

**SOUTHEASTERN UTAH ASSOCIATION
OF LOCAL GOVERNMENTS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

**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, 2019, 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, 2019, 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 also 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 11, 2019, 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 "Smuin, Rich & Marsing".

Price, Utah

December 11, 2019

**Southeastern Utah Association of Local Governments
Management’s Discussion and Analysis
For the Fiscal Year Ending June 30, 2019**

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, 2019. 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 and deferred outflows of the SEUALG exceeded its liabilities and deferred inflows as of June 30, 2019 by \$1,561,250. Of this amount, \$(84,670) 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, 2019 were:

| | | |
|-------------------------------|----|------------------|
| BTAC | \$ | 2,523 |
| Revolving Loan Funds | | 26,349 |
| Eastern Utah TV/Tech Assoc | | 898 |
| Miscellaneous SEUALG Programs | | <u>3,327</u> |
| Total | | <u>\$ 33,097</u> |

Financial Highlights (Continued)

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

- Capital assets (net of accumulated depreciation) of the SEUALG were \$394,501 at June 30, 2019, which included buildings and equipment.
- Overall revenues increased by \$417,936 and overall expenditures increased \$357,720 for the period ending June 30, 2019. 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 2019 with added programs. There were increases in one time state funding for the Aging Programs (primarily Alternatives and Caregiver Programs). Circles program continued and received additional funding as did the Veterans Program- SEUALG was awarded direct funds for the program this year. 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 2019 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, 2019 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 and American Express for GWC

Rocky Mountain and Dominion Energy special programs

Community Services Programs

USDA/TEFAP

Emergency Food Network/QEFAF

Operation of District Food Banks

Emergency Assistance Programs/TANF Rental Assistance

Temporary Assistance for Needy Families (Circles Program)

Temporary Assistance for Needy Families (VITA Program)

Unified Funding, Homelessness, CARE, EITC

Overview of Financial Statements (Continued)

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

- Regular utility assistance
- Emergency/Crisis funds

Economic Development Programs

- Economic Development Planning
- CIB Planning
- Transportation 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 deferred outflows and liabilities and deferred inflows 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, 2019. 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 SEULAG 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 and deferred outflows exceeded liabilities and deferred inflows by \$1,561,250 as of June 30, 2019. We have made a comparison of the past two fiscal years of net position.

Table 1
Net Position

| | Governmental Activities June 30, 2018 | Governmental Activities June 30, 2019 |
|---|--|--|
| Current and other assets | \$ 1,510,824 | \$ 1,664,597 |
| Capital assets, net | <u>405,344</u> | <u>394,501</u> |
| Total assets | \$ 1,916,168 | \$ 2,059,098 |
| Deferred outflows of resources | <u>282,761</u> | <u>295,854</u> |
| Total assets and deferred outflows of resources | \$ 2,198,929 | \$ 2,354,952 |
| Long-term debt outstanding | \$ 363,417 | \$ 590,765 |
| Other liabilities | <u>189,292</u> | <u>167,735</u> |
| Total liabilities | \$ 552,709 | \$ 758,500 |
| Deferred inflows of resources | <u>259,516</u> | <u>35,202</u> |
| Total liabilities and deferred inflows of resources | \$ 812,225 | \$ 793,702 |
| Net position: | | |
| Net investment in capital assets | \$ 405,344 | \$ 394,501 |
| Restricted | 1,080,427 | 1,251,419 |
| Unrestricted | <u>(99,067)</u> | <u>(84,670)</u> |
| Total net position | <u>\$ 1,386,704</u> | <u>\$ 1,561,250</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, 2018 | Governmental Activities June 30, 2019 |
|---|--|--|
| Revenues | | |
| Program Revenues: | | |
| Charges for services | \$ 112,926 | \$ 105,893 |
| Operating grants and contributions | 3,624,848 | 4,161,369 |
| Capital grants and contributions | 172,114 | 22,500 |
| General Revenues: | | |
| Grants and contributions not restricted | | 53,286 |
| Gain on sale of capital assets | | 11,493 |
| Other general revenues | 30,044 | 3,327 |
| Total revenues | <u>\$ 3,939,932</u> | <u>\$ 4,357,868</u> |
| Program expenses | | |
| General government | \$ 204,849 | \$ 268,591 |
| Public health | 2,677,443 | 3,058,384 |
| Economic development | 943,310 | 856,347 |
| Total expenses | <u>\$ 3,825,602</u> | <u>\$ 4,183,322</u> |
| Change in net position | <u>\$ 114,330</u> | <u>\$ 174,546</u> |
| Net position - beginning | \$ 1,272,374 | \$ 1,386,704 |
| Net position - ending | <u>1,386,704</u> | <u>1,561,250</u> |
| Change in net position | <u>\$ 114,330</u> | <u>\$ 174,546</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, 2019 was \$394,501.

Table 3
Capital Assets (Depreciated)

| | <u>Balance</u> <u>June 30, 2018</u> | <u>Additions</u> | <u>Transfers,</u> <u>Adjustments</u> <u>Depreciation &</u> <u>Retirements</u> | <u>Balance</u> <u>June 30, 2019</u> |
|------------------------|--|------------------|--|--|
| Buildings | \$ 187,044 | | \$ (8,405) | \$ 178,639 |
| Equipment and vehicles | 218,300 | \$ 74,283 | (76,721) | 215,862 |
| Total | <u>\$ 405,344</u> | <u>\$ 74,283</u> | <u>\$ (85,126)</u> | <u>\$ 394,501</u> |

During Fiscal 2019 decreases in "equipment and vehicles" were due to current yearly depreciation and asset retirements that were greater than asset purchases.

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, 2019. The amount of the obligation at this time is \$38,703. 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, 2019, the net pension liability was \$552,062.

General Fund Budget Highlights

The original budget was adopted on May 31, 2018, and was revised on May 23, 2019. The Association's final budget was \$4,098,099 for revenues. During the year, the Association received revenue of \$4,341,150, which was \$243,051 more than had been budgeted. Expenditures were budgeted to be \$4,098,099, with actual expenditures of \$4,165,818. Over all, the Association had a \$175,332 favorable variance for the year, but had a \$67,719 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, 2019**

| | | <u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u> |
|---|----|---|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ | 1,052,425 |
| Due from other governmental units | | 578,987 |
| Prepaid expenses | | 33,185 |
| Capital assets (net of accumulated depreciation): | | |
| Buildings | | 178,639 |
| Equipment | | 215,862 |
| | | <hr/> |
| Total assets | \$ | 2,059,098 |
| Deferred Outflows of Resources | | |
| Amounts related to pensions | | 295,854 |
| | | <hr/> |
| Total assets and deferred outflows of resources | \$ | 2,354,952 |
| | | <hr/> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ | 125,815 |
| Accrued liabilities | | 41,920 |
| Noncurrent liabilities: | | |
| Net pension liability | | 552,062 |
| Compensated absences | | 38,703 |
| | | <hr/> |
| Total liabilities | \$ | 758,500 |
| Deferred Inflows of Resources | | |
| Amounts related to pensions | | 35,202 |
| | | <hr/> |
| Total liabilities and deferred inflows of resources | \$ | 793,702 |
| | | <hr/> |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | \$ | 394,501 |
| Restricted | | 1,251,419 |
| Unrestricted | | (84,670) |
| | | <hr/> |
| Total net position | \$ | 1,561,250 |
| | | <hr/> <hr/> |

"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, 2019**

| | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION | |
|--|----------------------------|--|--|---|--------------|
| | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES | TOTAL |
| EXPENSES | | | | | |
| \$ 268,591 | \$ 6,249 | \$ 267,360 | | \$ 5,018 | \$ 5,018 |
| 3,058,384 | 99,644 | 3,021,531 | | 62,791 | 62,791 |
| 856,347 | | 872,478 | \$ 22,500 | 38,631 | 38,631 |
| \$ 4,183,322 | \$ 105,893 | \$ 4,161,369 | \$ 22,500 | \$ 106,440 | \$ 106,440 |
| \$ 4,183,322 | \$ 105,893 | \$ 4,161,369 | \$ 22,500 | \$ 106,440 | \$ 106,440 |
| FUNCTION/PROGRAMS | | | | | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | | | | | |
| Public health | | | | | |
| Economic development | | | | | |
| Total governmental activities | | | | | |
| Total primary government | | | | | |
| General revenues: | | | | | |
| Grants and contributions not restricted to specific programs | | | | \$ 22,711 | \$ 22,711 |
| Gain (loss) on sale of capital assets | | | | 11,493 | 11,493 |
| Contribution of capital assets | | | | 30,575 | 30,575 |
| Unrestricted investment earnings | | | | 3,327 | 3,327 |
| Total general revenues | | | | \$ 68,106 | \$ 68,106 |
| Change in net position | | | | \$ 174,546 | \$ 174,546 |
| Net position - beginning | | | | 1,386,704 | 1,386,704 |
| Net position - ending | | | | \$ 1,561,250 | \$ 1,561,250 |

