognized pension expense of \$108,482. At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,306	\$ 21,131
Changes in assumptions	118,612	7,733
Net difference between projected and actual earnings on pension plan investments	70,451	185,814
Changes in proportion and differences between contributions and proportionate share of contributions	16,284	44,838
Contributions subsequent to the measurement date	70,108	
Total	<u>\$ 282,761</u>	<u>\$ 259,516</u>

5. **PENSION PLANS (Continued)**

\$70,108 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, 2016. 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:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (inflows) of Resources</u>
2018	\$ (2,304)
2019	13,675
2020	(19,200)
2021	(40,400)
2022	(261)
Thereafter	1,626

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
Investment 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.

5. **PENSION PLANS (Continued)**

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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40.00%	6.15%	2.46%
Debt securities	20.00%	0.40%	0.08%
Real assets	15.00%	5.75%	0.86%
Private equity	9.00%	9.95%	0.89%
Absolute return	16.00%	2.85%	0.46%
Cash and cash equivalents	0.00%	0.00%	0.00%
Totals	100.00%		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.

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 date.

5. **PENSION PLANS (Continued)**

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	\$ 879,851	\$ 325,332	\$ (135,723)
Tier 2 Public Employees System	15,345	1,303	(9,525)
Total	\$ 895,196	\$ 326,635	\$ (145,248)

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 Plan

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.

Southeastern Utah AOG participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

5. **PENSION PLANS (Continued)**

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
401(k) Plan			
Employer Contributions	\$ 64,869	\$ 60,027	\$ 51,477
Employee Contributions	17,796	25,530	22,368
457 Plan			
Employer Contributions			
Employee Contributions	\$ 2,400	\$ 2,320	\$ 1,680
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 1,200	\$ 1,200	\$ 1,200
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 1,200	\$ 1,200	\$ 1,200

Pension beginning and ending values June 30, 2018

	<u>Beginning Values</u>			<u>Ending Values</u>		
	<u>NPL/(NPA)</u>	<u>Asset</u>	<u>Liability</u>	<u>NPL/(NPA)</u>	<u>Asset</u>	<u>Liability</u>
GASB 68 Schedule						
Noncontributory	\$ 448,223		\$ 448,223	\$ 325,332		\$ 325,332
Contributory						
Public Safety						
Firefighters						
Judges						
Governors & Legislators						
Tier 2 Public Employees	612		612	1,303		1,303
Tier 2 Public Safety & Firefighter						
Total	<u>\$ 448,835</u>	<u>\$...</u>	<u>\$ 448,835</u>	<u>\$ 326,635</u>	<u>\$...</u>	<u>\$ 326,635</u>

6. LONG-TERM DEBT

Changes in long-term liabilities:

Long-term liability activity for the year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Net pension liability	\$ 448,835	\$ 17,928	\$ (140,128)	\$ 326,635	
Compensated absences	<u>29,417</u>	<u>7,365</u>		<u>36,782</u>	
Governmental activity long-term liability	<u>\$ 478,252</u>	<u>\$ 25,293</u>	<u>\$ (140,128)</u>	<u>\$ 363,417</u>	<u>\$...</u>

7. UNCOLLECTIBLE LOANS

The Southeastern Utah Association of Local Governments (Association) performs the fiscal responsibility of a fiduciary fund which received funds from several different sources to create and operate a revolving loan fund. For the past several years, the fiduciary fund has made loans to individuals and businesses that have met the qualifications established when grant funds were received.

Unfortunately, some times businesses and individuals who have received loan funds are not current on their repayment of these loans. The revolving loan board has taken several measures to recover these funds. Some loans have been restructured while others are being litigated in an effort to secure these funds. The revolving funds are held in trust by the Association.

8. DEFERRED COMPENSATION PLANS

The Association offers its employees two deferred compensation plans created in accordance with the Internal Revenue Code. The plans, available to all employees, permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The assets of the plans are administered by the Utah Retirement Systems (URS). The URS has adopted Government Accounting Standards Board Statement No. 32 (GASB 32), Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. As a result, all of the assets and income of the deferred compensation plans are held in pooled investment fund trusts by the URS for the exclusive benefit of the participants or their beneficiaries rather than as assets of the employer. Since the URS is the fiduciary of these assets, the Association is no longer required to report the assets.

These plans are included in a publicly available financial report that includes financial statements and required supplementary information. A copy of the URS report may be obtained by writing to the Utah Retirement Systems, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

9. RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Association pays an annual premium to Utah Local Governments Trust for its health insurance coverage. The Association is insured through commercial companies for its general liability coverage. At June 30, 2018, the Association had no claims or judgments filed against it related to the risks mentioned above.

10. FUND BALANCE CLASSIFICATIONS

In February 2009, the Governmental Accounting Standard Board (GASB), issued Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010. Fund balance classification changes apply only to governmental fund types; thus, only fund financial statements are affected. Below, the different classifications of fund balances have been listed with any policies or procedures that apply to them:

Nonspendable Fund Balance - Fund balances are reported as nonspendable when they cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted Fund Balance – Fund balances are reported as restricted when constraints placed on the use of resources are either (a) externally imposed through legal restrictions, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority should be reported as committed fund balances. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example legislation, resolution, ordinance) it employed to previously commit those amounts. As of June 30, 2018, the Association had not adopted a written policy indicating what the highest level of decision-making authority is or the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment. Although no formal written policy has been adopted it has been the procedures of the Association to use the Board of Directors as the highest level of decision making authority. If commitments have been made this body would be the authorized body to commit, modify or rescind any action.

Assigned Fund Balance – Fund balances are reported as assigned when the Association intends to use funds, which are neither restricted nor committed, for a specific purpose. Additionally, funds in special revenue, debt service, and capital project funds are by their nature assigned to the purpose of those respective funds. The Association has not officially adopted a policy designating the body or official authorized to assign amounts to a specific purpose. Although no formal policy has been adopted it has been the practice of the Association under the action of the Board of Directors to assign the use of funds for specific purposes after consulting with the Executive Director of the Association.

10. FUND BALANCE CLASSIFICATIONS (Continued)

Unassigned Fund Balance – Fund balances in the general fund are reported as unassigned when they are neither restricted, committed nor assigned. They may be used for any governmental purpose. In other governmental funds, the unassigned classification is only used to report a negative fund balance.

When an expenditure is incurred for purposes for which, both restricted and unrestricted fund balance is available, it is the unwritten policy and practice of the Association to consider restricted amounts to have been spent first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications, could be used, it is the practice of the Association that committed amounts will be spent first, followed by assigned amounts, and then unassigned amounts.

