

Uintah Basin Association of Governments

FINANCIAL STATEMENTS

Year Ended June 30, 2019

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Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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Independent Auditors' Report

To the Board of Directors
Uintah Basin Association of Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and budgetary comparison information of the Uintah Basin Association of Governments, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and budgetary comparison information of the Uintah Basin Association of Governments, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion with analysis and pension liability schedules 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.

Supplementary 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 supplemental schedule on economic development is presented for purpose of additional analysis and is not a required part of the basic financial statements. The schedule on economic development is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Uintah Basin Association of Governments' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is 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 October 22, 2019 on our consideration of Uintah Basin Association of 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.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
October 22, 2019

Management's Discussion and Analysis

As management of the Uintah Basin Association of Governments (the Association), we offer readers of the Association's financial statements this narrative overview and analysis of financial activities of the Association for the fiscal year ended June 30, 2019.

Financial Highlights

- Net position increased \$154,593 and fund balances increased \$105,552.
- The Association's long-term obligations decreased \$25,000 from \$188,000 to \$162,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Association's basic financial statements. The Association'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.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Association's finances, in a manner similar to a private-sector business. Government-wide financial statements can be found on pages 8-9 of this report.

The statement of net position present information on all the Association's assets and liabilities, 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 Association is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Association that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Association include general administration and multiple grant management. The Association has no business-type or fiduciary activities.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Association, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Association can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Association does not have any proprietary funds or fiduciary funds. The basic governmental fund financial statements can be found on pages 12-17 of this report.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of the revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Association maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund both of which are considered to be major funds.

The Association adopts an annual appropriated budget for its general fund and special revenue fund. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with its budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-30 in this report.

Government-wide Financial Analysis

Government Net Position. As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. Assets exceeded liabilities by \$4,018,233 at the most recent fiscal year-end.

The largest portion of the Association’s net position were capital assets (equipment, buildings and land) less related debt still outstanding at 40%. Restricted assets comprise net position related to grant and revolving loan contracts at 39%. Unrestricted net position which may be used to meet the government’s ongoing obligations to citizens and creditors comprised 21%. The Association uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Association’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate any liabilities.

Net Position	Governmental Activities		Variance
	2019	2018	
Current and other assets	\$ 3,432,338	\$ 3,133,717	\$ 298,621
Noncurrent & capital assets	2,681,052	2,700,489	(19,437)
Deferred outflows of resources	404,357	379,999	24,358
Total assets	6,517,747	6,214,205	303,542
Current liabilities	1,580,401	1,423,873	156,528
Long-term liabilities	873,245	593,715	279,530
Deferred inflows of resources	45,868	332,977	(287,109)
Total liabilities	2,499,514	2,350,565	148,949
Net position:			
Invested in capital assets, net of related debt	1,587,661	1,542,557	45,104
Restricted	1,565,905	1,431,186	134,719
Unrestricted	864,667	889,897	(25,230)
Total net position	<u>\$ 4,018,233</u>	<u>\$ 3,863,640</u>	<u>\$ 154,593</u>

The Association’s net position increased \$154,593 during the current fiscal year. Typically, the Association experiences only small changes to net position. The next chart will outline the changes in net position.

Government Activities. Governmental activities increased the Association’s net position by \$154,593, thereby accounting for 100% of the increase in total net position. Typically, changes to net position are small. Key elements of these changes are as follows.

Change in Net Position	Governmental Activities		Variance
	2019	2018	
Program revenues:			
Charges for services	\$ -	\$ -	\$ -
Operating grants:			
Federal	3,170,672	2,673,433	497,239
State	261,914	289,359	(27,445)
Self-help homeowner acquisition	282,624	394,658	(112,034)
Local, other	1,312,957	1,750,484	(437,527)
Capital grants	-	-	-
General revenues:			
Sales tax	491,931	680,072	(188,141)
Earnings on investments	54,300	25,860	28,440
Total revenues	5,574,398	5,813,866	(239,468)
Expenses:			
Administration	214,321	90,624	123,697
Regional planning	159,584	130,746	28,838
Weatherization and heating	813,976	607,539	206,437
Aging and adult services	986,771	1,009,638	(22,867)
Self-help homeowner acquisition	282,624	340,736	(58,112)
Housing assistance	623,376	483,964	139,412
Economic development	316,995	288,311	28,684
Transportation services	1,144,541	933,024	211,517
Critical needs services	877,617	833,576	44,041
Total expenses	5,419,805	4,718,158	701,647
Change in net position	154,593	1,095,708	\$ (941,115)
Beginning net position	3,863,640	2,767,932	
Ending net position	\$ 4,018,233	\$ 3,863,640	

Nearly all revenues are related to grant awards in order to fund various programs in the region with the exception of transportation; transportation services are funded through a local sales tax and transportation grants. The chart above outlines the changes from year to year for these program groupings. Overall, grant and administration expenditures increased \$701,647. Operating grants (the principal operation revenue of the Association) will vary from year to year as funding from State and Federal contracts ebb and flow.

Financial Analysis of the Government’s Funds

Governmental Funds. The Association uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Association’s governmental funds is to provide information on near-term flows, outflows, and balances of spendable resources. Such information is useful in assessing the Association’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

Assets, Liabilities & Fund Balances	General Fund		Special Revenue Funds		Capital Projects Fund	
	2019	2018	2019	2018	2019	2018
Assets:						
Cash	\$ 217,308	\$ 97,477	\$ 1,890,739	\$1,894,064	\$ 471,849	\$ 557,729
Receivables	-	678	744,262	485,933	-	-
Loan receivables, net	-	-	933,127	969,932	-	-
Inventory and other	-	-	106,444	97,836	-	-
Total assets	217,308	98,155	3,674,572	3,447,765	471,849	557,729
Current liabilities	134,734	72,294	1,418,667	1,326,579	-	-
Total liabilities	134,734	72,294	1,418,667	1,326,579	-	-
Fund balances:						
Restricted	-	-	1,565,905	1,431,186	-	-
Assigned	-	-	690,000	690,000	471,849	557,729
Unassigned	82,574	25,861	-	-	-	-
Total fund balances	\$ 82,574	\$ 25,861	\$ 2,255,905	\$2,121,186	\$ 471,849	\$ 557,729