"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, 2019**

| | <u>GENERAL FUND</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
|--------------------------------------|-------------------------|---|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 1,052,425 | \$ 1,052,425 |
| Due from other governmental units | 578,987 | 578,987 |
| Prepaid expenses | <u>33,185</u> | <u>33,185</u> |
| Total assets | <u>\$ 1,664,597</u> | <u>\$ 1,664,597</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | |
| Liabilities: | | |
| Accounts payable | \$ 124,846 | \$ 124,846 |
| Accrued liabilities payable | 41,920 | 41,920 |
| Deposits payable | <u>967</u> | <u>967</u> |
| Total liabilities | <u>\$ 167,733</u> | <u>\$ 167,733</u> |
| Fund balances: | | |
| Nonspendable | \$ 33,185 | \$ 33,185 |
| Restricted | 1,251,419 | 1,251,419 |
| Unassigned | | |
| General fund | <u>212,260</u> | <u>212,260</u> |
| Total fund balances | <u>\$ 1,496,864</u> | <u>\$ 1,496,864</u> |
| Total liabilities and fund balances | <u>\$ 1,664,597</u> | <u>\$ 1,664,597</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, 2019**

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

| | | |
|--|--|--------------|
| Total fund balances - governmental fund types: | | \$ 1,496,864 |
|--|--|--------------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

| | | | |
|-----------|------------|--|---------|
| | \$ 178,639 | | |
| Buildings | | | |
| Equipment | 215,862 | | 394,501 |

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

| | | | |
|-----------------------|--------------|--|-----------|
| | \$ (552,062) | | |
| Net pension liability | | | |
| Compensated absences | (38,703) | | (590,765) |

| | | |
|---|--|---------|
| Deferred outflows of resources related to pensions not reported in governmental funds | | 295,852 |
|---|--|---------|

| | | |
|--|--|----------|
| Deferred inflows of resources related to pensions not reported in governmental funds | | (35,202) |
|--|--|----------|

| | | |
|---|--|--------------|
| Net position of governmental activities | | \$ 1,561,250 |
|---|--|--------------|

"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, 2019**

| | GENERAL FUND | TOTAL GOVERNMENTAL FUNDS |
|--|-----------------------------|--------------------------------|
| | <u> </u> | <u> </u> |
| REVENUES: | | |
| Intergovernmental | \$ 4,087,060 | \$ 4,087,060 |
| Charges for services | 105,893 | 105,893 |
| Miscellaneous revenue | <u>148,197</u> | <u>148,197</u> |
| Total revenues | <u>\$ 4,341,150</u> | <u>\$ 4,341,150</u> |
| EXPENDITURES: | | |
| Current: | | |
| General government | \$ 260,713 | \$ 260,713 |
| Public health | 3,074,048 | 3,074,048 |
| Economic development | <u>831,057</u> | <u>831,057</u> |
| Total expenditures | <u>\$ 4,165,818</u> | <u>\$ 4,165,818</u> |
| Excess revenues over (under) expenditures | <u>\$ 175,332</u> | <u>\$ 175,332</u> |
| OTHER FINANCING SOURCES (USES): | | |
| Operating transfers in (out) | <u>\$...</u> | <u>\$...</u> |
| Excess of revenues and other sources over (under) expenditures and other uses | \$ 175,332 | \$ 175,332 |
| FUND BALANCES - beginning of year | <u>1,321,532</u> | <u>1,321,532</u> |
| FUND BALANCES - end of year | <u>\$ 1,496,864</u> | <u>\$ 1,496,864</u> |

"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, 2019**

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

| | | |
|--|----|----------|
| Net changes in fund balances - total governmental funds | \$ | 175,332 |
| 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 depreciation exceeded capital outlay in the current period. | | (27,563) |
| The sale of capital assets is recorded on the cash basis as funds are received. Also contributed assets are shown on the government wide financial statements. This is the accumulated effect of contributed assets and sale of capital assets by the Association. | | 16,718 |
| Some expenses reported in the statement of activities 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. | | |
| Compensated absences | | (1,921) |
| Pensions expense | | 11,980 |
| | | 11,980 |
| Change in net position of governmental activities | \$ | 174,546 |

"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, 2019**

| | <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 | \$ 858,796 | \$ 138,405 | \$ 5,319 |
| Note receivable - San Juan | 4,479 | | |
| Note receivable - EDA Recap funds | 18,633 | | |
| Note receivable - EDA funds | 180,254 | | |
| | <hr/> | <hr/> | <hr/> |
| Total current assets | \$ 1,062,162 | \$ 138,405 | \$ 5,319 |
| Noncurrent Assets: | | | |
| Notes receivable | \$ 501,834 | | |
| Equipment | | \$ 5,279 | |
| Less: Accumulated depreciation | | (5,279) | |
| | <hr/> | <hr/> | <hr/> |
| Total noncurrent assets | \$ 501,834 | \$... | \$... |
| | <hr/> | <hr/> | <hr/> |
| Total assets | \$ 1,563,996 | \$ 138,405 | \$ 5,319 |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Liabilities | <hr/> | <hr/> | <hr/> |
| Total current liabilities | \$... | \$... | \$... |
| Noncurrent Liabilities: | | | |
| Deposit payable | <hr/> | \$ 5,401 | <hr/> |
| Total noncurrent liabilities | \$... | \$ 5,401 | \$... |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | \$... | \$ 5,401 | \$... |
| <u>NET POSITION</u> | | | |
| Held in trust | \$ 1,563,996 | \$ 133,004 | \$ 5,319 |
| | <hr/> | <hr/> | <hr/> |
| Total net position | \$ 1,563,996 | \$ 133,004 | \$ 5,319 |
| | <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, 2019**

| | REVOLVING LOAN FUNDS TRUST FUNDS | BTAC | EASTERN UTAH TV & TECH ASSOCIATION |
|---|--|--------------------------|--|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 46,857 | \$ 54,159 | \$ 45,000 |
| Interest | 26,349 | 2,523 | 898 |
| Total operating revenues | <u>\$ 73,206</u> | <u>\$ 56,682</u> | <u>\$ 45,898</u> |
| OPERATING EXPENSES: | | | |
| Salaries and benefits | \$ 25,603 | \$ 8,398 | \$ 471 |
| Meeting and conference | 421 | 338 | |
| Telephone | 274 | 2,887 | 2 |
| Utilities | | 13,900 | |
| Indirect expense | 2,262 | 992 | 40 |
| Bank fees | | 160 | |
| Professional service | 102 | 2,674 | 1,900 |
| Rent | 689 | | |
| Travel | 1,135 | | |
| Training costs | | 29 | |
| Repairs and maintenance | | | 39,966 |
| Building materials & supplies | | 2,304 | |
| Postage & office supplies | 639 | 63 | 4 |
| I.T. support | 250 | | |
| Fees, Licenses & legal | 2,816 | 43 | |
| Insurance | | 995 | |
| Miscellaneous | 1,191 | 120 | |
| Total operating expenses | <u>\$ 35,382</u> | <u>\$ 32,903</u> | <u>\$ 42,383</u> |
| Operating income/(loss) | <u>\$ 37,824</u> | <u>\$ 23,779</u> | <u>\$ 3,515</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | |
| Loan write-off | | | |
| Total non-operating revenues (expenses) | <u>\$...</u> | <u>\$...</u> | <u>\$...</u> |
| Change in net position | \$ 37,824 | \$ 23,779 | \$ 3,515 |
| NET POSITION, beginning of year | <u>1,526,172</u> | <u>109,225</u> | <u>1,804</u> |
| NET POSITION, end of year | <u><u>\$ 1,563,996</u></u> | <u><u>\$ 133,004</u></u> | <u><u>\$ 5,319</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, 2019

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, 2019.

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. Compensated absences liability at June 30, 2019 from vacation is \$38,703.

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) including additions to and 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 statements 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, 2019, the Association's bank balance of cash on deposit was \$1,132,043 of this amount \$500,000, was insured. But \$632,043 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.

The 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, 2019, the Association had the following recurring fair value measurements:

| Investments by fair value level | 6/30/2019 | Fair Value Measurements Using | | |
|---------------------------------|------------|-------------------------------|------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Debt Securities: | | | | |
| Utah Public Investment Fund | \$ 120,656 | | \$ 120,656 | |
| Total Debt Securities | \$ 120,656 | \$... | \$ 120,656 | \$... |

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, 2019 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, 2019, 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 | \$ 120,656 | \$ 120,656 | | | |
| Total | \$ 120,656 | \$ 120,656 | \$... | \$... | \$... |

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, 2019 the Association’s investments had the following quality ratings:

| Investment Type | Fair Value | AAA | AA | A | Unrated |
|---|------------|--------|--------|--------|------------|
| State of Utah Public Treasurers' Investment Fund | \$ 120,656 | | | | \$ 120,656 |
| Total | \$ 120,656 | \$... | \$... | \$... | \$ 120,656 |

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 \$1,251,419 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, 2019 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 | <u>\$...</u> | <u>\$...</u> | <u>\$...</u> | <u>\$...</u> |
| Capital assets being depreciated: | | | | |
| Buildings | \$ 336,187 | | | \$ 336,187 |
| Machinery and equipment | <u>689,184</u> | <u>\$ 74,283</u> | <u>\$ 49,430</u> | <u>714,037</u> |
| Total capital assets being depreciated: | <u>\$ 1,025,371</u> | <u>\$ 74,283</u> | <u>\$ 49,430</u> | <u>\$ 1,050,224</u> |

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 | \$ 149,143 | \$ 8,405 | | \$ 157,548 |
| Machinery and equipment | <u>470,884</u> | <u>62,866</u> | <u>\$ 35,575</u> | <u>498,175</u> |
| Total accumulated depreciation | <u>\$ 620,027</u> | <u>\$ 71,271</u> | <u>\$ 35,575</u> | <u>\$ 655,723</u> |
| Total capital assets being depreciated, net | <u>\$ 405,344</u> | <u>\$ 3,012</u> | <u>\$ 13,855</u> | <u>\$ 394,501</u> |
| Governmental activities capital assets, net | <u><u>\$ 405,344</u></u> | <u><u>\$ 3,012</u></u> | <u><u>\$ 13,857</u></u> | <u><u>\$ 394,501</u></u> |

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

| | |
|---|-------------------------|
| Governmental activities: | |
| General Government | \$ 9,388 |
| Public Health | 34,075 |
| Community and Economic Development | <u>27,808</u> |
| Total depreciation expense - governmental activities | <u><u>\$ 71,271</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 Utah State Retirement 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.