The Association also has not adopted a formal policy regarding a minimum fund balance, but follows Utah State law which requires all Association's to maintain a minimum general fund balance equal to 5% of total revenues of the general fund.

According to Governmental Accounting Standard Board Statement number 54 when fund balance classifications are reported in the financial statements in the aggregate, a more detailed disclosure should be made. Below a detail of the fund balance classifications has been shown:

10. FUND BALANCE CLASSIFICATIONS (Continued)

	Non- <u>Spendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
Nonspendable:					
Prepays	\$ 1,250				\$ 1,250
Restricted:					
Aging & Nutrition Program		\$ 454,592			454,592
Alternatives		3,855			3,855
Building Fund		14,852			14,852
Vita CAP Ut EITC		1,764			1,764
Self Help Program		22,159			22,159
Circle Planning		57,123			57,123
Quality Food Agency		10,416			10,416
Community Deve. Bldg		2,460			2,460
CDBG Project Inc./ CDBG Office ADA		2,496			2,496
Economic development		522			522
AMX Vista San Juan		8,349			8,349
Motel Tax Exemption		2,000			2,000
Work Camp Foundation/GWC Amer. Express		16,276			16,276
RMP/Forklift propane		915			915
Regional resources/Snap Ut		8			8
CIB Planning		211			211
A.O.G. Director		60,076			60,076
IT Support		36,091			36,091
Community Service Car Pool		18,797			18,797
Agency Network Services		4,942			4,942
TANF 15DWS0178		20			20
Food bank programs		279,183			279,183
Price City Housing		20,059			20,059
Self Help Tool Replacement		69			69
New choices waiver		1,183			1,183
Rural Development Loan Repay		2,576			2,576
Mountain Vets		6,974			6,974
Agency car pool/copier		30,844			30,844
Direct Loan Package P.I.		2,943			2,943
Liheap WX		18,672			18,672
Unassigned:					
General fund				\$ 239,855	239,855
	<u>\$ 1,250</u>	<u>\$ 1,080,427</u>	<u>\$...</u>	<u>\$ 239,855</u>	<u>\$ 1,321,532</u>

11. NET POSITION UNRESTRICTED – DEFICIT

With the implementation of GASB 68, other financial elements are required as part of the financial statements such as deferred outflows of resources, deferred inflows of resources, the net pension asset and net pension liability. It has had the effect of creating a deficit in the unrestricted net position on the Government Wide Financial Statements, as reported on the Statement of Net Position. Because the unfunded portion of the net pension liability is so high, it requires the reducing of the Unrestricted Net Position in the Government Wide financial statements.

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
Required Supplementary Information**

Exhibit 9 Statement of Revenues, Expenditures and Changes in Fund Balances – Budget
and Actual – General Fund

Exhibit 10 Schedule of Proportionate Share of the Net Pension Liability

Exhibit 11 Schedule of Contributions – Pensions

Notes to Required Supplementary Information

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGET AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES:				
Intergovernmental	\$ 3,086,473	\$ 3,466,368	\$ 3,670,257	\$ 203,889
Charges for services	148,300	115,650	112,926	(2,724)
Miscellaneous revenue	225,100	127,000	156,749	29,749
Total revenues	\$ 3,459,873	\$ 3,709,018	\$ 3,939,932	\$ 230,914
EXPENDITURES:				
Current:				
General government	\$ 206,200	\$ 180,000	\$ 204,561	\$ (24,561)
Total general government	\$ 206,200	\$ 180,000	\$ 204,561	\$ (24,561)
Public safety				
Total public safety	\$...	\$...	\$...	\$...
Public health	\$ 2,374,673	\$ 2,684,018	\$ 2,738,980	\$ (54,962)
Total public health	\$ 2,374,673	\$ 2,684,018	\$ 2,738,980	\$ (54,962)
Economic development	\$ 879,000	\$ 845,000	\$ 919,665	\$ (74,665)
Total economic development	\$ 879,000	\$ 845,000	\$ 919,665	\$ (74,665)
Total expenditures	\$ 3,459,873	\$ 3,709,018	\$ 3,863,206	\$ (154,188)
Excess of revenue over (under) expenditures	\$...	\$...	\$ 76,726	\$ 76,726
OTHER FINANCING SOURCES (USES)				
Transfer in (out)				
Total other financing sources (uses)	\$...	\$...	\$...	\$...
Excess of revenues and other sources over (under) expenditures and other uses			\$ 76,726	\$ 76,726
Fund balances - beginning of year	\$ 1,244,806	\$ 1,244,806	1,244,806	
Fund balances - end of year	\$ 1,244,806	\$ 1,244,806	\$ 1,321,532	\$ 76,726

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS*

	Year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)	Plan fiduciary net position as a percentage of its covered-employee payroll
Noncontributory System	2014	0.0930943%	\$404,237	\$809,656	49.90%	90.2%	
	2015	0.0769139%	435,216	656,880	66.26%		87.8%
	2016	0.0680340%	448,223	625,577	71.65%		87.3%
	2017	0.0742547%	325,332	631,545	51.51%	91.9%	
Contributory System	2014	0.0490784%	\$14,156	\$26,256	53.90%	94.0%	
	2015	0.0308101%	21,655	13,128	164.95%		85.7%
	2016						
	2017						
Tier 2 Public Employees System	2014	0.0139826%	(\$424)	\$68,389	-0.60%	103.5%	
	2015	0.0135863%	(30)	87,669	-0.03%		100.2%
	2016	0.0054889%	612	45,014	1.36%		95.1%
	2017	0.0147813%	1,303	144,401	0.90%	97.4%	

* In accordance with paragraph 81.a GASB 68, employers will need to disclose a 10-year history of their proportionate share of the net pension liability (asset) in their RSI.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS - PENSIONS
AS OF JUNE 30, 2018

	As of Fiscal Year Ended June 30,	Actuarial Determined Contributions	Contribution in Relation to the Contractually Required Contribution	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ 141,924	\$ 141,924		\$ 844,435	16.81%
	2015	132,089	132,089		738,606	17.88%
	2016	108,754	108,754		615,555	17.67%
	2017	114,935	114,935		648,693	17.72%
	2018	105,356	105,356		595,201	17.70%
Contributory System	2014	\$ 3,487	\$ 3,487		\$ 26,256	13.28%
	2015	3,797	3,797		26,256	14.46%
	2016					0.00%
	2017					0.00%
	2018					0.00%
Tier 2 Public Employees System*	2014	\$ 13,046	\$ 13,046		\$ 93,256	13.99%
	2015	15,093	15,093		101,026	14.94%
	2016	4,214	4,214		28,260	14.91%
	2017	13,451	13,451		90,217	14.91%
	2018	28,727	28,727		190,120	15.11%
Tier 2 Public Employees DC Only System*	2014					0.00%
	2015	\$ 3,260	\$ 3,260		\$ 48,510	6.72%
	2016	5,247	5,247		78,426	6.69%
	2017	5,797	5,797		86,657	6.69%
	2018	6,045	6,045		90,357	6.69%

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

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

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR FISCAL YEAR ENDED JUNE 30, 2018**

CHANGES IN ASSUMPTIONS:

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).