Change in Fund Balance	General Fund		Special Revenue Funds		Capital Projects Fund	
	2019	2018	2019	2018	2019	2018
Revenues:						
Federal	\$ -	\$ -	\$ 3,170,672	\$2,673,433	\$ -	\$ -
State	-	1,390	261,914	287,969	-	-
Interest	-	-	51,806	25,860	2,494	-
Self help homeowner financing	-	-	282,624	394,658	-	-
Sales tax	-	-	491,931	680,072	-	-
Local, other & transfers	114,760	168,040	1,097,206	1,235,188	100,991	347,256
Total revenues	114,760	169,430	5,356,153	5,297,180	103,485	347,256
Expenses:						
Administration	61,376	27,427	-	-	197,430	81,161
Regional planning	-	-	159,584	130,746	-	-
Weatherization and heating	-	-	813,393	647,894	-	-
Aging and adult services	-	-	984,749	1,009,255	-	-
Housing assistance	-	-	621,060	483,964	-	-
Self help homeowner acquisition	-	-	282,624	340,736	-	-
Economic development	-	-	316,995	288,311	-	-
Transportation services	-	-	1,155,008	886,601	-	-
Critical needs services	-	-	876,627	833,576	-	-
Operating transfers (in) out	(3,329)	160,558	11,394	131,076	(8,065)	(291,634)
Total expenses	58,047	187,985	5,221,434	4,752,159	189,365	(210,473)
Change in fund balance	\$ 56,713	\$ (18,555)	\$ 134,719	\$ 545,021	\$ (85,880)	\$ 557,729

Fund Budgetary Highlights

The Association's actual revenues and expenses were significantly less than budgeted for the fiscal year. The original budget was modified in accordance to changes in programs. Please refer to budget and actual comparison statement.

Capital Asset and Debt Administration

Capital Assets. The Association's investment in capital assets for its governmental activities as of June 30, 2019 and 2018 amount to \$1,749,661 and \$1,730,557 (net of accumulated depreciation), respectively. These capital assets range from office equipment to vehicles, equipment and buildings. Net capital assets increased \$19,104. Net capital assets changed by an increase in assets of \$124,981 and an increase in accumulated depreciation of \$105,877.

Net Capital Assets	Governmental Activities		Variance
	2019	2018	
Capital assets net of depreciation	\$ 1,429,161	\$ 1,410,057	\$ 19,104
Land	320,500	320,500	-
Total	<u>\$ 1,749,661</u>	<u>\$ 1,730,557</u>	<u>\$ 19,104</u>

Long-Term Debt. The Association decreased its long-term debt \$25,000 from \$188,000 to \$162,000. The Association does not maintain a debt rating. State statutes limit the amount of general obligation bond debt and do not limit the amount of revenue bond debt. In either case, an election must be held although there are some exceptions to revenue bond issuance. The Association's ending long-term debt balance of \$162,000 is lease revenue bond debt that is bonded in the name of Roosevelt City.

Economic Factors and Next Year's Budgets and Rates

The amount of resources available to the Association hinges on the availability of state and federal grants from year to year. General fund, special revenue fund, and capital projects fund budgets are similar to the fiscal year-end 2019. The Association has no budgeted tax revenues.

Requests for Information

This financial report is designed to provide a general overview of the Association's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Uintah Basin Association of Governments, Kurt Mower, Business Manager, 330 East 100 South, Roosevelt, Utah 84066.

Uintah Basin Association of Governments
Statement of Net Position
 June 30, 2019

	Governmental Activities
Assets	
Current assets:	
Cash & savings	\$ 2,488,604
Cash--revolving loan funds	91,292
Accrued grant revenues	744,262
Interest receivable	1,736
Self-help housing lot inventory	-
Inventory for weatherization	106,444
Total current assets	3,432,338
Noncurrent assets:	
Revolving business note receivables	931,391
Allowance for doubtful business loans	-
Capital assets, net of accumulated depreciation	1,429,161
Land	320,500
URS net pension asset	-
Total noncurrent assets	2,681,052
Total assets	6,113,390
Deferred outflows of resources	
Deferred outflows of resources relating to pensions (URS)	404,357
Total assets and deferred outflows	\$ 6,517,747
Liabilities	
Current liabilities:	
Accounts payable	\$ 120,531
Wages payable	25,432
Unexpended grant revenue	1,052,092
Unexpended housing assistance revenues	76,183
Unexpended self help construction revenues	30,593
Accrued annual & comp leave	199,684
Housing partnership payable	5,655
Unappropriated interest	43,231
Notes payable, current	27,000
Total current liabilities	1,580,401
Noncurrent liabilities:	
Long-term obligations	135,000
URS net pension liability	738,245
Total noncurrent liabilities	873,245
Total liabilities	2,453,646
Deferred inflows of resources	
Deferred inflows of resources relating to pensions (URS)	45,868
Total liabilities and deferred inflows	\$ 2,499,514
Net Position	
Invested in capital assets, net of related debt	1,587,661
Restricted assets	1,565,905
Unrestricted net assets	864,667
Total net position	4,018,233
Total liabilities and net position	\$ 6,517,747

Uintah Basin Association of Governments
Statement of Activities
 For the Year Ended June 30, 2019

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental Activities:					
Administration	\$ 214,321	\$ -	\$ 215,751	\$ -	\$ 1,430
Regional planning	159,584	-	192,905	-	33,321
Weatherization & heating services	813,976	-	822,001	-	8,025
Aging & adult services	986,771	-	974,269	-	(12,502)
Housing assistance	906,000	-	903,684	-	(2,316)
Economic development	316,995	-	257,464	-	(59,531)
Transportation services	1,144,541	-	785,466	-	(359,075)
Critical needs services	877,617	-	876,627	-	(990)
Total	\$ 5,419,805	\$ -	\$ 5,028,167	\$ -	(391,638)
General Revenues:					
					491,931
					54,300
					<u>546,231</u>
					154,593
					<u>3,863,640</u>
					<u>\$ 4,018,233</u>

Uintah Basin Associations of Governments
**Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position**
 June 30, 2019

Total Fund Balances for Governmental Funds \$ 2,810,328

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land, equipment and buildings	3,346,007	
Accumulated depreciation	<u>(1,596,346)</u>	
Sub-total		1,749,661

Long-term obligations are due and payable in the current period and therefore are not reported in the funds.		(162,000)
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Pension liabilities and assets:

URS pension assets	-	
Deferred outflows of resources related to pensions	404,357	
Net pension liability	(738,245)	
Deferred inflows of resources related to pensions	<u>(45,868)</u>	
Sub-total		<u>(379,756)</u>

Total Net Position of Governmental Activities **\$ 4,018,233**

Uintah Basin Associations of 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

Net Change in Fund Balances--Total Governmental Funds \$ 105,552

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	68,453	
Gain/loss on disposition of assets	71,122	
Depreciation	<u>(120,471)</u>	
Sub-total		19,104