Summary of Benefits by System

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

| System | Final Average Salary | Years of Service Required and/or Age Eligible for Benefit | Benefit 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% |

*Actuarial reductions are applied

**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, 2019 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 | 15.54 | 1.15 |
| 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, 2019, the employer and employee contributions to the Systems were as follows:

| System | Employer Contributions | Employee Contributions |
|--------------------------------|---------------------------|---------------------------|
| Noncontributory System | \$ 104,528 | N/A |
| Tier 2 Public Employees System | 54,566 | |
| Tier 2 DC Only System | 6,835 | N/A |
| Total | \$ 165,928 | \$... |

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, 2019, we reported a net pension asset of \$0 and a net pension liability of \$552,062.

| | <u>(Measurement Date): December 31, 2018</u> | | | | |
|--------------------------------|--|-----------------------------|------------------------|--|----------------------|
| | Net Pension Asset | Net Pension Liability | Proportionate Share | Proportionate Share Dec 31, 2017 | Change (Decrease) |
| Noncontributory System | | \$ 542,713 | 0.0737009% | 0.0742547% | (0.0005538)% |
| Tier 2 Public Employees System | | 9,349 | 0.0218281% | 0.0147813% | 0.0070468 % |
| | <u>\$...</u> | <u>\$ 552,062</u> | | | |

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018, 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 over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, we recognized pension expense of \$153,872. At June 30, 2019, 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 | \$ 7,046 | \$ 12,054 |
| Changes in assumptions | 75,046 | 168 |
| Net difference between projected and actual earnings on pension plan investments | 115,977 | |
| Changes in proportion and differences between contributions and proportionate share of contributions | 13,064 | 22,980 |
| Contributions subsequent to the measurement date | 84,721 | |
| Total | <u>\$ 295,854</u> | <u>\$ 35,202</u> |

5. **PENSION PLANS (Continued)**

\$84,721 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, 2018.

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> |
|--------------------------------|---|
| 2019 | \$ 68,252 |
| 2020 | 35,467 |
| 2021 | 14,651 |
| 2022 | 55,033 |
| 2023 | 315 |
| Thereafter | 2,214 |

Actuarial Assumptions

The total pension liability in the December 31, 2018, 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, 2018, 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%, and 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 remained unchanged at 6.95 percent.

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 | \$ 1,112,269 | \$ 542,713 | \$ 68,424 |
| Tier 2 Public Employees System | 37,452 | 9,349 | (12,340) |
| Total | \$ 1,149,721 | \$ 552,062 | \$ 56,084 |

***Pension plan fiduciary net position: Detailed information about the fiduciary net position of the pension plans 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:

| | 2019 | 2018 | 2017 |
|------------------------|-----------|-----------|-----------|
| 401(k) Plan | | | |
| Employer Contributions | \$ 77,401 | \$ 64,869 | \$ 60,027 |
| Employee Contributions | 26,246 | 17,796 | 25,530 |
| 457 Plan | | | |
| Employer Contributions | | | |
| Employee Contributions | \$ 2,400 | \$ 2,400 | \$ 2,300 |
| Roth IRA Plan | | | |
| Employer Contributions | N/A | N/A | N/A |
| Employee Contributions | \$ 2,350 | \$ 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, 2019

| Retirement System | Net Pension Liability/(Asset) at 12/31/2017 | | | Net Pension Liability/(Asset) at 12/31/2018 | | |
|-------------------------|---|------------------------|---------------------|---|------------------------|-------------------|
| | System Total NPL/(NPA) | Proportionate Share | Beginning Values | System Total NPL/(NPA) | Proportionate Share | Ending Values |
| Noncontributory: | | | | | | |
| Local Government | \$ 438,129,988 | 0.0742547% | \$ 325,332 | \$ 736,372,374 | 0.073701% | \$ 542,713 |
| State School | 2,445,362,179 | 0.0000000% | | 3,720,517,145 | 0.0000000% | |
| Tier 2 Public Employees | 8,816,731 | 0.0147813% | 1,303 | 42,827,859 | 0.021828% | 9,349 |
| Total | | | <u>\$ 326,635</u> | | | <u>\$ 552,062</u> |

6. LONG-TERM DEBT

Changes in long-term liabilities:

Long-term liability activity for the year ended June 30, 2019, 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 | \$ 326,635 | \$ 391,356 | \$ (165,929) | \$ 552,062 | |
| Compensated absences | 36,782 | 1,921 | | 38,703 | |
| Governmental activity long-term liability | <u>\$ 363,417</u> | <u>\$ 393,277</u> | <u>\$ (165,929)</u> | <u>\$ 590,765</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, sometimes 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 the Economic Development District and reported as a trust fund 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 401 and 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, 2019, 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, 2019, 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- Spendable | Restricted | Assigned | Unassigned | Total |
|--|-------------------|---------------------|---------------|-------------------|---------------------|
| Nonspendable: | | | | | |
| Prepays | \$ 33,185 | | | | \$ 33,185 |
| Restricted: | | | | | |
| Aging & Nutrition Programs | | \$ 388,044 | | | 388,044 |
| Alternatives | | 1,858 | | | 1,858 |
| Building Fund | | 14,852 | | | 14,852 |
| Stepping Grant | | 524 | | | 524 |
| AMX Vista San Juan | | 6,572 | | | 6,572 |
| Circle Planning | | 42,884 | | | 42,884 |
| AAA local | | 19,792 | | | 19,792 |
| Community Deve. Bldg | | 2,460 | | | 2,460 |
| CDBG Project Inc./ CDBG Office ADA | | 12,850 | | | 12,850 |
| Economic development | | 522 | | | 522 |
| Mining Tax Exemption | | 2,000 | | | 2,000 |
| Quality Food Agency | | 10,416 | | | 10,416 |
| Work Camp Foundation/GWC Amer. Express | | 18,319 | | | 18,319 |
| Department of Engery | | 1,866 | | | 1,866 |
| Regional resources/Snap Ut | | 2 | | | 2 |
| CIB Planning | | 9,432 | | | 9,432 |
| A.O.G. Director | | 54,171 | | | 54,171 |
| IT Support | | 40,191 | | | 40,191 |
| Community Service Car Pool | | 20,164 | | | 20,164 |
| Agency Network Services | | 4,989 | | | 4,989 |
| TANF | | 136 | | | 136 |
| Food bank programs | | 301,750 | | | 301,750 |
| Price City Housing | | 20,059 | | | 20,059 |
| Self Help & Tool Replacement | | 13,503 | | | 13,503 |
| New choices waiver | | 799 | | | 799 |
| Rual Development Loan Repay | | 2,770 | | | 2,770 |
| Mountain Vets | | 27,261 | | | 27,261 |
| Agency car pool/copier | | 37,093 | | | 37,093 |
| Direct Loan Package P.I. | | 2,943 | | | 2,943 |
| Liheap WX | | 2,011 | | | 2,011 |
| GWC American Express | | 18,313 | | | 18,313 |
| Forklift Propane | | 393 | | | 393 |
| Rural Diversification | | 1,000 | | | 1,000 |
| Out & About Transp/Driver | | 46,656 | | | 46,656 |
| Arrive Utah | | 116,067 | | | 116,067 |
| Homeless Emergency Assist | | 2,940 | | | 2,940 |
| Bus Fund | | 5,817 | | | 5,817 |
| Unassigned: | | | | | |
| General fund | | | | \$ 212,260 | 212,260 |
| | <u>\$ 33,185</u> | <u>\$ 1,251,419</u> | <u>\$...</u> | <u>\$ 212,260</u> | <u>\$ 1,496,864</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, 2019**

| | BUDGET AMOUNTS | | ACTUAL AMOUNTS | VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE) |
|---|----------------|--------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 3,553,037 | \$ 3,908,164 | \$ 4,087,060 | \$ 178,896 |
| Charges for services | 183,300 | 64,135 | 105,893 | 41,758 |
| Miscellaneous revenue | 158,000 | 125,800 | 148,197 | 22,397 |
| | | | | |
| Total revenues | \$ 3,894,337 | \$ 4,098,099 | \$ 4,341,150 | \$ 243,051 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | \$ 231,120 | \$ 254,000 | \$ 260,713 | \$ (6,713) |
| | | | | |
| Total general government | \$ 231,120 | \$ 254,000 | \$ 260,713 | \$ (6,713) |
| Public safety | | | | |
| | | | | |
| Total public safety | \$... | \$... | \$... | \$... |
| Public health | \$ 2,670,717 | \$ 3,441,125 | \$ 3,074,048 | \$ 367,077 |
| | | | | |
| Total public health | \$ 2,670,717 | \$ 3,441,125 | \$ 3,074,048 | \$ 367,077 |
| Economic development | \$ 992,500 | \$ 402,974 | \$ 831,057 | \$ (428,083) |
| | | | | |
| Total economic development | \$ 992,500 | \$ 402,974 | \$ 831,057 | \$ (428,083) |
| | | | | |
| Total expenditures | \$ 3,894,337 | \$ 4,098,099 | \$ 4,165,818 | \$ (67,719) |
| Excess of revenue over (under) expenditures | \$... | \$... | \$ 175,332 | \$ 175,332 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in (out) | | | | |
| | | | | |
| Total other financing sources (uses) | \$... | \$... | \$... | \$... |
| Excess of revenues and other sources over (under) expenditures and other uses | | | \$ 175,332 | \$ 175,332 |
| Fund balances - beginning of year | \$ 1,321,532 | \$ 1,321,532 | 1,321,532 | |
| Fund balances - end of year | \$ 1,321,532 | \$ 1,321,532 | \$ 1,496,864 | \$ 175,332 |