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
Supplementary Information**

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
 COMBINING BALANCE SHEET
 FIDUCIARY FUNDS
 REVOLVING LOAN FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	EDA RLF PROJ. INC. RECAP	EDA RLF FUND PROJ. INC.	EDA SEQUESTERED	CDBG MONTICELLO PROJ. INC.	SAN JUAN RLF FUND PROJ. INC.	FOUR CORNERS FOREST RLF PROJ. INC.	RURAL DEVELOPMENT RLF FUND PROJ. INC.	TOTAL
<u>ASSETS</u>								
Cash and cash equivalents	\$ 84,061	\$ 477,075	\$ 2,112	\$ 81,525	\$ 128,472	\$ 27,408	\$ 154,843	\$ 955,496
Note receivable - EDA Recap funds	53,160							53,160
Note receivable - EDA funds		517,516						517,516
Total assets	<u>\$ 137,221</u>	<u>\$ 994,591</u>	<u>\$ 2,112</u>	<u>\$ 81,525</u>	<u>\$ 128,472</u>	<u>\$ 27,408</u>	<u>\$ 154,843</u>	<u>\$ 1,526,172</u>
<u>LIABILITIES AND NET POSITION</u>								
LIABILITIES:								
Accounts payable								
Total liabilities	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
NET POSITION:								
Held in trust	<u>\$ 137,221</u>	<u>\$ 994,591</u>	<u>\$ 2,112</u>	<u>\$ 81,525</u>	<u>\$ 128,472</u>	<u>\$ 27,408</u>	<u>\$ 154,843</u>	<u>\$ 1,526,172</u>
Total liabilities and net position	<u>\$ 137,221</u>	<u>\$ 994,591</u>	<u>\$ 2,112</u>	<u>\$ 81,525</u>	<u>\$ 128,472</u>	<u>\$ 27,408</u>	<u>\$ 154,843</u>	<u>\$ 1,526,172</u>

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FIDUCIARY FUNDS
REVOLVING LOAN FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	RURAL DEVELOPMENT RLF PROJ. INC.	EDA RLF PROJECT INCOME RECAPITALIZATION	FOUR CORNERS FOREST PARTNERSHIP	CDBG MONTICELLO RLF	EDA SEQUESTERED	EDA RLF FUND PROJ. INC.	SAN JUAN RLF FUND PROJ. INC.	TOTALS (MEMORANDUM ONLY) JUNE 30, 2018
OPERATING REVENUES:								
Charges for services		\$ 466				\$ 5,314		\$ 5,780
Interest	\$ 2,914	3,324	\$ 646	\$ 1,484	\$ 1,958	39,769	\$ 2,328	\$ 52,423
Total operating revenues	\$ 2,914	\$ 3,790	\$ 646	\$ 1,484	\$ 1,958	\$ 45,083	\$ 2,328	\$ 58,203
OPERATING EXPENSES:								
Salaries and benefits	\$ 4,177	\$ 1,393	\$ 4,178			\$ 14,811	\$ 1,101	\$ 25,660
Meetings & conferences	77	26	77			299	20	499
Travel	190	64	190			865	50	1,359
Supplies	135	32	94			436	25	722
Fees, Licenses & legal	412	137	412			8,446	109	9,516
Telephone	45	15	45			162	12	279
Indirect expenses	370	121	370			1,312	97	2,270
Space cost	111	37	111			394	29	682
I.T. Services	38	12	37			133	10	230
Professional services	83	28	83			1,599	22	1,815
Miscellaneous	9	3	9			27	2	50
Total operating expenses	\$ 5,647	\$ 1,868	\$ 5,606	\$...	\$...	\$ 28,484	\$ 1,477	\$ 43,082
Operating income/(loss)	\$ (2,733)	\$ 1,922	\$ (4,960)	\$ 1,484	\$ 1,958	\$ 16,599	\$ 851	\$ 15,121
NON-OPERATING REVENUES (EXPENSES):								
RLF Loan write-off								
Total non-operating revenues (expenses)	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Change in net position	\$ (2,733)	\$ 1,922	\$ (4,960)	\$ 1,484	\$ 1,958	\$ 16,599	\$ 851	\$ 15,121
NET POSITION, beginning of year	157,576	135,299	32,368	80,041	154	977,992	127,621	1,511,051
NET POSITION, end of year	\$ 154,843	\$ 137,221	\$ 27,408	\$ 81,525	\$ 2,112	\$ 994,591	\$ 128,472	\$ 1,526,172

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
COMBINING STATEMENT OF CASH FLOW
FIDUCIARY FUNDS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT
FOR THE FISCAL YEAR ENDING JUNE 30, 2018

								<u>TOTALS</u>
	RURAL DEVELOPMENT RLF PROJ. INC.	EDA RLF PROJ. INC. RECAP	FOUR CORNERS FOREST RLF PROJ. INC.	CDBG MONTICELLO PROJ. INC.	EDA SEQUESTERED	EDA RLF FUND PROJ. INC.	SAN JUAN RLF FUND PROJ. INC.	(MEMORANDUM ONLY) JUNE 30, 2018
CASH FLOW FROM OPERATING ACTIVITIES:								
Cash received from customers	\$ 2,914	\$ 3,790	\$ 646	\$ 1,484	\$ 1,958	\$ 45,083	\$ 2,328	\$ 58,203
Cash payments to supplies for goods and services	(5,647)	(1,868)	(5,606)			(28,484)	(1,477)	(43,082)
Net cash provided (used) by operating activities	\$ (2,733)	\$ 1,922	\$ (4,960)	\$ 1,484	\$ 1,958	\$ 16,599	\$ 851	\$ 15,121
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Loans made to clients		\$ (38,593)				\$ (132,037)		\$ (170,630)
Payments received on loans		6,596				172,748	\$ 1,472	180,816
Net cash provided (used) by noncapital financing activities	\$...	\$ (31,997)	\$...	\$...	\$...	\$ 40,711	\$ 1,472	\$ 10,186
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (2,733)	\$ (30,075)	\$ (4,960)	\$ 1,484	\$ 1,958	\$ 57,310	\$ 2,323	\$ 25,307
CASH AND CASH EQUIVALENTS - Beginning of year	157,576	114,136	32,368	80,041	154	419,765	126,149	930,189
CASH AND CASH EQUIVALENTS - End of year	\$ 154,843	\$ 84,061	\$ 27,408	\$ 81,525	\$ 2,112	\$ 477,075	\$ 128,472	\$ 955,496
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:								
Operating income (loss)	\$ (2,733)	\$ 1,922	\$ (4,960)	\$ 1,484	\$ 1,958	\$ 16,599	\$ 851	\$ 15,121
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Write-off loan								
Net cash provided (used) by operating activities	\$ (2,733)	\$ 1,922	\$ (4,960)	\$ 1,484	\$ 1,958	\$ 16,599	\$ 851	\$ 15,121