Governmental funds report debt services as an expenditure. However, repayment of debt does not affect the statement of activities but rather is a reduction of the statement of net assets' liability. 26,000

Governmental funds do not report changes in net pension liabilities. 3,937

Change in Net Position of Governmental Activities \$ 154,593

Uintah Basin Association of Governments
Balance Sheet--Governmental Funds
 June 30, 2019

	Special Revenue Funds					Total
	General	Transit Tax	Revolving Loans	Grants	Capital Projects	
Assets						
Cash & savings	\$ 217,308	\$ 712,613	\$ 12,764	\$ 1,074,070	\$ 471,849	\$ 2,488,604
Cash--revolving loan funds	-	-	91,292	-	-	91,292
Accrued grant revenues	-	-	-	744,262	-	744,262
Interest receivable	-	-	1,736	-	-	1,736
Revolving business loan receivables	-	-	931,391	-	-	931,391
Allowance for doubtful business loans	-	-	-	-	-	-
Self-help housing lot inventory	-	-	-	-	-	-
Inventory for weatherization	-	-	-	106,444	-	106,444
Total Assets	<u>\$ 217,308</u>	<u>\$ 712,613</u>	<u>\$ 1,037,183</u>	<u>\$ 1,924,776</u>	<u>\$ 471,849</u>	<u>\$ 4,363,729</u>
Liabilities and Equity						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ 120,531	\$ -	\$ 120,531
Wages payable	-	-	-	25,432	-	25,432
Unexpended grant revenue	91,503	-	13,151	947,438	-	1,052,092
Unexpended housing assistance funds	-	-	-	76,183	-	76,183
Unexpended self help construction funds	-	-	-	30,593	-	30,593
Accrued annual & comp leave	-	-	-	199,684	-	199,684
Housing partnership payable	-	-	-	5,655	-	5,655
Unappropriated interest	43,231	-	-	-	-	43,231
Total Liabilities	<u>134,734</u>	<u>-</u>	<u>13,151</u>	<u>1,405,516</u>	<u>-</u>	<u>1,553,401</u>
Fund Balances:						
Restricted fund balance	-	712,613	1,024,032	(170,740)	-	1,565,905
Assigned fund balance	-	-	-	690,000	471,849	1,161,849
Unassigned fund balance	82,574	-	-	-	-	82,574
Total Fund Equity	<u>82,574</u>	<u>712,613</u>	<u>1,024,032</u>	<u>519,260</u>	<u>471,849</u>	<u>2,810,328</u>
Total Liabilities and Fund Equity	<u>\$ 217,308</u>	<u>\$ 712,613</u>	<u>\$ 1,037,183</u>	<u>\$ 1,924,776</u>	<u>\$ 471,849</u>	<u>\$ 4,363,729</u>

Uintah Basin Association of Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
 For the Year Ended June 30, 2019

	Special Revenue Funds					Total
	General	Transit Tax	Revolving Loans	Grants	Capital Projects	
Revenues						
Federal	\$ -	\$ -	\$ -	\$ 3,170,672	\$ -	\$ 3,170,672
State	-	-	-	261,914	-	261,914
Interest	-	21,335	30,471	-	2,494	54,300
Self help homeowner acquisition	-	-	-	282,624	-	282,624
Local sales tax	-	491,931	-	-	-	491,931
Local & other	114,760	-	11,769	1,085,437	100,991	1,312,957
Total Revenues	114,760	513,266	42,240	4,800,647	103,485	5,574,398
Expenditures						
Administration:						
Administration	61,376	-	-	-	102,977	164,353
Capital outlay	-	-	-	-	68,453	68,453
Debt service	-	-	-	-	26,000	26,000
Regional planning	-	-	-	159,584	-	159,584
Weatherization & heating services	-	-	-	813,393	-	813,393
Aging & adult services	-	-	-	984,749	-	984,749
Housing assistance	-	-	-	621,060	-	621,060
Self-help homeowner acquisition	-	-	-	282,624	-	282,624
Economic development	-	-	25,385	291,610	-	316,995
Transportation services	-	108,492	-	1,046,516	-	1,155,008
Critical needs services	-	-	-	876,627	-	876,627
Total expenses	61,376	108,492	25,385	5,076,163	197,430	5,468,846
Excess (deficiency) of revenue over expenditures	53,384	404,774	16,855	(275,516)	(93,945)	105,552
Other Financial Sources & (Uses)						
Note payable proceeds	-	-	-	-	-	-
Operating transfers in (out)	3,329	(261,050)	-	249,656	8,065	-
Excess (deficiency) of revenue over expenditures after other sources & uses	56,713	143,724	16,855	(25,860)	(85,880)	105,552
Fund balances—beginning of year	25,861	568,889	1,007,177	545,120	557,729	2,704,776
Fund balances—end of year	\$ 82,574	\$ 712,613	\$ 1,024,032	\$ 519,260	\$ 471,849	\$ 2,810,328

Uintah Basin Association of Governments
Budgetary Comparison Schedule
General Fund
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-
Interest	-	-	-	-
Self help homeowner acquisition	-	-	-	-
Other, local	166,400	166,400	114,760	(51,640)
Total Revenues	<u>166,400</u>	<u>166,400</u>	<u>114,760</u>	<u>(51,640)</u>
Expenditures:				
Administration:				
Administration	166,400	166,400	61,376	105,024
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Regional planning	-	-	-	-
Weatherization & heating services	-	-	-	-
Aging & adult services	-	-	-	-
Housing assistance	-	-	-	-
Self-help owner acquisition	-	-	-	-
Economic development	-	-	-	-
Transportation services	-	-	-	-
Critical needs services	-	-	-	-
Total Expenses	<u>166,400</u>	<u>166,400</u>	<u>61,376</u>	<u>105,024</u>
Excess (deficiency) of revenue over expenditures	-	-	53,384	53,384
Other Financial Sources & (Uses):				
Note payable proceeds	-	-	-	-
Operating transfers in (out)	-	-	3,329	3,329
Excess (deficiency) of revenue over expenditures after other sources & uses	-	-	56,713	56,713
Fund balances—beginning of year	<u>25,861</u>	<u>25,861</u>	<u>25,861</u>	<u>-</u>
Fund balances—end of year	<u>\$ 25,861</u>	<u>\$ 25,861</u>	<u>\$ 82,574</u>	<u>\$ 56,713</u>