"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 payroll | Proportionate share of the net pension liabilit/ (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% | 91.90% | |
| | 2018 | 0.0737009% | 542,713 | 599,694 | 90.50% | 87.0% | |
| 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 | | | | | | |
| | 2018 | | | | | | |
| 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% | 97.40% | |
| | 2018 | 0.0218281% | 9,349 | 253,956 | 3.68% | 90.8% | |

* 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.

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

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF CONTRIBUTIONS - PENSIONS
AS OF JUNE 30, 2019

| | As of Fiscal Year Ended June 30, | Actuarial Determined Contributions | Contribution in Relation to the Contractually Required Contribution | Contribution deficiency (excess) | Covered Payroll | Contributions as a Percentage of Covered 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% |
| | 2019 | 104,528 | 104,528 | | 593,200 | 17.62% |
| 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% |
| | 2019 | | | | | 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% |
| | 2019 | 54,566 | 54,566 | | 351,130 | 15.54% |
| 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% |
| | 2019 | 6,835 | 6,835 | | 102,164 | 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, 2019**

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 assumptions as of June 30, 2019 have not changed in the past year. Investment return assumption has stayed at 6.95% and the price inflation remained at 2.5%. The cost-of-living-adjustment assumption is at 4.00% annual COLA max. Prior year changes that have remained the same is 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 remained the same as the prior year.

**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, 2019

| | 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 | \$ 102,529 | \$ 405,694 | \$ 5,529 | \$ 83,856 | \$ 78,715 | \$ 26,017 | \$ 156,456 | \$ 858,796 |
| Note receivable - San Juan | | | | | 54,617 | | | 54,617 |
| Note receivable - EDA Recap funds | 36,875 | | | | | | | 36,875 |
| Note receivable - EDA funds | | 613,708 | | | | | | 613,708 |
| Total assets | \$ 139,404 | \$ 1,019,402 | \$ 5,529 | \$ 83,856 | \$ 133,332 | \$ 26,017 | \$ 156,456 | \$ 1,563,996 |
| <u>LIABILITIES AND NET POSITION</u> | | | | | | | | |
| LIABILITIES: | | | | | | | | |
| Accounts payable | | | | | | | | |
| Total liabilities | \$... | \$... | \$... | \$... | \$... | \$... | \$... | \$... |
| NET POSITION: | | | | | | | | |
| Held in trust | \$ 139,404 | \$ 1,019,402 | \$ 5,529 | \$ 83,856 | \$ 133,332 | \$ 26,017 | \$ 156,456 | \$ 1,563,996 |
| Total liabilities and net position | \$ 139,404 | \$ 1,019,402 | \$ 5,529 | \$ 83,856 | \$ 133,332 | \$ 26,017 | \$ 156,456 | \$ 1,563,996 |

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, 2019

| | 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, 2019 |
|---|----------------------------------|---|---------------------------------|---------------------|-----------------|-------------------------|------------------------------|--|
| OPERATING REVENUES: | | | | | | | | |
| Charges for services | \$ 100 | \$ 2,844 | | | | \$ 40,254 | \$ 3,659 | \$ 46,857 |
| Interest | 4,579 | 1,421 | 1,015 | 2,331 | 3,417 | 9,978 | 3,608 | 26,349 |
| Total operating revenues | \$ 4,679 | \$ 4,265 | \$ 1,015 | \$ 2,331 | \$ 3,417 | \$ 50,232 | \$ 7,267 | \$ 73,206 |
| OPERATING EXPENSES: | | | | | | | | |
| Salaries and benefits | \$ 2,812 | \$ 1,290 | \$ 2,213 | | | \$ 17,075 | \$ 2,213 | \$ 25,603 |
| Meetings & conferences | | | | | | 421 | | 421 |
| Travel | | | | | | 1,135 | | 1,135 |
| Supplies | 6 | 597 | | | | 639 | | 639 |
| Fees, Licenses & legal | | | | | | 2,213 | | 2,816 |
| Telephone | | | | | | 274 | | 274 |
| Indirect expenses | 248 | 114 | 193 | | | 1,513 | 194 | 2,262 |
| Space cost | | | | | | 689 | | 689 |
| I.T. Services | | | | | | 250 | | 250 |
| Professional services | | | | | | 102 | | 102 |
| Miscellaneous | | 81 | | | | 1,110 | | 1,191 |
| Total operating expenses | \$ 3,066 | \$ 2,082 | \$ 2,406 | \$... | \$... | \$ 25,421 | \$ 2,407 | \$ 35,382 |
| Operating income/(loss) | \$ 1,613 | \$ 2,183 | \$ (1,391) | \$ 2,331 | \$ 3,417 | \$ 24,811 | \$ 4,860 | \$ 37,824 |
| NON-OPERATING REVENUES (EXPENSES): | | | | | | | | |
| RLF Loan write-off | | | | | | | | |
| Total non-operating revenues (expenses) | \$... | \$... | \$... | \$... | \$... | \$... | \$... | \$... |
| Change in net position | \$ 1,613 | \$ 2,183 | \$ (1,391) | \$ 2,331 | \$ 3,417 | \$ 24,811 | \$ 4,860 | \$ 37,824 |
| NET POSITION, beginning of year | 154,843 | 137,221 | 27,408 | 81,525 | 2,112 | 994,591 | 128,472 | 1,526,172 |
| NET POSITION, end of year | \$ 156,456 | \$ 139,404 | \$ 26,017 | \$ 83,856 | \$ 5,529 | \$ 1,019,402 | \$ 133,332 | \$ 1,563,996 |

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, 2019

| | RURAL DEVELOPMENT RLF PROJ. INC. | EDA RLF PROJ. INC. RECAP | FOUR CORNERS FOREST RLF PROJ. INC. | CDBG MONTICELLO PROJ. INC. | EDA SEQUESTERED PROJ. INC. | EDA RLF FUND PROJ. INC. | SAN JUAN RLF FUND PROJ. INC. | TOTALS (MEMORANDUM ONLY) JUNE 30, 2019 |
|---|----------------------------------|--------------------------|------------------------------------|----------------------------|----------------------------|-------------------------|------------------------------|--|
| CASH FLOW FROM OPERATING ACTIVITIES: | | | | | | | | |
| Cash received from customers | \$ 4,679 | \$ 4,265 | \$ 1,015 | \$ 2,331 | \$ 3,417 | \$ 50,232 | \$ 7,267 | \$ 73,206 |
| Cash payments to suppliers for goods and services | (254) | (792) | (193) | | | (8,346) | (194) | (9,779) |
| Payments to employees | (2,812) | (1,290) | (2,213) | | | (17,075) | (2,213) | (25,603) |
| Net cash provided (used) by operating activities | \$ 1,613 | \$ 2,183 | \$ (1,391) | \$ 2,331 | \$ 3,417 | \$ 24,811 | \$ 4,860 | \$ 37,824 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | | | |
| Loans made to clients | | \$ (5,234) | | | | \$ (313,796) | \$ (57,981) | \$ (377,011) |
| Payments received on loans | | 21,519 | | | | 217,604 | 3,364 | 242,487 |
| Net cash provided (used) by noncapital financing activities | \$... | \$ 16,285 | \$... | \$... | \$... | \$ (96,192) | \$ (54,617) | \$ (134,524) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$ 1,613 | \$ 18,468 | \$ (1,391) | \$ 2,331 | \$ 3,417 | \$ (71,381) | \$ (49,757) | \$ (96,700) |
| CASH AND CASH EQUIVALENTS - Beginning of year | 154,843 | 84,061 | 27,408 | 81,525 | 2,112 | 477,075 | 128,472 | 955,496 |
| CASH AND CASH EQUIVALENTS - End of year | \$ 156,456 | \$ 102,529 | \$ 26,017 | \$ 83,856 | \$ 5,529 | \$ 405,694 | \$ 78,715 | \$ 858,796 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | | | | |
| Operating income (loss) | \$ 1,613 | \$ 2,183 | \$ (1,391) | \$ 2,331 | \$ 3,417 | \$ 24,811 | \$ 4,860 | \$ 37,824 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | | | |
| Write-off loan | | | | | | | | |
| Net cash provided (used) by operating activities | \$ 1,613 | \$ 2,183 | \$ (1,391) | \$ 2,331 | \$ 3,417 | \$ 24,811 | \$ 4,860 | \$ 37,824 |