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	TOTAL	AGING AND NUTRITION	AGING AND NUTRITION LOCAL	AGING AND NUTRITION PROGRAM INCOME	AGING AND NUTRITION ALTERNATIVES PROJECT INCOME	BUILDING FUND	USDA TEFAP	UNIFIED FUNDING	SELECT HEALTH
REVENUES:									
Intergovernmental revenue	\$ 3,670,257	\$ 611,380	\$ 376,617			\$ 9,500	\$ 10,826	\$ 49,340	
Charges for service	112,926			\$ 97,788	\$ 1,997				
Miscellaneous revenue	156,749			1,362		17,886			
Total revenues	\$ 3,939,932	\$ 611,380	\$ 376,617	\$ 99,150	\$ 1,997	\$ 27,386	\$ 10,826	\$ 49,340	\$...
EXPENDITURES:									
General government	\$ 204,561					\$ 27,571			
Community and economic development	919,665								
Public health	2,738,980	\$ 611,380	\$ 399,134	\$ 99,142	\$ 2,412		\$ 10,826	\$ 49,340	\$ 95
Total expenditures	\$ 3,863,206	\$ 611,380	\$ 399,134	\$ 99,142	\$ 2,412	\$ 27,571	\$ 10,826	\$ 49,340	\$ 95
Excess of revenues over (under) expenditures	\$ 76,726	\$...	\$ (22,517)	\$ 8	\$ (415)	\$ (185)	\$...	\$...	\$ (95)
OTHER FINANCING SOURCES (USES):									
Transfers in (out)									
Total other financing sources (uses)	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Excess of revenues and other sources over (under) expenditures and other uses	\$ 76,726		\$ (22,517)	\$ 8	\$ (415)	\$ (185)			\$ (95)
Fund balance, July 1,	1,244,806	\$ 100	450,755	172	4,270	15,037			95
Fund balance, June 30,	<u>\$ 1,321,532</u>	<u>\$ 100</u>	<u>\$ 428,238</u>	<u>\$ 180</u>	<u>\$ 3,855</u>	<u>\$ 14,852</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>CSBG</u>	<u>CSBG</u>	<u>SEUEDD</u>	<u>SEUEDD MATCH</u>	<u>CIRCLE PLANNING</u>	<u>TITLE XX</u>	<u>TITLE XX LOCAL</u>	<u>TANF II 17DWS0184</u>	<u>CAP/UTAH TANF II</u>	<u>AMX VITA SAN JUAN</u>
REVENUES:										
Intergovernmental revenue	\$ 89,898	\$ 20,153	\$ 70,000		\$ 72,170	\$ 46,787	\$ 11,697	\$ 222,051	\$ 16,735	\$ 10,000
Charges for services										
Miscellaneous revenue				\$ 30,000						
Total revenues	<u>\$ 89,898</u>	<u>\$ 20,153</u>	<u>\$ 70,000</u>	<u>\$ 30,000</u>	<u>\$ 72,170</u>	<u>\$ 46,787</u>	<u>\$ 11,697</u>	<u>\$ 222,051</u>	<u>\$ 16,735</u>	<u>\$ 10,000</u>
EXPENDITURES:										
General government										
Community and economic development			\$ 70,000	\$ 30,000						
Public health	\$ 89,898	\$ 20,153			\$ 46,096	\$ 46,787	\$ 11,697	\$ 222,083	\$ 16,735	\$ 7,102
Total expenditures	<u>\$ 89,898</u>	<u>\$ 20,153</u>	<u>\$ 70,000</u>	<u>\$ 30,000</u>	<u>\$ 46,096</u>	<u>\$ 46,787</u>	<u>\$ 11,697</u>	<u>\$ 222,083</u>	<u>\$ 16,735</u>	<u>\$ 7,102</u>
Excess of revenues over (under) expenditures	\$...	\$...	\$...	\$...	\$ 26,074	\$...	\$...	\$ (32)	\$...	\$ 2,898
OTHER FINANCING SOURCES (USES):										
Operating transfers in (out)										
Total other financing sources (uses)	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>
Excess of revenues and other sources over (under) expenditures and other uses					\$ 26,074			\$ (32)		\$ 2,898
Fund balance, July 1,					31,049					5,451
Fund balance, June 30,	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ 57,123</u>	<u>\$...</u>	<u>\$...</u>	<u>\$ (32)</u>	<u>\$...</u>	<u>\$ 8,349</u>

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	AAA LOCAL	EMERY AGING ADMIN	HEAT PROG 16-1077	HEAT 17-1235	COMMUNITY DEVELOPMENT BUILDING	LIHEAP WX 18-0098	LIHEAP WX 17-0282	ARRIVE UT WALMART	VITA CAP UTAH EITC	HCFA MED WAIVER NON-BILLABLE
REVENUES:										
Intergovernmental revenue	\$ 16,631	\$ 12,667	\$ 4,931	\$ 144,764		\$ 278,064	\$ 93,692		\$ 14,514	
Charges for services										
Miscellaneous revenue						18,669				
Total revenues	\$ 16,631	\$ 12,667	\$ 4,931	\$ 144,764	\$...	\$ 296,733	\$ 93,692	\$...	\$ 14,514	\$...
EXPENDITURES:										
General government										
Community and economic development										
Public health	\$ 22,613	\$ 12,667	\$ 4,931	\$ 144,764		\$ 278,064	\$ 93,692	\$ 4,839	\$ 12,750	
Total expenditures	\$ 22,613	\$ 12,667	\$ 4,931	\$ 144,764	\$...	\$ 278,064	\$ 93,692	\$ 4,839	\$ 12,750	\$...
Excess of revenues over (under) expenditures	\$ (5,982)	\$...	\$...	\$...	\$...	\$ 18,669	\$...	\$ (4,839)	\$ 1,764	\$...
OTHER FINANCING SOURCES (USES):										
Operating transfers in (out)	\$ 2,935									
Total other financing sources (uses)	\$ 2,935	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Excess of revenues and other sources over (under) expen- ditures and other uses	\$ (3,047)					\$ 18,669		\$ (4,839)	\$ 1,764	
Fund balance, July 1,	29,121				\$ 2,460		\$ 3	4,839		\$ (59,534)
Fund balance, June 30,	\$ 26,074	\$...	\$...	\$...	\$ 2,460	\$ 18,669	\$ 3	\$...	\$ 1,764	\$ (59,534)