Uintah Basin Association of Governments
Budgetary Comparison Schedule
Special Revenue Fund--Transit Tax
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Federal			\$ -	\$ -
State			-	-
Interest			21,335	21,335
Self help homeowner acquisition			-	-
Local sales tax	480,000	480,000	491,931	11,931
Other, local	-	-	-	-
Total Revenues	<u>480,000</u>	<u>480,000</u>	<u>513,266</u>	<u>33,266</u>
Expenditures:				
Administration:				
Administration	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Regional Planning	-	-	-	-
Weatherization & Heating Services	-	-	-	-
Aging & Adult Services	-	-	-	-
Housing Assistance	-	-	-	-
Self-help owner acquisition	-	-	-	-
Economic Development	-	-	-	-
Transportation services	280,000	280,000	108,492	171,508
Critical Needs Services	-	-	-	-
Total Expenses	<u>280,000</u>	<u>280,000</u>	<u>108,492</u>	<u>171,508</u>
Excess (deficiency) of revenue over	200,000	200,000	404,774	204,774
Other Financial Sources & (Uses):				
Note payable proceeds	-	-	-	-
Operating transfers in (out)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(261,050)</u>	<u>(61,050)</u>
Excess (deficiency) of revenue over				
expenditures after other sources & uses	-	-	143,724	143,724
Fund Balances--Beginning of Year	<u>568,889</u>	<u>568,889</u>	<u>568,889</u>	<u>-</u>
Fund Balances--End of Year	<u>\$ 568,889</u>	<u>\$ 568,889</u>	<u>\$ 712,613</u>	<u>\$ 143,724</u>

Uintah Basin Association of Governments
Budgetary Comparison Schedule
Special Revenue Fund--Revolving Loans
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Federal	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-
Interest	30,000	30,000	30,471	471
Self help homeowner acquisition	-	-	-	-
Other, local	-	-	11,769	11,769
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>42,240</u>	<u>12,240</u>
Expenditures:				
Administration:				
Administration	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Regional Planning	-	-	-	-
Weatherization & Heating Services	-	-	-	-
Aging & Adult Services	-	-	-	-
Housing Assistance	-	-	-	-
Self-help owner acquisition	-	-	-	-
Economic Development	30,000	30,000	25,385	4,615
Transportation services	-	-	-	-
Critical Needs Services	-	-	-	-
Total Expenses	<u>30,000</u>	<u>30,000</u>	<u>25,385</u>	<u>4,615</u>
Excess (deficiency) of revenue over	-	-	16,855	16,855
Other Financial Sources & (Uses):				
Operating transfers in (out)	-	-	-	-
Excess (deficiency) of revenue over expenditures after other sources & uses	-	-	16,855	16,855
Fund Balances--Beginning of Year	<u>1,007,177</u>	<u>1,007,177</u>	<u>1,007,177</u>	-
Fund Balances--End of Year	<u>\$ 1,007,177</u>	<u>\$ 1,007,177</u>	<u>\$ 1,024,032</u>	<u>\$ 16,855</u>

Uintah Basin Association of Governments
Budgetary Comparison Schedule
Special Revenue Fund--Grants
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Federal	\$ 3,827,534	\$ 3,827,534	\$ 3,170,672	\$ (656,862)
State	589,984	589,984	261,914	(328,070)
Interest	403	403	-	(403)
Self help homeowner acquisition	1,100,060	1,100,060	282,624	(817,436)
Other, local	875,944	875,944	1,085,437	209,493
Total Revenues	<u>6,393,925</u>	<u>6,393,925</u>	<u>4,800,647</u>	<u>(1,593,278)</u>
Expenditures:				
Administration:				
Administration	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Regional Planning	516,757	516,757	159,584	357,173
Weatherization & Heating Services	901,973	901,973	813,393	88,580
Aging & Adult Services	931,066	931,066	984,749	(53,683)
Housing Assistance	1,856,309	1,856,309	621,060	1,235,249
Self-help owner acquisition	500,000	500,000	282,624	217,376
Economic Development	181,410	181,410	291,610	(110,200)
Transportation services	1,028,904	1,028,904	1,046,516	(17,612)
Critical Needs Services	677,506	677,506	876,627	(199,121)
Total Expenses	<u>6,593,925</u>	<u>6,593,925</u>	<u>5,076,163</u>	<u>1,517,762</u>
Excess (deficiency) of revenue over expenditures	(200,000)	(200,000)	(275,516)	(75,516)
Other Financial Sources & (Uses):				
Operating transfers in (out)	<u>200,000</u>	<u>200,000</u>	<u>249,656</u>	<u>49,656</u>
Excess (deficiency) of revenue over expenditures after other sources & uses	-	-	(25,860)	(25,860)
Fund Balances--Beginning of Year	<u>545,120</u>	<u>545,120</u>	<u>545,120</u>	<u>-</u>
Fund Balances--End of Year	<u>\$ 545,120</u>	<u>\$ 545,120</u>	<u>\$ 519,260</u>	<u>\$ (25,860)</u>

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 Summary of Significant Accounting Policies

Reporting Entity. Uintah Basin Association of Governments was established in 1973 under the authority of the Utah Inter-Local Cooperation Act of 1965. The Association is a voluntary organization of governments whose general purpose is to facilitate intergovernmental cooperation and to coordinate federal, state, and local programs for the solution of mutual problems of the region. The governing body consists of a Board of Directors made up of County Commissioners and Mayors from Daggett, Duchesne, and Uintah Counties. The Association board is advised by two other Boards of Directors, namely the Revolving Fund Loan Board (RLF), and the Area Advisory Council Board (AAA). The RLF Board advises the RLF loan program and the AAA advises the Adult Aging Programs.

Transactions of the Uintah Basin Economic Development District are accounted for by the Association in the Special Revenue Fund. The Development District was organized under the laws of the State of Utah as a nonprofit corporation in June, 1976. The Development District is governed by a Board of Trustees consisting of the executive committee of Association plus a minimum of 35 percent of the trustees from the private industry sector.

The accounting policies of the Uintah Basin Association of Governments conform to generally accepted accounting principles as applicable to governmental units. For financial reporting purposes, the Association has 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 (1) appointing a voting majority of an organization's governing body, (2) the ability of the Association to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Association. At this time, the Association has no component units and is not a component unit of another entity.

Government-Wide and Fund Financial Statements. The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent of fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 privilege provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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. Property taxes are recognized

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government 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.

Property taxes, franchise taxes, licenses, and interest 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Association reports the following five major governmental funds. There are no other funds.