**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, 2019**

| | AGING AND NUTRITION LOCAL | AGING AND NUTRITION PROGRAM INCOME | AGING AND NUTRITION ALTERNATIVES PROJECT INCOME | BUILDING FUND | USDA TEFAP | STEPPING ON GRANT | CSBG 19-1783 & 17-1079 |
|---|---------------------------|------------------------------------|---|------------------|-----------------|-------------------|------------------------|
| REVENUES: | | | | | | | |
| Intergovernmental revenue | \$ 4,087,060 | \$ 376,776 | \$ 11,500 | \$ 9,256 | \$ 1,000 | \$ 6,069 | |
| Charges for service | 105,893 | \$ 97,521 | \$ 2,123 | | | | |
| Miscellaneous revenue | 148,197 | 1,624 | 14,956 | | | | |
| Total revenues | \$ 4,341,150 | \$ 376,776 | \$ 26,456 | \$ 9,256 | \$ 1,000 | \$ 6,069 | |
| EXPENDITURES: | | | | | | | |
| General government | \$ 260,713 | | \$ 26,456 | | | | |
| Community and economic development | 831,057 | | | | | | |
| Public health | 3,074,048 | \$ 617,573 | \$ 387,915 | \$ 99,145 | \$ 4,120 | \$ 476 | \$ 6,069 |
| Total expenditures | \$ 4,165,818 | \$ 617,573 | \$ 387,915 | \$ 99,145 | \$ 4,120 | \$ 476 | \$ 6,069 |
| Excess of revenues over (under) expenditures | \$ 175,332 | \$ (11,139) | \$ (1,997) | \$ (180) | \$ 524 | \$ (180) | \$ (180) |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers in (out) | \$ (100) | \$ (30,202) | \$ (180) | | | | |
| Total other financing sources (uses) | \$ (100) | \$ (30,202) | \$ (180) | \$ (180) | \$ (180) | \$ (180) | \$ (180) |
| Excess of revenues and other sources over (under) expenditures and other uses | \$ 175,332 | \$ (41,341) | \$ (1,997) | \$ 524 | \$ (180) | \$ (180) | \$ (180) |
| Fund balance, July 1, | 1,321,532 | 100 | 428,238 | 180 | 3,855 | 14,852 | |
| Fund balance, June 30, | \$ 1,496,864 | \$ 386,897 | \$ 1,858 | \$ 14,852 | \$ 524 | \$ (180) | \$ (180) |

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, 2019

| | 18-1304 CSBG | 19-1128 CSBG | SEUEDD MATCH | SEUEDD MATCH | CIRCLE PLANNING | TITLE XX | TANF II 17DWS0184 | CAP/UTAH TANF II | AMX VITA SAN JUAN |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|------------|----------------------|---------------------|-------------------------|
| REVENUES: | | | | | | | | | |
| Intergovernmental revenue | \$ 106,778 | \$ 22,735 | \$ 62,171 | \$ 30,000 | \$ 46,434 | \$ 278,084 | \$ 18,703 | \$ 10,000 | |
| Charges for services | | | | | | | | | |
| Miscellaneous revenue | | | \$ 1,000 | | | | | | |
| Total revenues | \$ 106,778 | \$ 22,735 | \$ 62,171 | \$ 30,000 | \$ 46,434 | \$ 278,084 | \$ 18,703 | \$ 10,000 | |
| EXPENDITURES: | | | | | | | | | |
| General government | | | | | | | | | |
| Community and economic development | \$ 106,778 | \$ 22,735 | \$ 62,171 | \$ 30,000 | \$ 46,434 | \$ 278,057 | \$ 18,703 | \$ 11,777 | |
| Public health | | | | | | | | | |
| Total expenditures | \$ 106,778 | \$ 22,735 | \$ 62,171 | \$ 30,000 | \$ 46,434 | \$ 278,057 | \$ 18,703 | \$ 11,777 | |
| Excess of revenues over (under) expenditures | \$... | \$... | \$... | \$... | \$ (14,239) | \$ 27 | \$... | \$ (1,777) | |
| 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 | | | \$ (14,239) | \$ 27 | | | | \$ (1,777) | |
| Fund balance, July 1, | | | 57,123 | (32) | | | | 8,349 | |
| Fund balance, June 30, | \$... | \$... | \$ 42,884 | \$ (5) | \$... | \$... | \$... | \$ 6,572 | |

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, 2019

| | AAA LOCAL | EMERY AGING ADMIN | HEAT 18-1204 | HEAT 17-1235 | COMMUNITY DEVELOPMENT BUILDING | LIHEAP WX 18-0098 | LIHEAP WX 17-0282 | IGP 19DWS0059 | VITA CAP UTAH EITC | LIHEAP WX 19-0053 |
|---|------------|-------------------|--------------|--------------|--------------------------------|-------------------|-------------------|---------------|--------------------|-------------------|
| REVENUES: | | | | | | | | | | |
| Intergovernmental revenue | \$ 28,828 | | \$ 82,439 | \$ 100,473 | | \$ 111,406 | | \$ 15,582 | | \$ 249,164 |
| Charges for services | | | | | | | | | | 2,008 |
| Miscellaneous revenue | | | | | | | | | | |
| Total revenues | \$ 28,828 | \$... | \$ 82,439 | \$ 100,473 | \$... | \$ 111,406 | \$... | \$ 15,582 | \$... | \$ 251,172 |
| EXPENDITURES: | | | | | | | | | | |
| General government | | | | | | | | | | |
| Community and economic development | \$ 35,110 | \$ 30,482 | \$ 82,439 | \$ 100,473 | | \$ 130,075 | | \$ 15,582 | | \$ 249,164 |
| Public health | \$ 35,110 | \$ 30,482 | \$ 82,439 | \$ 100,473 | \$... | \$ 130,075 | \$... | \$ 15,582 | \$... | \$ 249,164 |
| Total expenditures | \$ (6,282) | \$ (30,482) | \$... | \$... | \$... | \$ (18,669) | \$... | \$... | \$... | \$ 2,008 |
| Excess of revenues over (under) expenditures | | | | | | | | | | |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | |
| Operating transfers in (out) | | \$ 30,482 | | | | | \$ (3) | | \$ (1,764) | |
| Total other financing sources (uses) | \$... | \$ 30,482 | \$... | \$... | \$... | \$... | \$ (3) | \$... | \$ (1,764) | \$... |
| Excess of revenues and other sources over (under) expenditures and other uses | \$ (6,282) | | | | | \$ (18,669) | \$ (3) | | \$ (1,764) | \$ 2,008 |
| Fund balance, July 1, | 26,074 | | | | \$ 2,460 | 18,669 | 3 | | 1,764 | |
| Fund balance, June 30, | \$ 19,792 | \$... | \$... | \$... | \$ 2,460 | \$... | \$... | \$... | \$... | \$ 2,008 |

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, 2019

| | CDBG A/P | CDBG PROJECT INCOME | CDBG REHAB & PD 19-0384 | CDBG OFFICE ADA | SAN JUAN ECONOMIC DEVELOP | MOTEL TAX EXEMPTION | MINING TAX EXEMPTION | WORK CAMP FOUNDATION | 17-0283 LIHEAP GWC |
|---|-------------|---------------------------|-------------------------------|-----------------------|---------------------------------|---------------------------|----------------------------|----------------------------|--------------------------|
| REVENUES: | | | | | | | | | |
| Intergovernmental revenue | \$ 42,863 | \$ 6,000 | \$ 277,097 | | | \$ 946 | | | \$ 178,191 |
| Charges for services | | 6,000 | | | | | | \$ 5,082 | |
| Miscellaneous revenue | \$ 42,863 | \$ 12,000 | \$ 277,097 | \$... | \$... | \$ 946 | \$... | \$ 5,082 | \$ 178,191 |
| Total revenues | | | | | | | | | |
| EXPENDITURES: | | | | | | | | | |
| General government | | | | | | | | | |
| Community and economic development | \$ 42,861 | \$ 1,648 | \$ 277,097 | | \$ 946 | | | \$ 2,127 | \$ 178,191 |
| Public health | | | | | | | | | |
| Total expenditures | \$ 42,861 | \$ 1,648 | \$ 277,097 | \$... | \$... | \$ 946 | \$... | \$ 2,127 | \$ 178,191 |
| Excess of revenues over (under) expenditures | \$ 2 | \$ 10,352 | \$... | \$... | \$... | \$... | \$... | \$ 2,955 | \$... |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Operating transfers in (out) | | | | \$ (53) | | | \$ (2,000) | \$ 3 | |
| Total other financing sources (uses) | \$... | \$... | \$... | \$ (53) | \$... | \$... | \$ (2,000) | \$ 3 | \$... |
| Excess of revenues and other sources over (under) expenditures and other uses | \$ 2 | \$ 10,352 | \$ (53) | | | | \$ (2,000) | \$ 2,958 | |
| Fund balance, July 1, | | 2,443 | | 53 | \$ 522 | | 2,000 | 15,364 | |
| Fund balance, June 30, | \$ 2 | \$ 12,795 | \$... | \$... | \$ 522 | \$... | \$... | \$ 18,322 | \$... |