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	CDBG A/P	CDBG PROJECT INCOME	CDBG REHAB & PD 18-0316	CDBG OFFICE ADA	SAN JUAN ECONOMIC DEVELOP	MOTEL TAX EXEMPTION	MINING TAX EXEMPTION	WORK CAMP FOUNDATION	17-0283 LIHEAP GWC	QEFAP 18-0756
REVENUES:										
Intergovernmental revenue	\$ 43,271		\$ 174,000						\$ 119,738	\$ 13,868
Charges for services		\$ 1,608								
Miscellaneous revenue						\$ 914		\$ 108		
Total revenues	\$ 43,271	\$ 1,608	\$ 174,000	\$...	\$...	\$ 914	\$...	\$ 108	\$ 119,738	\$ 13,868
EXPENDITURES:										
General government										
Community and economic development	\$ 43,271		\$ 174,000			\$ 914		\$ 203		
Public health								\$ 119,738	\$ 13,868	
Total expenditures	\$ 43,271	\$...	\$ 174,000	\$...	\$...	\$ 914	\$...	\$ 203	\$ 119,738	\$ 13,868
Excess of revenues over (under) expenditures	\$...	\$ 1,608	\$...	\$...	\$...	\$...	\$...	\$ (95)	\$...	\$...
OTHER FINANCING SOURCES (USES):										
Operating transfers in (out)										
Total other financing sources (uses)	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Excess of revenues and other sources over (under) expenditures and other uses		\$ 1,608						\$ (95)		
Fund balance, July 1,		835		\$ 53	\$ 522		\$ 2,000	15,459		
Fund balance, June 30,	<u>\$...</u>	<u>\$ 2,443</u>	<u>\$...</u>	<u>\$ 53</u>	<u>\$ 522</u>	<u>\$...</u>	<u>\$ 2,000</u>	<u>\$ 15,364</u>	<u>\$...</u>	<u>\$...</u>

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	CARBON FOOD BANK	EMERY FOOD BANK	GRAND FOOD BANK	QUALITY FOOD AGENCY	OLENE WALKER EMERGENCY	REGIONAL RESOURCES	A.O.G. MISCELLANEOUS	CIB PLANNING	AOG DIRECTOR
REVENUES:									
Intergovernmental revenue							\$ 10,500	\$ 100,000	\$ 30,000
Charges for Services							1,200		
Miscellaneous	\$ 18,045	\$ 6,529	\$ 14,099				6,774		
Total revenues	\$ 18,045	\$ 6,529	\$ 14,099	\$...	\$...	\$...	\$ 18,474	\$ 100,000	\$ 30,000
EXPENDITURES:									
General government							\$ 11,886	\$ 99,987	\$ 22,551
Community and economic development									
Public health	\$ 15,551	\$ 4,075	\$ 3,778						
Total expenditures	\$ 15,551	\$ 4,075	\$ 3,778	\$...	\$...	\$...	\$ 11,886	\$ 99,987	\$ 22,551
Excess of revenues over (under) expenditures	\$ 2,494	\$ 2,454	\$ 10,321	\$...	\$...	\$...	\$ 6,588	\$ 13	\$ 7,449
OTHER FINANCING SOURCES (USES):									
Operating transfers in (out)					\$ (2)				
Total other financing sources (uses)	\$...	\$...	\$...	\$...	\$ (2)	\$...	\$...	\$...	\$...
Excess of revenues and other sources over (under) expenditures and other uses	\$ 2,494	\$ 2,454	\$ 10,321		\$ (2)		\$ 6,588	\$ 13	\$ 7,449
Fund balance, July 1,	154,200	(213)	109,927	\$ 10,416	2	\$ 2	236,403	198	52,627
Fund balance, June 30,	\$ 156,694	\$ 2,241	\$ 120,248	\$ 10,416	\$...	\$ 2	\$ 242,991	\$ 211	\$ 60,076

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	SELF HELP RURAL DEVELOP CONSTRUCT	IT SUPPORT	SINGLE FAMILY 18-0755	17-1878 ROCKY MOUNTAIN POWER	QUESTAR GAS WX 17-1576	DOMINION ENERGY 18-1628	DOE	AGENCY NETWORK SERVICES	COMMUNITY SERVICE CAR POOL
REVENUES:									
Intergovernmental revenue		\$ 20,000	\$ 205,750	\$ 2,467	\$ 17,933	\$ 9,449	\$ 103,609	\$ 15,350	
Charges for services									
Miscellaneous									\$ 7,374
Total revenues	\$...	\$ 20,000	\$ 205,750	\$ 2,467	\$ 17,933	\$ 9,449	\$ 103,609	\$ 15,350	\$ 7,374
EXPENDITURES:									
General government		\$ 13,503						\$ 15,314	
Community and economic development			\$ 205,750						
Public health				\$ 2,103	\$ 17,933	\$ 9,449	\$ 103,609		\$ 10,369
Total expenditures	\$...	\$ 13,503	\$ 205,750	\$ 2,103	\$ 17,933	\$ 9,449	\$ 103,609	\$ 15,314	\$ 10,369
Excess of revenues over (under) expenditures	\$...	\$ 6,497	\$...	\$ 364	\$...	\$...	\$...	\$ 36	\$ (2,995)
OTHER FINANCING SOURCES (USES):									
Operating transfers in (out)	\$ (5)								
Total other financing sources (uses)	\$ (5)	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Excess of revenues and other sources over (under) expenditures and other uses	\$ (5)	\$ 6,497		\$ 364				\$ 36	\$ (2,995)
Fund balance, July 1,	5	29,594						4,906	21,792
Fund balance, June 30,	\$...	\$ 36,091	\$...	\$ 364	\$...	\$...	\$...	\$ 4,942	\$ 18,797