- The *general fund* is the government's primary operating fund. The general fund accounts for all financial resources of the general government not accounted for and reported in another fund.
- There are three *special revenue funds* which are used to account for the revenues and expenditures of grants from federal, state and local sources. These funds report unexpended grants as restricted fund balance. These three special revenue funds are 1) transit tax, 2) revolving loans and 3) grants.
- The *capital projects fund* is used to accumulate assets for large capital projects.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Deposits and Investments. The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables. All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles. Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either due to/from other funds (i.e., current portion of interfund loans) or advances from/to other funds (i.e., the noncurrent portion of interfund loans). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Transfers & Balances. The Association transfers cash between funds for operating cash flow purposes and to assign net assets for other purposes. There were no interfund balances at year-end.

Property Taxes. The Association does not assess a property tax and is not allowed to assess a property tax.

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Inventories and Prepaid Items. All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted, Committed & Assigned Assets. At times, the Association may have funds set aside that are legally restricted, committed or assigned or their use is limited by certain covenants. These restricted, committed or assigned assets are generally spent first when eligible expenses are available.

Capital Assets. Capital assets, which include property and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. 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 costs 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 as projects are constructed. Useful lives in years are as follows: buildings, 50; building improvements, 5 to 15; furniture & fixtures, 10 to 15; equipment, 3 to 10; vehicles, 7 to 10. Depreciation is calculated on the straight-line basis for capitalized assets.

Compensated Absences. The Association's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. In the event that available annual leave hours are not used by the end of the fiscal year, employees may carry unused time forward to the next fiscal year up to 400 hours. If the total amount of unused annual leave is above 400 hours at the end of the fiscal year, hours accrued above the 400 hours will be paid out at the employees' current pay rate to reduce the number of annual leave hours to 400. Prior to payout, an employee must take one full week of annual leave. Failure to do so the employee will forfeit 40 hours of annual leave on the payout. The total amount of unpaid annual leave is \$140,218.

Sick-time is only available upon illness. Unused sick leave benefits will be allowed to accumulate. Sick leave benefits exceeding 400 hours can be paid out at the end of the fiscal year at 100% or the employee can choose to accrue the sick leave benefit until retirement. The total amount of unpaid sick leave is \$58,466.

Long-term Obligations. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal payments and issuance costs (whether or not withheld from the actual debt proceeds received) are reported as debt service expenditures.

Indirect Cost Allocation. The Association allocates fringe benefits and applicable overhead costs by function based on wages and occupancy ratios. Indirect expenses that are not directly attributable to a particular function is allocated to general administration.

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

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Budgetary Data. Budgets are presented on the modified accrual basis of accounting for all governmental funds of the Association. During May and June of each year, the Association prepares the budget. Budgets are approved and adopted by the Association Board of Directors. The budget shall be in effect subject to later amendment and shall be available for public inspection. The Board may, by resolution, transfer unexpended appropriation from one department to another department within the same fund or they may reduce the budget in any department or fund. Specific restrictions apply. Board may increase the total budget.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of net position will sometimes include 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes include 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 so will not be recognized as an inflow of resources (revenue) until that time. The Association has deferred inflows and outflows of resources both related to its participation in a multi-employer cost sharing pension plan sponsored by the Utah Retirement Systems.

Pension. 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 System Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position. The residual of all other elements presented in a statement of net position is *net position* which is divided in three components:

Invested in capital assets, net of related debt—Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets—Net assets 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.

Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements. The residual of all other elements presented in the balance sheet on the governmental fund financial statements is *fund balance*. Fund balance is divided in 5 categories as follows:

Nonspendable fund balance—Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance—Amounts restricted by enabling legislation. Also reported if, (a) externally imposed by creditors, grantors, contributors, or laws regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance—Amounts 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.

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Assigned fund balance—Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Also includes all remaining amounts that are reported in governmental funds, other than the general fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

Unassigned fund balance—Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

NOTE 2 Deposits and Investments

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

Summary of Deposits and Investments

Reconciliation to the Balance Sheet			
Balance Sheet	Deposits & Investments		
Cash & savings	\$ 2,488,604	Checking, savings & money markets	\$ 1,495,265
Cash--other	-	Utah Public Treasurer Pool	1,084,631
Cash--revolving loan funds	91,292		-
Totals	\$ 2,579,896		\$ 2,579,896

Description	Type	Yr-end Amount	Fair Market Value	FMV Level	Investment Maturity	Quality Rating
Wells Fargo commercial checking	Deposit	\$ 1,401,655	\$ 1,401,655	n/a	n/a	n/a
Zions commercial checking	Deposit	2,318	2,318	n/a	n/a	n/a
Wells Fargo business savings	Deposit	-	-	n/a	n/a	n/a
Zions money market	Deposit	30,255	30,255	n/a	n/a	n/a
Zions money market	Deposit	5,509	5,509	n/a	n/a	n/a
Zions money market	Deposit	55,528	55,528	n/a	n/a	n/a
Deposits sub-total		1,495,265	1,495,265			
Utah Public Treasurer Inv. Pool	Investment	1,084,631	1,084,631	Level 2	Under 1 yr	Unrated
Deposits & investments grand-total		\$ 2,579,896	\$ 2,579,896			

Deposits

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.

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. FDIC insures customers' accounts at each bank up to \$250,000. Therefore, as of June 30, 2019, \$1,151,655 was uninsured and uncollateralized.

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Investments

The Money Management Act defines the types of securities authorized as appropriate investments for the Association 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.

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, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United State Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate 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 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 to Utah government treasurers.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. PTIF is unrated by any national rating organizations. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses (net of administration fees), of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

Fair Value of Investments—The District 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. The PTIF uses a Level 2 fair value measurement.

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's policy for managing 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 Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. Except for funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, 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 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years. For funds of Institutions of Higher Education acquired by gifts, grants, or the corpus of funds functioning as endowments, Rule 2 of the Money Management Council does not allow the dollar-weighted average maturity of fixed income securities to exceed ten years.

Credit Risk— Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Association's policy for reducing its exposure to credit risk is to comply with the State's Money

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.

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 3 Accounts Receivable Balances

A majority of the revolving loan funds receivable balance is not expected to be paid within one year.

NOTE 4 Capital Assets

The following reflects the changes in capital assets and depreciation for the Association.