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, 2019

| | CARBON FOOD BANK | EMERY FOOD BANK | GRAND FOOD BANK | QUALITY FOOD AGENCY | CARBON AGING ADMIN | REGIONAL RESOURCES | A.O.G. MISCELLANEOUS | CIB PLANNING | AOG DIRECTOR |
|---|------------------------|-----------------------|-----------------------|---------------------------|--------------------------|-----------------------|-------------------------|-----------------|-----------------|
| REVENUES: | | | | | | | | | |
| Intergovernmental revenue | | | | | \$ 23,935 | | \$ 8,500 | \$ 150,000 | \$ 30,000 |
| Charges for Services | \$ 23,070 | \$ 6,806 | \$ 19,731 | | | | 1,200 | | |
| Miscellaneous | | | | | | | 4,031 | | |
| Total revenues | \$ 23,070 | \$ 6,806 | \$ 19,731 | \$... | \$ 23,935 | \$... | \$ 13,731 | \$ 150,000 | \$ 30,000 |
| EXPENDITURES: | | | | | | | | | |
| General government | | | | | | | \$ 10,011 | \$ 140,779 | \$ 35,905 |
| Community and economic development | \$ 21,011 | \$ 2,908 | \$ 3,121 | | \$ 22,788 | | | | |
| Public health | \$ 21,011 | \$ 2,908 | \$ 3,121 | \$... | \$ 22,788 | \$... | \$ 10,011 | \$ 140,779 | \$ 35,905 |
| Total expenditures | \$ 21,011 | \$ 2,908 | \$ 3,121 | \$... | \$ 22,788 | \$... | \$ 10,011 | \$ 140,779 | \$ 35,905 |
| Excess of revenues over (under) expenditures | \$ 2,059 | \$ 3,898 | \$ 16,610 | \$... | \$ 1,147 | \$... | \$ 3,720 | \$ 9,221 | \$ (5,905) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Operating transfers in (out) | \$ 20 | | | | | \$ (2) | \$ 53 | \$ (212) | \$ 2,002 |
| Total other financing sources (uses) | \$ 20 | \$... | \$... | \$... | \$... | \$ (2) | \$ 53 | \$ (212) | \$ 2,002 |
| Excess of revenues and other sources over (under) expenditures and other uses | \$ 2,079 | \$ 3,898 | \$ 16,610 | | \$ 1,147 | \$ (2) | \$ 3,773 | \$ 9,009 | \$ (3,903) |
| Fund balance, July 1, | 156,694 | 2,241 | 120,248 | \$ 10,416 | | 2 | 242,991 | 211 | 60,076 |
| Fund balance, June 30, | \$ 158,773 | \$ 6,139 | \$ 136,858 | \$ 10,416 | \$ 1,147 | \$... | \$ 246,764 | \$ 9,220 | \$ 56,173 |

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, 2019

| | IT SUPPORT | SINGLE FAMILY 18-0755 | 17-1878 ROCKY MOUNTAIN POWER | DOMINION ENERGY 18-1628/19-1465 | DOE | AGENCY NETWORK SERVICES | COMMUNITY SERVICE CAR POOL |
|---|------------|-----------------------|------------------------------|---------------------------------|------------|-------------------------|----------------------------|
| REVENUES: | | | | | | | |
| Intergovernmental revenue | \$ 20,000 | \$ 197,090 | \$ 900 | \$ 29,434 | \$ 154,714 | \$ 14,250 | |
| Charges for services | | | | | | | |
| Miscellaneous | | | | | 1,866 | | \$ 7,785 |
| Total revenues | \$ 20,000 | \$ 197,090 | \$ 900 | \$ 29,434 | \$ 156,580 | \$ 14,250 | \$ 7,785 |
| EXPENDITURES: | | | | | | | |
| General government | \$ 15,900 | | | | | \$ 14,203 | |
| Community and economic development | | \$ 196,298 | | | | | \$ 6,418 |
| Public health | | | \$ 1,264 | \$ 29,434 | \$ 154,714 | | |
| Total expenditures | \$ 15,900 | \$ 196,298 | \$ 1,264 | \$ 29,434 | \$ 154,714 | \$ 14,203 | \$ 6,418 |
| Excess of revenues over (under) expenditures | \$ 4,100 | \$ 792 | \$ (364) | \$... | \$ 1,866 | \$ 47 | \$ 1,367 |
| 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 | \$ 4,100 | \$ 792 | \$ (364) | \$... | \$ 1,866 | \$ 47 | \$ 1,367 |
| Fund balance, July 1, | 36,091 | | 364 | | | 4,942 | 18,797 |
| Fund balance, June 30, | \$ 40,191 | \$ 792 | \$... | \$... | \$ 1,866 | \$ 4,989 | \$ 20,164 |

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, 2019

| | AAA WAIVER (HCFA) | MED WAIVER NON-BILLABLE HCFA | AAA MEDICARE WAIVER (DAAS) | SINGLE FAMILY PROGRAM 17-0540 | DIRECT LOAN PACKAGE PROJ INC | SELF HELP TOOL REPLACEMENT PROGRAM | 444616 SELF HELP PROGRAM | RURAL DEVELOPMENT REHAB RECONSTR. | 444618 SELF HELP | EFN 19-0679 | RURAL DEVELOP LOAN REPAY |
|---|-------------------------|------------------------------------|-------------------------------------|--|---------------------------------------|--|-----------------------------------|--|------------------------|----------------|-----------------------------------|
| REVENUES: | | | | | | | | | | | |
| Intergovernmental revenue | \$ 12,649 | | \$ 19,706 | | | | \$ 22,500 | \$ 161,323 | | \$ 13,000 | |
| Charges for services | | | | | | | | | | | |
| Miscellaneous | | | | | | | | | | | \$ 1,208 |
| Total revenues | \$ 12,649 | \$... | \$ 19,706 | \$... | \$... | \$... | \$ 22,500 | \$ 161,323 | \$ 13,000 | \$ 13,000 | \$ 1,208 |
| EXPENDITURES: | | | | | | | | | | | |
| General government | | | | | | | | | | | |
| Community and economic development | \$ 12,804 | | \$ 19,706 | | | \$ 899 | \$ 17,032 | \$ 152,117 | | \$ 13,000 | \$ 1,014 |
| Public health | | | | | | | | | | | |
| Total expenditures | \$ 12,804 | \$... | \$ 19,706 | \$... | \$... | \$ 899 | \$ 17,032 | \$ 152,117 | \$ 13,000 | \$ 13,000 | \$ 1,014 |
| Excess of revenues over (under) expenditures | \$ (155) | \$... | \$... | \$... | \$... | \$ (899) | \$ (17,032) | \$ 1 | \$ 9,206 | \$... | \$ 194 |
| 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 | \$ (155) | | | | | \$ (899) | \$ (17,032) | \$ 1 | \$ 9,206 | | \$ 194 |
| Fund balance, July 1, | 59,264 | \$ (59,534) | | \$ (1,092) | \$ 2,943 | 69 | 22,159 | (280) | | | 2,576 |
| Fund balance, June 30, | \$ 59,109 | \$ (59,534) | \$... | \$ (1,092) | \$ 2,943 | \$ (830) | \$ 5,127 | \$ (279) | \$ 9,206 | \$... | \$ 2,770 |

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, 2019

| | GWC AMERICAN EXPRESS | VETERANS PROGRAM | TANF 15DWS0178 | TANF 18DWS0147 | NEW CHOICES | TRANSIT PLANNING | PRICE CITY HOUSING | AGENCY CAR POOL | AGENCY COPIER FUND |
|---|----------------------------|---------------------|-------------------|-------------------|----------------|---------------------|--------------------------|-----------------------|--------------------------|
| REVENUES: | | | | | | | | | |
| Intergovernmental revenue | | \$ 106,452 | | \$ 115,267 | \$ 4,390 | \$ 11,659 | | | \$ 5,049 |
| Charges for services | | | | 200 | | | | \$ 18,659 | |
| Miscellaneous | \$ 25,000 | | | | | | | | |
| Total revenues | \$ 25,000 | \$ 106,452 | \$... | \$ 115,467 | \$ 4,390 | \$ 11,659 | \$... | \$ 18,659 | \$ 5,049 |
| EXPENDITURES: | | | | | | | | | |
| General government | | | | | | | | \$ 12,463 | \$ 4,996 |
| Community and economic development | \$ 7,599 | \$ 86,165 | | \$ 115,326 | \$ 4,774 | \$ 11,729 | | | |
| Public health | | | | | | | | | |
| Total expenditures | \$ 7,599 | \$ 86,165 | \$... | \$ 115,326 | \$ 4,774 | \$ 11,729 | \$... | \$ 12,463 | \$ 4,996 |
| Excess of revenues over (under) expenditures | \$ 17,401 | \$ 20,287 | \$... | \$ 141 | \$ (384) | \$ (70) | \$... | \$ 6,196 | \$ 53 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Operating transfers in (out) | | | | | | \$ 212 | | | |
| Total other financing sources (uses) | \$... | \$... | \$ (20) | \$... | \$... | \$ 212 | \$... | \$... | \$... |
| Excess of revenues and other sources over (under) expenditures and other uses | \$ 17,401 | \$ 20,287 | \$ (20) | \$ 141 | \$ (384) | \$ 142 | \$... | \$ 6,196 | \$ 53 |
| Fund balance, July 1, | 912 | 6,974 | 20 | ... | 1,183 | (212) | \$ 20,059 | 24,804 | 6,040 |
| Fund balance, June 30, | \$ 18,313 | \$ 27,261 | \$... | \$ 141 | \$ 799 | \$ (70) | \$ 20,059 | \$ 31,000 | \$ 6,093 |