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	AAA MEDICARE WAIVER (HCFA)	AAA MEDICARE WAIVER (DAAS)	SINGLE FAMILY PROGRAM 17-0540	DIRECT LOAN PACKAGE PROJ INC	SELF HELP TOOL REPLACEMENT	444616 SELF HELP PROGRAM	SELF HELP PROGRAM 16-1489	RURAL DEVELOPMENT REHAB RECONSTR.	444618 SELF HELP	EFN 18-0103	RURAL DEVELOP LOAN REPAY
REVENUES:											
Intergovernmental revenue	\$ 15,564	\$ 28,750	\$ 34,822			\$ 269,307	\$ 3,000	\$ 65,464	\$ 2,303	\$ 13,000	
Charges for services											
Miscellaneous				\$ 3,000							\$ 2,000
Total revenues	\$ 15,564	\$ 28,750	\$ 34,822	\$ 3,000	\$...	\$ 269,307	\$ 3,000	\$ 65,464	\$ 2,303	\$ 13,000	\$ 2,000
EXPENDITURES:											
General government											
Community and economic development			\$ 35,914	\$ 1,557	\$ 220	\$ 273,590	\$ 4,500	\$ 65,744	\$ 2,303		\$ 970
Public health	\$ 14,004	\$ 28,750								\$ 13,000	
Total expenditures	\$ 14,004	\$ 28,750	\$ 35,914	\$ 1,557	\$ 220	\$ 273,590	\$ 4,500	\$ 65,744	\$ 2,303	\$ 13,000	\$ 970
Excess of revenues over (under) expenditures	\$ 1,560	\$...	\$ (1,092)	\$ 1,443	\$ (220)	\$ (4,283)	\$ (1,500)	\$ (280)	\$...	\$...	\$ 1,030
OTHER FINANCING SOURCES (USES):											
Operating transfers in (out)											\$ 7
Total other financing sources (uses)	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$ 7
Excess of revenues and other sources over (under) expenditures and other uses	\$ 1,560		\$ (1,092)	\$ 1,443	\$ (220)	\$ (4,283)	\$ (1,500)	\$ (280)			\$ 1,037
Fund balance, July 1,	57,704			1,500	289	26,442	1,500				1,539
Fund balance, June 30,	\$ 59,264	\$...	\$ (1,092)	\$ 2,943	\$ 69	\$ 22,159	\$...	\$ (280)	\$...	\$...	\$ 2,576

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	GWC AMERICAN EXPRESS	MOUNTIAN LAND VET'S	TANF 15DWS0178	TANF 18DWS0147	NEW CHOICES	TRANSIT PLANNING	PRICE CITY HOUSING	AGENCY CAR POOL	AGENCY COPIER FUND
REVENUES:									
Intergovernmental revenue		\$ 19,679	\$ 65,408	\$ 11,987	\$ 4,514	\$ 1,035			
Charges for services									\$ 10,333
Miscellaneous	\$ 5,121					128		\$ 23,816	217
Total revenues	\$ 5,121	\$ 19,679	\$ 65,408	\$ 11,987	\$ 4,514	\$ 1,163	\$...	\$ 23,816	\$ 10,550
EXPENDITURES:									
General government								\$ 9,409	\$ 4,213
Community and economic development	\$ 4,209					\$ 1,026			
Public health		\$ 12,705	\$ 65,388	\$ 11,987	\$ 3,872				
Total expenditures	\$ 4,209	\$ 12,705	\$ 65,388	\$ 11,987	\$ 3,872	\$ 1,026	\$...	\$ 9,409	\$ 4,213
Excess of revenues over (under) expenditures	\$ 912	\$ 6,974	\$ 20	\$...	\$ 642	\$ 137	\$...	\$ 14,407	\$ 6,337
OTHER FINANCING SOURCES (USES):									
Operating transfers in (out)		\$ (2,935)							
Total other financing sources (uses)	\$...	\$ (2,935)	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Excess of revenues and other sources over (under) expenditures and other uses	\$ 912	\$ 4,039	\$ 20		\$ 642	\$ 137		\$ 14,407	\$ 6,337
Fund balance, July 1,		2,935			541	(349)	\$ 20,059	10,397	(297)
Fund balance, June 30,	\$ 912	\$ 6,974	\$ 20	\$...	\$ 1,183	\$ (212)	\$ 20,059	\$ 24,804	\$ 6,040

SCHEDULE 1
(Continued)

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	QEFAF REPAIRS 18-1095	QEFAF FORKLIFT 18-1186	QEFAF EC VEHICLE 18-1437	SNAP UTAH 223818	CIB SAN JUAN HEAT VEHICLE	FORKLIFT PROPANE FUND	CARE	GWC ADMIN 18-0734	OUTSIDE ACTIVITY
REVENUES:									
Intergovernmental revenue	\$ 7,912	\$ 22,995	\$ 26,419	\$ 6	\$ 17,083		\$ 7,163	\$ 5,494	
Charges for services									
Miscellaneous						\$ 580			\$ 127
Total revenues	\$ 7,912	\$ 22,995	\$ 26,419	\$ 6	\$ 17,083	\$ 580	\$ 7,163	\$ 5,494	\$ 127
EXPENDITURES:									
General government									\$ 127
Community and economic development								\$ 5,494	
Public health	\$ 7,912	\$ 22,995	\$ 26,419		\$ 17,083	\$ 29	\$ 7,163		
Total expenditures	\$ 7,912	\$ 22,995	\$ 26,419	\$...	\$ 17,083	\$ 29	\$ 7,163	\$ 5,494	\$ 127
Excess of revenues over (under) expenditures	\$...	\$...	\$...	\$ 6	\$...	\$ 551	\$...	\$...	\$...
OTHER FINANCING SOURCES (USES):									
Operating transfers in (out)									
Total other financing sources (uses)	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...	\$...
Excess of revenues and other sources over (under) expenditures and other uses				\$ 6		\$ 551			
Fund balance, July 1,									
Fund balance, June 30,	\$...	\$...	\$...	\$ 6	\$...	\$ 551	\$...	\$...	\$...

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

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Price, Utah 84501

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of District Commissioners
Southeastern Utah Association of Local Governments
Price, Utah 84501

RE: Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
As Required by the State Compliance Audit Guide

Report on Compliance

We have audited Southeastern Utah Association of Local Government's compliance with the following applicable state requirements described in the *State Compliance Audit Guide* issued by the Office of the State Auditor, for the year ended June 30, 2018.

Treasurer's Bond
Cash Management
Budgetary Compliance

Open and Public Meetings Act
Fund Balance Limitation
Utah Retirement System Compliance

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Association's compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the State Compliance Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Association'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 requirements reported above. However, our audit does not provide a legal determination of Southeastern Utah Association of Local Government's compliance with those requirements

Opinion on Compliance

In our opinion, Southeastern Utah Association of Local Governments complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the State Compliance Audit Guide and which is described in the schedule of findings and questioned costs. Our opinion on compliance is not modified with respect to this matter.

The Association's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Association's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

Report On Internal Control Over Compliance.