	June 30, 2018	Increases	Adjustments	June 30, 2019
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 320,500	\$ -	\$ -	\$ 320,500
Total capital assets not being depreciated	320,500	-	-	320,500
Capital assets being depreciated:				
Buildings:				
Administration	1,747,045	-	-	1,747,045
Equipment & furniture:				
Administration	119,658	68,453	(36,497)	151,614
Aging and adult services	52,292	-	20,355	72,647
Economic development	6,744	-	(6,744)	-
Critical needs services	256,456	-	10,955	267,411
Housing assistance	21,590	-	8,288	29,878
Regional planning	5,198	-	(5,198)	-
Transportation services	362,554	-	126,130	488,684
Weatherization	328,989	-	(60,761)	268,228
Total capital assets being depreciated	2,900,526	68,453	56,528	3,025,507
Accumulated depreciation:				
Buildings	(489,175)	(34,939)	-	(524,114)
Equipment & furniture	(1,001,294)	(85,532)	14,594	(1,072,232)
Total accumulated depreciation	(1,490,469)	(120,471)	14,594	(1,596,346)
Total capital assets being depreciated, net	1,410,057	(52,018)	41,934	1,429,161
Governmental activities capital assets, net	\$ 1,730,557	\$ (52,018)	\$ 41,934	\$ 1,749,661

Depreciation expense for the year ended June 30, 2019 was allocated to functions of the Association as follows:

	2019
Administration	\$ 53,905
Aging and adult services	2,022
Economic development	-
Critical needs services	990
Housing assistance	2,316
Regional planning	-
Transportation services	60,655
Weatherization	583
Total depreciation	<u>\$ 120,471</u>

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 Long-term Debt and Capital Lease

Loan Identification	Description of Details
2003 Capital Lease	\$210,000 issued April, 2003; 0.0% interest; payments begin March, 2005 averaging \$8,500/year thru March 2029; capital lease with Roosevelt City M.B.A., in the event of default Roosevelt City would determine occupancy.
2001 Capital Lease	\$345,000 issued August, 2001; 0.0% interest; payments begin March, 2004 averaging \$17,500/year thru March 2023, capital lease with Roosevelt City M.B.A.; in the event of default Roosevelt City would determine occupancy.
URS Net Pension Liability	Unfunded pension liability of the Utah Retirement Systems (URS).
Compensated Absences	Accrued employee wages for vacation, sick and compensated absences

Loan	June 30, 2018	Additions	Payments	June 30, 2019	Current Portion
2003 Capital Lease	\$ 98,000	\$ -	\$ (8,000)	\$ 90,000	\$ 9,000
2001 Capital Lease	90,000	-	(18,000)	72,000	18,000
Total debt	<u>\$ 188,000</u>	<u>\$ -</u>	<u>\$ (26,000)</u>	<u>\$ 162,000</u>	<u>\$ 27,000</u>
Other	June 30, 2018	Additions	Reductions	June 30, 2019	
URS Net Pension Liability	\$ 430,715	\$ 304,530	\$ -	\$ 735,245	
Compensated absences	200,970	-	(2,286)	198,684	
Total other long-term obligations	<u>\$ 631,685</u>	<u>\$ 304,530</u>	<u>\$ (2,286)</u>	<u>\$ 933,929</u>	

The capital lease payments pay for the construction of an office building. The gross asset cost of the building and land is \$1,829,045. The building's accumulated amortization at year-end June 30, 2019 is \$524,114. The amortization cost of the building is included in depreciation.

The capital projects fund has been making the capital lease payments and the special revenue fund has made all other loan payments. Required principal and interest payments on long-term debt are as follows:

Year	Principal	Interest
2020	\$ 27,000	\$ -
2021	27,000	-
2022	27,000	-
2023	27,000	-
2024	9,000	-
2025-2029	45,000	-
Totals	<u>\$ 162,000</u>	<u>\$ -</u>

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 Pension Plan

Pension plan fiduciary net position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued Utah Retirement System [URS] financial report.

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:

Defined Benefit Plans

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

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

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

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

Summary of Benefits by System	Final Average Salary	Years of service	Benefit percent per year	
		required and/or age eligible for benefit	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 any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

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

Utah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Utah Retirement Systems	Employee	Employer	Employer 401(k)
Contributory System:			
111 Local Government - Tier 2	N/A	15.54	1.15
Noncontributory System:			
15 Local Government - 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.

Contributions reported are the URS Board approved required contribution by System. Contributions in the Tier 2 Systems are used to finance unfunded liabilities in the Tier 1 Systems. 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	\$ 121,408	N/A
Tier 2 Public Employees System	117,365	-
Tier 2 DC Only System	9,075	N/A
Total Contributions	\$ 247,848	\$ -

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

At June 30, 2019, we reported a net pension asset of \$0 and a net pension liability of \$735,245.

URS Plan	Measurement Date: December 31, 2018			Prop. Share Dec 31, 2017	Change
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 713,429	0.0968843%	0.0970304%	-0.0001461%
Tier 2 Public Employees System	-	24,816	0.0579434%	0.0634636%	-0.0055202%
Total Net Pension Asset/Liability	\$ -	\$ 738,245			

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.

For the year ended June 30, 2019, we recognized pension expense of \$243,762.

At June 30, 2019, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Changes & Amounts	Deferred Outflows of Resources	Deferred Inflows of Resources
• Differences between expected and actual experience	\$ 9,350	\$ 18,435
• Changes in assumptions	101,792	446
• Net difference between projected and actual earnings on pension plan investments	156,538	-
• Changes in proportion and differences between contributions and proportionate share of contributions	7,157	26,986
• Contributions subsequent to the measurement date	129,520	-
Total	<u>\$ 404,357</u>	<u>\$ 45,867</u>

\$129,520 was reported as deferred outflows of resources related to pension's 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:

Year Ended	Deferred Outflows (inflows) of Resources
December 31	
2019	\$ 92,191
2020	36,559
2021	20,817
2022	74,259
2023	708
Thereafter	\$ 4,435

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.

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:

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Expected Return Arithmetic Basis			
Asset Class	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			<u>7.25%</u>

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

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

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,462,145	\$ 713,429	\$ 89,947
Tier 2 Public Employees System	99,417	24,816	(32,758)
Total	<u>\$ 1,561,562</u>	<u>\$ 738,245</u>	<u>\$ 57,189</u>

Pension plan fiduciary net position: Detailed information about the pension plans fiduciary net position is available in the separately issued URS financial report.

Uintah Basin Association of Governments
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 7 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.

Uintah Basin Association of Governments participates in the following Defined Contribution Savings Plans with Utah Retirement Systems: 401(k) plan, 457(b) plan, Roth IRA plan. Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for the fiscal year ended June 30 were as follows:

Plan	2019	2018	2017
401 (k) Plan:			
<i>Employer Contributions</i>	\$ 42,773	\$ 41,645	\$ 37,080
<i>Employee Contributions</i>	13,560	520	1,320
457 Plan:			
<i>Employer Contributions</i>	214,601	190,329	182,999
<i>Employee Contributions</i>	40,372	26,000	31,019
Roth IRA Plan:			
<i>Employer Contributions</i>	N/A	N/A	N/A
<i>Employee Contributions</i>	\$ 650	\$ 650	\$ 1,850

Note 8 Self-help Housing Family Accounts

For the year ended June 30, 2019 as part of the audit testing, we tested a sample of Self-Help Housing Family Accounts. Part of the responsibilities of the Association, as a Self-help grantee, is to manage the loan funds of all the participating families and report monthly activity to the families. The Association draws funds from the loans and purchases all the materials and sub-contractors, as needed, to build or improve the homes. The testing included reviewing the agreements and tracing the ending balances to supporting documentation and agreements. We also traced a sample of financial activity during the fiscal year to supporting documentation. We did not have any issues or concerns from testing the Self-Help Family Accounts.