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, 2019

| | QEFAP 19-0680 | SNAP UTAH 223818 | OUTSIDE ACTIVITIES | FORKLIFT PROPANE FUND | CARE COALITION | USU CARE COALITION | GWC ADMIN 18-0739 |
|---|------------------|------------------------|-----------------------|-----------------------------|-------------------|--------------------------|-------------------------|
| REVENUES: | | | | | | | |
| Intergovernmental revenue | \$ 13,869 | \$ 30 | \$ 300 | | \$ 10,593 | \$ 7,636 | \$ 6,275 |
| Charges for services | | | | | | | |
| Miscellaneous | | | 900 | | | | |
| Total revenues | \$ 13,869 | \$ 30 | \$ 1,200 | \$... | \$ 10,593 | \$ 7,636 | \$ 6,275 |
| EXPENDITURES: | | | | | | | |
| General government | | | | | | | |
| Community and economic development | \$ 13,869 | \$ 36 | \$ 1,200 | \$ 158 | \$ 10,593 | \$ 7,636 | \$ 6,275 |
| Public health | | | | | | | |
| Total expenditures | \$ 13,869 | \$ 36 | \$ 1,200 | \$ 158 | \$ 10,593 | \$ 7,636 | \$ 6,275 |
| Excess of revenues over (under) expenditures | \$... | \$ (6) | \$... | \$ (158) | \$... | \$... | \$... |
| 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) | \$ (6) | \$ (158) | | | | |
| Fund balance, July 1, | 6 | 6 | | 551 | | | |
| Fund balance, June 30, | \$... | \$... | \$... | \$ 393 | \$... | \$... | \$... |

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, 2019

| | RURAL DIVERSIF- ICATION | OUT & ABOUT TRANSPORT | OUT & ABOUT DRIVER VOUCHER | EITC 19-0192 | EMERGENCY SOLUTIONS GRANT | ARRIVE UTAH | HOMELESS EMERGENCY ASSISTANCE | CAP IRS | BUS FUND |
|---|-------------------------------|-----------------------------|----------------------------------|-----------------|---------------------------------|----------------|-------------------------------------|------------|-------------|
| REVENUES: | | | | | | | | | |
| Intergovernmental revenue | \$ 1,000 | \$ 38,000 | \$ 15,000 | \$ 16,217 | \$ 66,972 | \$ 116,067 | \$ 3,968 | \$ 6,242 | |
| Charges for services | | | | | | | 1,000 | | \$ 6,325 |
| Miscellaneous | | | | | | | | | |
| Total revenues | \$ 1,000 | \$ 38,000 | \$ 15,000 | \$ 16,217 | \$ 66,972 | \$ 116,067 | \$ 4,968 | \$ 6,242 | \$ 6,325 |
| EXPENDITURES: | | | | | | | | | |
| General government | | | | | | | | | |
| Community and economic development | | \$ 5,306 | \$ 1,038 | \$ 17,981 | \$ 66,972 | | \$ 2,028 | \$ 6,242 | \$ 508 |
| Public health | | | | | | | | | |
| Total expenditures | \$... | \$ 5,306 | \$ 1,038 | \$ 17,981 | \$ 66,972 | \$... | \$ 2,028 | \$ 6,242 | \$ 508 |
| Excess of revenues over (under) expenditures | \$ 1,000 | \$ 32,694 | \$ 13,962 | \$ (1,764) | \$... | \$ 116,067 | \$ 2,940 | \$... | \$ 5,817 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Operating transfers in (out) | | | | \$ 1,764 | | | | | |
| Total other financing sources (uses) | \$... | \$... | \$... | \$ 1,764 | \$... | \$... | \$... | \$... | \$... |
| Excess of revenues and other sources over (under) expenditures and other uses | \$ 1,000 | \$ 32,694 | \$ 13,962 | \$... | \$... | \$ 116,067 | \$ 2,940 | \$... | \$ 5,817 |
| Fund balance, July 1, | | | | | | | | | |
| Fund balance, June 30, | \$ 1,000 | \$ 32,694 | \$ 13,962 | \$... | \$... | \$ 116,067 | \$ 2,940 | \$... | \$ 5,817 |

SMUIN, RICH & MARSING

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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, 2019.

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, 2019.

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, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs.

The Association's response to the internal control over compliance 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.

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".

Price, Utah

December 11, 2019

SMUIN, RICH & MARSING

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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, 2019, 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 11, 2019.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency listed as item 2019-1.

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 as item 2019-1

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 11, 2019

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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 The
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, 2019. 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, 2019.

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 11, 2019

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 one 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> |
|--|--------------|
| TANF | 93.558 |
| Community Development Block Grant (CDBG) | 14.228 |

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. The Association is also required by accounting principles to develop and implement internal controls to make sure they comply with budgeting requirements.

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. Also, internal controls failed in helping the Associations meet the requirement to comply with budgeting procedures.

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

Effect: The Association's 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 internal controls are followed so employees properly monitor expenditures as compared to budgets so the Association is in compliance with budgeting requirements.

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, 2019**

| 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 | | RECEIPTS OR REVENUE RECOGNIZED | DISBURSEMENTS/ EXPENDITURES | CASH/ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2019 |
|---|---------------------------|---|-------------------------------|--|-----|--------------------------------------|--------------------------------|--|
| | | | | JULY 1, 2018 | ... | | | |
| U.S. DEPARTMENT OF COMMERCE | | | | | | | | |
| Direct Program: | | | | | | | | |
| SEUEDD - Support for Planning Organizations | 11.302 | 05-83-05353-02 | \$ 62,171 | \$ | \$ | 62,171 | \$ | 62,171 |
| EDA - Economic Adjustment Assistance RLF | 11.307 | 05-39-02469 | 843,685 | | | 843,685 | | 843,685 |
| EDA Recap Economic Adjustment Assistance - RLF | 11.307 | 05-39-02469-01 | 67,864 | | | 67,864 | | 67,864 |
| Total Department of Commerce | | | \$ 973,720 | \$ | ... | \$ 973,720 | \$ | 973,720 |
| 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 | \$ 3,671 | \$ | \$ | 3,671 | \$ | 3,671 |
| Title III, Part VI: Disease Preventive and Health Promotion Services | 93.043 | 16-0176 | 4,284 | | | 4,284 | | 4,284 |
| Title III, Part II: Grants for Supportive Services and Senior Centers | 93.044 | 16-0176 | 65,608 | | | 65,608 | | 65,608 |
| Title III Part III: Nutrition Services | 93.045 | 16-0176 | 130,609 | | | 130,609 | | 130,609 |
| Senior Medicare Patrol | 93.048 | 16-0176 | 2,900 | | | 2,900 | | 2,900 |
| Title III E NFCSP (Caregiver) | 93.052 | 16-0176 | 38,736 | | | 33,122 | | 33,122 |
| Elder Feeding, NSIP | 93.053 | 16-0176 | 82,524 | | | 82,524 | | 82,524 |
| Social Service Block Grant - TXX | 93.667 | 17-2147 | 46,434 | | | 46,434 | | 46,434 |
| Social Service Block Grant - Alternatives | 93.667 | 16-0176 | 30,558 | | | 30,558 | | 30,558 |
| State Health Insurance Assistance Program | 93.779 | 16-0176 | 29,500 | | | 17,959 | | 17,959 |
| New Choices Waiver | 93.778 | 870299154002 | 4,774 | | | 4,774 | | 4,774 |
| Medicaid Waiver (DAAS) | 93.778 | 16-0288 | 19,706 | | | 19,706 | | 19,706 |
| Medicaid Waiver | 93.778 | N/A | 12,804 | | | 12,804 | | 12,804 |
| Subtotal Department of Health and Human Services | | | \$ 472,108 | \$ | ... | \$ 454,953 | \$ | 454,953 |