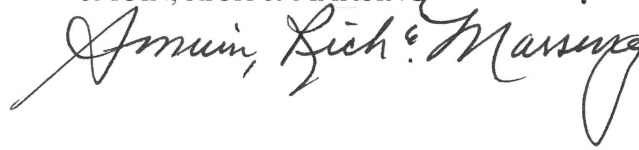
Management of Southeastern Utah Association of Local Governments is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Smuin, Rich & Marsing". The signature is written in black ink and is positioned below the firm's name.

Price, Utah

December 21, 2018

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
UTAH ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Southeastern Utah Association of Local Governments
Price, Utah 84501

RE: 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

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 the governmental activities and each major fund of Southeastern Utah Association of Local Governments as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements and have issued our report thereon dated December 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Association'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 statements 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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the schedule of findings and questioned costs.

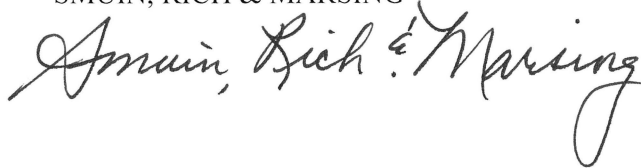
Association's Response to Finding

The Association's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Association's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on it.

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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SMUIN, RICH & MARSING



Price, Utah

December 21, 2018

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Board of Directors
Southeastern Utah Association of Local Governments
Price, Utah 84501

RE: Independent Auditor's Report on Compliance
For Each Major Program and on Internal
Control Over Compliance Required By
Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited Southeastern Utah Association of Local Government's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Association's major federal programs for the year ended June 30, 2018. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association'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 major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, Southeastern Utah Association of Local Governments, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

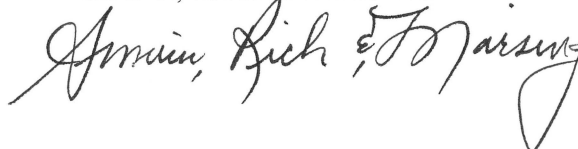
Management of Southeastern Utah Association of Local Governments is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Association'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 type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

SMUIN, RICH & MARSING



Price, Utah

December 21, 2018

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of Southeastern Utah Association of Local Governments.
2. There was no significant deficiency and no material weaknesses disclosed in internal control by the audit over the financial statements.
3. No instances of noncompliance material to the financial statements of Southeastern Utah Association of Local Governments were disclosed by the audit.
4. There were no significant deficiencies and no material weaknesses in internal control over major programs disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs for Southeastern Utah Association of Local Governments expresses an unmodified opinion.
6. The audit of Southeastern Utah Association of Local Government's major programs disclosed no audit finding relating to major programs that the auditor is required to report.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
EDA Economic Adjustment Assistance	11.307
EDA Recap Economic Adjustment Assistance	11.307

8. The threshold for distinguishing Type A programs was \$750,000.
9. Southeastern Utah Association of Local Governments was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

Criteria: According to Utah State Code 17B-1-614 through 17B-1-619, the Association is required to adopt and approve a budget prior to the beginning of the upcoming year. A budget is to be prepared for each fund which includes estimated revenues and expenditures except for permanent trusts and fiduciary funds. Estimated revenues and expenditures must match. The Association does not have legal authority to expend more funds than what has been appropriated as expenditures in the Association approved budget for the year on a fund level.

B FINDINGS-FINANCIAL STATEMENTS AUDIT (Continued)

Condition: During the year under audit, the Association over spent it's approved budget which was not in compliance with Utah State budgeting law.

Cause: During the budgeting process there were some grants and contracts that had not been taken into consideration and failed to be included the Association approved budget.

Effect: The Associations budget is the legal authority for the entity to spend money. When the Association spent more money than has been appropriated it was in violation of the law and has expended funds that had not been legally approved. Although, from passed experience, no legal actions have been taken against governmental entities that have over spent budget, but expenditures in excess of approved budgets could be brought in to question.

Recommendation: We encourage the Association to closely monitor expenditures as compared to legally adopted budgeted amounts and follow legal procedures to adjust budgets if necessary to be in compliance with Utah State budget requirements. We also recommend that the Association review with personnel budgetary requirements and make sure employees responsible for monitor expenditures as compared to budgets are adequately trained.

Association's Response: We feel that employee's that work with financial information have been properly trained and have a good understanding of the budgeting procedures of the State of Utah and do a good job monitoring expenditures as compared to revenues. The Association is unique when compared to many other local governmental entities with regards to the way they receive almost all of their funding. The Association receives many local, state and federal grants and contracts. The grants or contracts have many different start and ending dates which do not co-inside with the fiscal year of the Association. Unfortunately, it appeared that not all of the grants or contracts had been taken into consideration when adopting the budget and monitoring it during the fiscal year. We will review more closely our budgeting process and make sure the budget is monitored throughout the year so this oversight does not happen again.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JULY 1, 2017	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2018
U.S. DEPARTMENT OF COMMERCE							
Direct Program:							
SEUDD - Support for Planning Organizations	11.302	05-83-05353-02	\$ 70,000		\$ 70,000	\$ 70,000	
EDA - Economic Adjustment Assistance RLF	11.307	05-39-02469	767,421		767,421	767,421	*
EDA Recap Economic Adjustment Assistance - RLF	11.307	05-39-02469-01	104,317		104,317	104,317	*
Total Department of Commerce			<u>\$ 941,738</u>	<u>\$...</u>	<u>\$ 941,738</u>	<u>\$ 941,738</u>	<u>\$...</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Pass through State Department of Workforce Services:							
Title VII, Long-Term Care Ombudsman Services for Older Individuals	93.042	16-0176	\$ 4,307		\$ 4,307	\$ 4,307	
Title III, Part VI: Disease Preventive and Health Promotion Services	93.043	16-0176	4,076		4,076	4,076	
Title III, Part II: Grants for Supportive Services and Senior Centers	93.044	16-0176	68,221		68,221	68,221	
Title III Part III: Nutrition Services	93.045	16-0176	134,761		134,761	134,761	
Senior Medicare Patrol	93.048	16-0176	3,000		3,000	3,000	
Title III E NFCSP (Caregiver)	93.052	16-0176	37,514		37,514	37,514	
Elder Feeding, NSIP	93.053	16-0176	90,644		90,644	90,644	
Social Service Block Grant - TXX	93.667	17-2147	58,484		58,484	58,484	
Social Service Block Grant - Alternatives	93.667	N/A	33,028		33,028	33,028	
State Health Insurance Assistance Program	93.779	16-0176	19,500		19,500	19,500	
New Choices Waiver	93.778	870299154002	3,872		3,872	3,872	
Medicaid Waiver (DAAS)	93.778	16-0288	28,750		28,750	28,750	
Medicaid Waiver	93.778	N/A	14,004		14,004	14,004	
Subtotal Department of Health and Human Services			<u>\$ 500,161</u>	<u>\$...</u>	<u>\$ 500,161</u>	<u>\$ 500,161</u>	<u>\$...</u>