Required Supplementary Information

Uintah Basin Association of Governments
Schedules Required for Supplemental Pension Information

Schedule of the Proportionate Share of the Net Pension Liability

	Measurement date year-end Dec 31	Noncontributory System	Tier 2 Public Employees System
Proportion of the net pension liability (asset)	2014	0.1118651%	0.0673380%
	2015	0.1107338%	0.0570508%
	2016	0.1013683%	0.0594345%
	2017	0.0970304%	0.0634636%
	2018	0.0968843%	0.0579434%
Proportionate share of the net pension liability (asset)	2014	485,745	(2,041)
	2015	626,586	(125)
	2016	650,909	6,630
	2017	425,119	5,595
	2018	713,429	24,816
Covered payroll	2014	878,030	329,740
	2015	836,716	368,628
	2016	743,943	487,408
	2017	666,838	621,298
	2018	643,075	676,379
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2014	55.30%	-0.60%
	2015	74.89%	-0.03%
	2016	87.49%	1.36%
	2017	63.75%	0.90%
	2018	110.94%	3.67%
Plan fiduciary net position as a percentage of the total pension liability	2014	90.20%	103.50%
	2015	87.80%	100.20%
	2016	87.30%	95.10%
	2017	91.90%	97.40%
	2018	87.00%	90.80%

* In accordance with paragraph 81.a of 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 10-year schedule will be built prospectively. This schedule begins with December 31, 2014. Measurements dates are typically one year behind audit report dates.

Schedule of Contributions	Fiscal year ended June 30	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution		Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 142,200	\$ 142,200	\$ -	\$ -	859,377	16.55%
	2015	157,138	157,138	-	-	889,641	17.66%
	2016	142,317	142,317	-	-	795,799	17.88%
	2017	123,203	123,203	-	-	688,689	17.89%
	2018	113,364	113,364	-	-	636,679	17.81%
	2019	121,408	121,408	-	-	683,436	17.76%
Tier 2 Public Employees System*	2014	\$ 50,239	\$ 50,239	\$ -	\$ -	359,109	13.99%
	2015	45,598	45,598	-	-	305,211	14.94%
	2016	64,881	64,881	-	-	435,147	14.91%
	2017	83,334	83,334	-	-	558,917	14.91%
	2018	97,009	97,009	-	-	642,017	15.11%
	2019	117,365	117,365	-	-	755,248	15.54%
Tier 2 Public Employees DC Only System*	2014	\$ 2,533	\$ 2,533	\$ -	\$ -	45,398	5.58%
	2015	9,126	9,126	-	-	135,804	6.72%
	2016	8,266	8,266	-	-	123,559	6.69%
	2017	6,965	6,965	-	-	104,116	6.69%
	2018	8,908	8,908	-	-	133,157	6.69%
	2019	9,075	9,075	-	-	135,645	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.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified due to rounding and other administrative issues. This schedule begins June 30, 2014.

Notes to Required Supplementary Information: Changes in Assumptions

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

Supplemental Schedule

Uintah Basin Association of Governments
Economic Development Schedule of Revenues & Expenditures
 For the Year Ended June 30, 2019

	Economic Development
Revenues	
Federal	\$ 70,000
State	-
Local	24,085
Local match	45,915
Total revenues	140,000
 Expenditures	
Administrative	104,348
Other expenses	10,000
Office supplies	1,500
Indirect costs	16,696
Travel	7,456
Total expenses	140,000
Excess (deficiency) of revenue over expenditures	\$ -

Government Reports

Uintah Basin Association of Governments
Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2019

Federal Grant	C.F.D.A. No.	Pass-through Number	Federal Expenditure
Federal Direct:			
<u>Corporation for National & Community Service</u>			
RSVP	94.002	14SRPUT005	\$ 35,184
Foster Grandparent	94.011	n/a	<u>208,541</u>
Sub-total			243,725
<u>Environmental Protection Agency</u>			
Brownfield Coalition Assessment	66.818	96849601	<u>9,318</u>
Sub-total			9,318
<u>Department of Homeland Security</u>			
Emergency Food & Shelter Program	97.024	LRO 852600-001	<u>32,203</u>
Sub-total			32,203
<u>Department of Housing & Urban Development</u>			
CDBG Revolving Loan Fund (see note)	14.228	n/a	404,018
Continuum of Care (Rapid Rehousing)	14.235	Utah FY 2018	<u>65,538</u>
Sub-total			469,556
<u>Department of Commerce</u>			
EDA Revolving Loan Fund (see note)	11.307	05-39-02238	534,864
Economic Development Support	11.302	05-83-05406	<u>70,000</u>
Sub-total			604,864
<u>USDA, Rural Development</u>			
Rural Development Revolving Loan Fund (see note)	10.854	n/a	97,418
Self-help Housing	10.420	n/a	58,533
Housing Preservation	10.433	n/a	<u>72,262</u>
Sub-total			<u>228,213</u>
Sub-total Direct Federal Expenditures			1,587,879

continued next page

Uintah Basin Association of Governments
Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2019