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| FEDERAL CFDA NUMBER | GRANT OR PASS THROUGH GRANTOR'S NUMBER | PROGRAM OR AWARD AMOUNT | CASH/ACCRUED (DEFERRED) REVENUE AT JULY 1, 2018 | RECEIPTS OR REVENUE RECOGNIZED | DISBURSEMENTS/ EXPENDITURES | CASH/ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2019 |
|--|---|-------------------------------|---|--------------------------------------|--------------------------------|--|
| | | | | | | |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Cont'd) | | | | | | |
| Pass through State Department of Workforce Services: | | | | | | |
| | | CAP/UTAH - TANF | | | | |
| 93.558 | N/A | \$ 53,151 | \$ | 18,703 | \$ 18,703 | * |
| 93.558 | 17-DWS0184 | 800,000 | | 278,057 | 278,057 | * |
| 93.558 | 18-DWS0147 | 300,000 | | 115,326 | 115,326 | * |
| 93.568 | 18-1204 | 123,472 | | 82,439 | 82,439 | |
| 93.568 | 17-1235 | 290,993 | | 100,473 | 100,473 | |
| 93.568 | 19-0053 | 420,012 | | 249,164 | 249,164 | |
| 93.568 | 17-0283 | 350,000 | | 178,191 | 178,191 | |
| 93.568 | 18-0098 | 389,470 | | 130,075 | 130,075 | |
| 93.568 | 18-0739 | 35,000 | | 6,275 | 6,275 | |
| 93.569 | 17-1709 | 36,922 | | 1,934 | 1,934 | |
| 93.569 | 18-1304 | 135,915 | | 106,778 | 106,778 | |
| 93.569 | 19-1783 | 8,984 | | 4,135 | 4,135 | |
| 93.569 | 19-1128 | 61,301 | | 22,735 | 22,735 | |
| Subtotal Department of Health and Human Services | | | \$ 3,005,220 | \$ 1,294,285 | \$ 1,294,285 | \$... |
| Total Department of Health and Human Services | | | \$ 3,477,328 | \$ 1,749,238 | \$ 1,749,238 | \$... |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | |
| Pass through State Department of Workforce Services: | | | | | | |
| 14.228 | 19-0414 | \$ 50,000 | \$ | 42,861 | \$ 42,861 | * |
| 14.231 | 19-0025 | 68,200 | | 66,972 | 66,972 | |
| 14.228 | 19-0384 | 277,097 | | 277,097 | 277,097 | * |
| Total Department of Housing and Urban Development | | | \$ 395,297 | \$ 386,930 | \$ 386,930 | \$... |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | |
| Pass through State Department of Transportation State Transit Planning/Research | | | | | | |
| 20.205 | 18-9260 | \$ 11,729 | \$ | 11,729 | \$ 11,729 | |
| Total Department of Transportation | | | \$ 11,729 | \$ 11,729 | \$ 11,729 | \$... |

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| 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, 2018 | RECEIPTS OR REVENUE RECOGNIZED | DISBURSEMENTS/ EXPENDITURES | CASH/ACCRUED (DEFERRED) REVENUE AT JUNE 30, 2019 |
|--|---------------------------|---|-------------------------------|---|--------------------------------------|--------------------------------|--|
| | | | | | | | |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | |
| Direct Program: | | | | | | | |
| Rural Self Help Housing Tech Assist - 523 Grant | 10.420 | 52-004-870299154 | \$ 324,000 | | \$ 169,149 | \$ 169,149 | |
| Rural Development Rehab Construction | 10.417 | N/A | 22,500 | | 22,500 | 22,500 | |
| Pass through State Department of Human Services: | | | | | | | |
| SNAP | 10-561 | N/A | 36 | | 36 | 36 | |
| USDA - TEFAP | 10.568 | 223319 | 4,635 | | 4,635 | 4,635 | |
| Total Department of Agriculture | | | \$ 351,171 | \$... | \$ 196,320 | \$ 196,320 | \$... |
| U.S. DEPARTMENT OF ENERGY | | | | | | | |
| Pass through State Department of Workforce Services: | | | | | | | |
| DOE-Weatherization Funds | 81.042 | 19-0086 | \$ 154,714 | | \$ 154,714 | \$ 154,714 | |
| Total Department of Energy | | | \$ 154,714 | \$... | \$ 154,714 | \$ 154,714 | \$... |
| U.S. DEPARTMENT OF THE TREASURY | | | | | | | |
| Direct Program: | | | | | | | |
| Volunteer Income Tax Assistance | 21.009 | N/A | \$ 6,242 | | \$ 6,242 | \$ 6,242 | |
| Total U.S. Department of the Treasury | | | \$ 6,242 | | \$ 6,242 | \$ 6,242 | \$ 72 |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | \$... | \$... | \$ 3,478,893 | \$ 3,478,893 | \$... |

* MAJOR PROGRAM

**SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2019**

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, 2019**

Finding: Budget Compliance

Condition – During the year ended June 30, 2019, the Association over spent it’s approved budget which was not in compliance with Utah State law.

Follow-up - During the year ended June 30, 2018 and 2019 the Association 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, 2019

| EXPENDITURES | |
|--|----------------------------|
| Salaries | \$ 1,321,092 |
| Fringe benefits | 506,881 |
| Contract personnel | 541,913 |
| Travel/local | 93,446 |
| Gas/vehicle maintenance | 80,224 |
| Food/meals | 205,342 |
| Meetings/conferences | 28,618 |
| Dues/publications | 2,946 |
| Insurance/bonding | 12,289 |
| Advertising | 3,302 |
| Bank fees | 432 |
| Utilities/telephone | 118,894 |
| Postage/handling | 3,160 |
| Office supplies/printing (Includes equip. < \$5,000) | 33,231 |
| Closing Costs | 12,458 |
| Outsourced personnel | 7,424 |
| Miscellaneous | 24,915 |
| Licenses/fees/legal | 29,926 |
| Emergency assistance | 126,428 |
| Maintenance/repairs/supplies | 16,561 |
| Equipment Purchase | 43,708 |
| Equipment/non-inventory | 67,255 |
| Materials/tools | 258,720 |
| Special projects | 15,757 |
| Pass through | 484,902 |
| Professional fees | 1,900 |
| Indirect expense | 191,889 |
| Rent | 19,371 |
| IT Services | 22,372 |
| Sales, Use & Transient tax | 1,130 |
| | <hr/> |
| Total expenditures | <u><u>\$ 4,276,486</u></u> |

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
SCHEDULE OF INDIRECT EXPENSE
FOR THE YEAR ENDED JUNE 30, 2019

| | |
|--------------------------|-------------|
| Salaries | \$ 95,251 |
| Fringe benefits | 30,933 |
| Legal/License fees | 50 |
| Travel | 582 |
| Utilities/telephone | 5,457 |
| Postage/handling | 2,792 |
| Insurance/bonding | 30,087 |
| Office supplies/printing | 2,231 |
| Professional fees | 20,010 |
| Bank fees | 4,496 |
| | <hr/> |
| Total expenditures | \$ 191,889 |
| | <hr/> <hr/> |

SOUTHEASTERN UTAH ASSOCIATION OF LOCAL GOVERNMENTS
TOTAL EXPENDITURES AND INDIRECT COST RATE
FOR THE YEAR ENDED JUNE 30, 2019

RECONCILIATION OF EXPENDITURES

| | | |
|--------------------------|----|------------------|
| Indirect expenditures | \$ | 191,889 |
| Direct expenditures | | <u>4,084,597</u> |
| Total expenditures | \$ | <u>4,276,486</u> |
| | | |
| Exhibit 5 - expenditures | \$ | 4,165,818 |
| Exhibit 8 - expenditures | | <u>110,668</u> |
| Total expenditures | \$ | <u>4,276,486</u> |

INDIRECT COST RATE

| | | |
|--------------------------------|----|------------------|
| Indirect costs | \$ | 191,889 |
| Divided by direct salary costs | | <u>1,321,092</u> |
| Percentage | | <u>14.53%</u> |

SMUIN, RICH & MARSING

CERTIFIED PUBLIC ACCOUNTANTS

294 East 100 South

Price, Utah 84501

Phone (435) 637-1203 • FAX (435) 637-8708

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TRACY LUDINGTON, C.P.A.

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

Ladies/Gentlemen:

The following comments and recommendations are a result of our review of accounting procedures and internal control, in connection with our examination of the financial statements of Southeastern Utah Association of Local Governments, for the year ended June 30, 2016.

Since our review was made primarily to determine the scope of our auditing procedures and was not intended as a comprehensive study or evaluation of the system and procedures, this memorandum should not be considered all-inclusive.

We welcome the opportunity to discuss any items mentioned in this memorandum or any other accounting or procedural questions.

UTAH STATE COMPLIANCE

Open and Public Meetings Act

The State of Utah, under Code section 52-4-202 (1&3), requires all public meetings held by governmental agency to give proper notice of the meeting at least 24 hours before each meeting by posting the notice on the Utah Public Notice Website. During our auditing procedures we reviewed the public meetings held by the Association on September 9, 2015 and May 26, 2016. We found that the public meeting held on September 9, 2015 was posted to the website only two hours before the meeting was to start. We recommend the Association review the requirements of 52-4-202 so they are familiar with these requirements. We also recommend that internal controls are adopted and implemented to make sure that the Association makes the postings to the Utah Public Notice Website on a timely basis.

Client's Response

We reviewed our posting of the public meeting for September 9, 2015. The original meeting agenda was posted at least 24 hours prior to the meeting. There was a last minute agenda item added concerning the sale of SITLA property near Old LaSal, San Juan County. On all SITLA sales there is a 30 day comment period and the next board meeting was beyond the 30 day period. If this item had not been added the Board would not had time to review and make any necessary comments. Unfortunately, the adding of the new agenda item was not within the 24 hour period.

SUMMARY

We feel the accounting procedures and compliance items mentioned above are areas where the Association can make changes so as to further improve its internal control structure and compliance to safeguard the assets, check the accuracy and reliability of accounting data, promote operating efficiency with governmental regulations.

Sincerely,

SMUIN, RICH & MARSING

A handwritten signature in cursive script that reads "Smuin, Rich & Marsing".

Price, Utah

December 20, 2019