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JULY 1, 2017	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2018
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Cont'd)							
Pass through State Department of Workforce Services:							
TANF - 15DWS0178	93.558	15DWS0178	\$ 280,000		\$ 65,388	\$ 65,388	
CAP/UTAH - TANF	93.558	N/A	18,760		16,735	16,735	
TANF - Financial Capability/Asset Building	93.558	17-DWS0184	800,000		222,082	222,082	
TANF	93.558	18-DWS0147	11,987		11,987	11,987	
Liheap - Energy Assistance Program	93.568	16-1077	4,931		4,931	4,931	
Liheap - Heat	93.568	17-1235	183,513		144,764	144,764	
Liheap - Crisis Group WorkCamps	93.568	17-0283	350,000		119,738	119,738	
Liheap - WX	93.568	17-0282	93,692		93,692	93,692	
Liheap - Weatherization	93.568	18-0098	389,470		278,064	278,064	
Group Work Camp - Admin	93.568	18-0739	5,494		5,494	5,494	
Community Service Block Grant	93.569	17-1709	137,055		89,898	89,898	
Community Service Block Grant	93.569	18-1304	20,153		20,153	20,153	
Subtotal Department of Health and Human Services			\$ 2,295,055	\$...	\$ 1,072,926	\$ 1,072,926	\$...
Total Department of Health and Human Services			\$ 2,795,216	\$...	\$ 1,573,087	\$ 1,573,087	\$...
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Pass through State Department of Workforce Services:							
CDBG - Admin/Planning	14.228	17-0429	\$ 43,178		\$ 43,178	\$ 43,178	
CDBG - Housing and Program Delivery	14.228	18-0316	174,000		174,000	174,000	
Total Department of Housing and Urban Development			\$ 217,178	\$...	\$ 217,178	\$ 217,178	\$...
U.S. DEPARTMENT OF TRANSPORTATION							
Pass through State Department of Transportation							
State Transit Planning/Research	20.205	15-8979	\$ 4,000		\$ 1,026	\$ 1,026	
Total Department of Transportation			\$ 4,000	\$...	\$ 1,026	\$ 1,026	\$...

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR PASS THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED (DEFERRED) REVENUE AT JULY 1, 2017	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2017
U.S. DEPARTMENT OF AGRICULTURE							
Direct Program:							
Rural Self Help Housing Tech Assist - 523 Grant	10.420	52-004-870299154	\$ 431,307		\$ 271,610	\$ 271,610	
Rural Development Rehab Construction	10.417	N/A	65,744		65,744	65,744	
Pass through State Department of Human Services:							
Self Help Program	10.433	16-1489	75,000		4,500	4,500	
USDA - TEFAP	10.568	N/A	10,826		10,826	10,826	
Total Department of Agriculture			<u>\$ 582,877</u>	<u>\$...</u>	<u>\$ 352,680</u>	<u>\$ 352,680</u>	<u>\$...</u>
U.S. DEPARTMENT OF ENERGY							
Pass through State Department of Workforce Services:							
DOE-Weatherization Funds	81.042	18-0096	\$ 103,610		\$ 103,610	\$ 103,610	
Total Department of Energy			<u>\$ 103,610</u>	<u>\$...</u>	<u>\$ 103,610</u>	<u>\$ 103,610</u>	<u>\$...</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$...</u>	<u>\$ 3,189,319</u>	<u>\$ 3,189,319</u>	<u>\$...</u>

* MAJOR PROGRAM

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of program activity of the Association's federal award programs and does not necessarily present transactions that would be included in financial statements of the Association presented on the modified accrual basis of accounting, as contemplated by generally accepted accounting principles.

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Association.

The Association has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

2. REVOLVING LOAN FUNDS

Beginning in 2008, the Economic Development Administration included instructions on how to include expenditures for revolving loan funds on the Schedule of Expenditure of Federal Awards (SEFA). These expenditures are actually the funds beginning capital base reflected by any current activity.

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Finding: Budget Compliance

Condition – During the year ended June 30, 2017, the Association over spent its’ approved budget which was not in compliance with Utah State law.

Follow-up - During the year ended June 30, 2018, the Association again over spent its’ approved budget. Additional follow-up will be required.

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF TOTAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018

EXPENDITURES	
Salaries	\$ 1,143,922
Fringe benefits	400,566
Contract personnel	607,597
Travel/local	98,787
Gas/vehicle maintenance	54,116
Food/meals	202,636
Meetings/conferences	20,812
Dues/publications	3,136
Insurance/bonding	9,203
Advertising	614
Direct program delivery	4,946
Utilities/telephone	124,152
Postage/handling	2,484
Office supplies/printing (Includes equip. < \$5,000)	33,880
Closing Costs	28,514
Outsourced personnel	5,487
Miscellaneous	58,740
Licenses/fees/legal	44,221
Emergency assistance	77,620
Maintenance/repairs/supplies	27,956
Equipment Purchase	95,015
Equipment/non-inventory	68,680
Materials/tools	290,161
Special projects	20,875
Pass through	359,340
Professional fees	1,067
Indirect expense	171,221
Match expense	128
Rent	19,064
IT Services	22,858
Sales, Use & Transient tax	914
	<hr/>
Total expenditures	<u><u>\$ 3,998,712</u></u>

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF INDIRECT EXPENSE
FOR THE YEAR ENDED JUNE 30, 2018

Salaries	\$ 78,230
Fringe benefits	26,564
Legal/License fees	1,220
Travel	1,373
Utilities/telephone	4,037
Postage/handling	4,185
Insurance/bonding	30,014
Office supplies/printing	3,150
Professional fees	17,800
Bank fees	4,648
	<hr/>
Total expenditures	\$ 171,221
	<hr/> <hr/>

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
TOTAL EXPENDITURES AND INDIRECT COST RATE
FOR THE YEAR ENDED JUNE 30, 2018

RECONCILIATION OF EXPENDITURES

Indirect expenditures	\$ 171,221	
Direct expenditures	3,817,491	<u> </u>
Total expenditures	\$ 3,988,712	<u> </u>
Exhibit 5 - expenditures	\$ 3,863,206	
Exhibit 8 - expenditures	135,506	<u> </u>
Total expenditures	\$ 3,998,712	<u> </u>

INDIRECT COST RATE

Indirect costs	\$ 171,221	
Divided by direct salary costs	1,143,922	<u> </u>
Percentage	14.97%	<u> </u>