Federal Grant	C.F.D.A. No.	Pass-through Number	Federal Expenditure
Federal Indirect thru State of Utah:			
<u>Department of Health & Human Services</u>			
Aging & Adult Services	93.041-48	16.0827	466,813
Sub-total			466,813
<u>Department of Agriculture</u>			
Dept. of Education Emergency Food Assistance	10.568	n/a	20,680
Sub-total			20,680
<u>Department of Housing & Urban Development</u>			
PAHTF-Shelter	14.231	19.0015	26,000
CDBG Housing	14.228	4.1123	7,178
CDBG Housing	14.228	19.0217	457,000
CDBG Planning	14.228	19.0200	50,000
Sub-total			540,178
<u>Department of Justice</u>			
Crime Victim Assistance (VOCA)	16.575	n/a	45,926
Sub-total			45,926
<u>Department of Health & Human Services</u>			
TANF	93.558	15.0180	4,828
TANF	93.558	18.0138	113,639
TANF	93.558	18.0000	54,492
HEAT	93.568	18.1242	58,783
HEAT	93.568	19.0964	117,452
LIHEAP Weatherization	93.568	19.0000	305,835
LIHEAP Weatherization	93.568	18.0097	80,317
LIHEAP Weatherization Crisis	93.568	19.1485	36,013
CSBG	93.569	18.1293	30,375
CSBG	93.569	19.1057	49,210
SSBG	93.668	17.2175	51,589
Sub-total			902,533
<u>Department of Transportation</u>			
Mobility Management	20.521	18.8142	8,776
Highway Planning & Construction (Paratransit)	20.509	16.8234	40,068
Highway Planning & Construction	20.509	17.9011	422,786
Sub-total			471,630
<u>Department of Energy</u>			
Weatherization Inventory Usage (Change)	81.042	Inventory	-
Weatherization Assistance	81.042	18.0095	162,725
Sub-total			162,725
Sub-total Indirect thru Utah Federal Expenditures			2,610,485
Grand-total Federal Expenditures			\$ 4,198,364

Notes to Schedule of Federal Awards

Summary of Accounting Principles

The accompanying schedule of expenditures of federal awards is a summary of the activity of U.B.A.G.'s federal awards programs presented on the modified-accrual basis of accounting in accordance with generally accepted accounting principles.

Indirect Cost Rate

The Association utilizes a detailed indirect cost allocation system for grant awards. The Association does not use the 10% de minimis indirect cost rate as allowed by the *Uniform Guidance*.

Revolving Loan Fund Programs

The Association administers three revolving loan grant programs: 1) Economic Development Agency, 2) Community Development Block Grant and 3) a Rural Development loan program. Net income or losses are closed to each revolving loan program in order to fund future loans. These three revolving loan programs allow a specific percentage for eligible administration fees. See the chart below for required information disclosure.

Program	CFDA No.	Loan Receivables	Cash & Investments	Admin Expense	Unpaid principal written off	Total	New Loans FYE 2019
EDA	11.307	\$ 472,232	\$ 55,528	\$ 7,103	\$ -	\$ 534,863	\$ 60,000
CDBG	14.228	367,250	30,255	6,513	-	404,018	35,000
Rural Development	10.854	91,909	5,509	-	-	97,418	5,000
Totals		<u>\$ 931,391</u>	<u>\$ 91,292</u>	<u>\$ 13,616</u>	<u>\$ -</u>	<u>\$ 1,036,299</u>	<u>\$ 100,000</u>

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

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Independent Auditor's Report on Internal Control Over Financial Reporting & on Compliance & Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Uintah Basin Association of Governments

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 Uintah Basin Association of Governments, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Uintah Basin Association of Governments' basic financial statements, and have issued our report thereon dated October 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Uintah Basin Association of Governments' 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 Uintah Basin Association of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of Uintah Basin Association of Governments' internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
October 22, 2019

Aycock, Miles & Associates, CPAs, P.C.

Certified Public Accountants

58 East 100 North (83-13) • Roosevelt, Utah 84066 • Phone (435) 722-5153 • Fax (435) 722-5095

Independent Auditor's Report on Compliance for Each Major Program And on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Uintah Basin Association of Governments

Report on Compliance for Each Major Federal Program

We have audited Uintah Basin Association of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Uintah Basin Association of Governments' major federal programs for the year ended June 30, 2019. Uintah Basin Association of Governments' 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Uintah Basin Association of Governments' 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; 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 Uintah Basin Association of Governments' 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 Uintah Basin Association of Governments' compliance.

Opinion on Each Major Federal Program

In our opinion, Uintah Basin Association of 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 Uintah Basin Association of 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 Uintah Basin Association of Governments' 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 Uintah Basin Association of Governments' internal control over compliance.

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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.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control 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.

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
October 22, 2019

Aycock, Miles & Associates, CPAs, P.C.

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Schedule of Findings and Questioned Costs, Prior and Current

This report discusses four key areas: 1) a summary of auditors' results, 2) findings related to the financial statements, 3) findings and questioned costs related to federal awards, and 4) findings related to Utah State compliance requirements.

Summary of Auditors' Results

Financial Statement Opinion

The auditors' report expresses an unqualified opinion on the financial statements of the Association.

Internal Control Reportable Conditions

No reportable conditions were disclosed during the audit of the Association's financial statements.

Noncompliance Material to the Financial Statements

No instances of noncompliance material to the financial statements of the Association were disclosed during the audit.

Major Program Internal Controls Over Compliance

No reportable conditions relating to the audit of the major federal award programs are indicated in the report on compliance and internal controls over compliance for major programs.

Opinion on Compliance for Major Programs

In our opinion, the Association complied, in all material respects, with compliance requirements, laws, and regulations applicable to its major programs.

Audit Findings Required to be Disclosed under Uniform Guidance Section 200.516 for Major Programs

There were no reportable conditions regarding compliance or internal controls over major programs that are required to be reported under Uniform Guidance.

Major Programs Identified

Based on the high and low-risk criteria and threshold amounts, there were four major programs identified:

- Weatherization Department of Energy (CFDA 81.042)
- LIHEAP Weatherization and HEAT (CFDA 93.568)
- Economic Development (CFDA 11.302)
- Highway Planning & Construction (CFDA 20.509)

Dollar Threshold Used to Determine Type A and B Programs

The threshold used in this Single Audit was \$750,000 in determining Type A programs.

Low-Risk or High-Risk Auditee

The Association qualified to be a low-risk auditee.

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Findings Related to Financial Statements

Prior Year Findings

There are no prior year findings in this area.

Current Year Findings

There are no current year findings in this area.

Findings and Questioned Costs Related to Federal Awards

Prior Year Findings

There are no prior year findings in this area.

Current Year Findings

There are no current year findings in this area.

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Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance as Required by the State Compliance Audit Guide

Uintah Basin Association of Governments
Board of Directors

We have audited Uintah Basin Association of Government's compliance with the applicable state compliance requirements described in the State Compliance Audit Guide, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the Association for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas: budgetary compliance, fund balance, Utah retirement systems, open and public meetings act, public treasurer's bond, and cash management.

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 requirement referred to above. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on General State Compliance Requirements

In our opinion, the Uintah Basin Association of Government complied, in all material respects, with the state compliance requirements referred to above year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which is required to be reported in accordance with the State Compliance Audit Guide.

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Report on Internal Control Over Compliance

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

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

Purpose of Report

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

Aycock, Miles & Associates, CPAs

Roosevelt, Utah
October 22, 2019