

**UTAH LEAGUE OF CITIES & TOWNS  
BOARD OF DIRECTORS MEETING  
ULCT OFFICES  
50 SOUTH 600 EAST, SUITE 150, SALT LAKE CITY, UT 84102  
WEDNESDAY, JANUARY 18, 2017 @ 9:00 AM  
(TIMES ARE APPROXIMATE)**

- 1. Welcome and Introductions – Mayor Steve Hiatt, ULCT President** **9:00 AM**
  
- 2. Review & Approval of Minutes – Mayor Steve Hiatt, ULCT President** **9:05 AM**  
ACTION: Review & Approval of Minutes  
HANDOUT: [December 9, 2016 Draft Minutes](#)
  
- 3. Recommended Personnel & Accounting Policies – Ken Bullock, Kerri Nakamura, Lorie Dudley** **9:05 AM**  
ACTION: Review & Approval of Personnel & Accounting Policies & Board Responsibilities (amended as needed)  
HANDOUT: [Proposed Changes to Policies Letter](#)  
[Draft Board Responsibilities](#)  
[Draft ULCT Personnel & Accounting Policies](#)
  
- 4. FY 2017 Q1 Financial Report – Kerri Nakamura, Lorie Dudley** **9:15 AM**  
ACTION: Review & Approval of FY 2017 Q1 Financial  
HANDOUT: [Report FY 2017 Q1 Financial Report](#)
  
- 5. Local Officials Day – Ken Bullock, Susan Wood** **9:20 AM**  
ACTION: For Information Only  
HANDOUT: [Local Officials Day Program](#)
  
- 6. FY 2016 External Financial Audit & Financial Statements – Eide Bailly LLP** **9:25 AM**  
ACTION: Review & Approval of FY 2016 External Financial Audit & Financial Statements  
HANDOUT: [FY 2016 External Financial Audit & Financial Statements](#)
  
- 7. Closed Session** **9:55 AM**
  - As per Utah Code 52-4-205ACTION: Vote required to enter closed session (as per Utah Code 52-4-204)  
HANDOUT: None
  
- 8. Review and Approval of ULCT Response to Utah State Auditor Draft Report, or authorization of the Executive Board to draft a response to the Utah State Auditor Draft Report.**  
  
ACTION: Review & Approval  
HANDOUT: TBD
  
- 9. Other Business**  
ACTION: For Information Only  
HANDOUT: None
  
- 10. Adjourn**

**MINUTES OF THE UTAH LEAGUE OF CITIES & TOWNS**  
**BOARD OF DIRECTORS MEETING**  
50 SOUTH 600 EAST, SUITE 150  
SALT LAKE CITY, UT 84102  
**DECEMBER 9, 2016**  
**9:00 AM**

**CONDUCTING:** ULCT Board of Directors President, Mayor Steve Hiatt, Kaysville.

**EXECUTIVE BOARD**

Mayor Steve Hiatt, President, Kaysville  
Council Member Beth Holbrook, 1<sup>st</sup> Vice President, Bountiful  
Mayor Jon Pike, 2<sup>nd</sup> Vice President, St. George  
Mayor JoAnn Seghini, Treasurer, Midvale  
Council Member Lynn Pace, Past President, City of Holladay

**BOARD OF DIRECTORS**

Mayor Karen Cronin, Perry  
Mayor Dean Baker, Naples  
Council Member Andy Beerman, Park City  
Mayor Mike Caldwell, Ogden City  
Mayor Ted Eyre, Murray City - EXCUSED  
Mayor Carmen Freeman, Herriman  
Council Member Mike Mendenhall, Spanish Fork  
Mayor Dave Sakrison, Moab  
Council Member Kelleen Potter, Heber  
Council Member Bob Stevenson, Layton  
Council Member Curtis Ludvigson, Sterling  
Mayor Brent Taylor, North Ogden – PARTICIPATED VIA TELEPHONE

**EX-OFFICIO MEMBERS**

Matt Dixon, South Ogden, Pres. –City Managers  
David Church, Legal Counsel  
Teresa Harris, UMCA VP

**ULCT STAFF**

Kenneth Bullock, Executive Director  
Cameron Diehl, Director of Legislative Affairs  
Susan Wood, Director of Communications and Training  
Meg Ryan, Planning Consultant  
Nick Jarvis, Director of Research and Technology  
Peter Lara, Editor/Videographer  
Roger Tew, Senior Policy Analyst  
Jodi Hoffman, Land Use Attorney  
Kerri Nakamura, Chief Financial Officer  
Abbie Bolic, Operations Coordinator

**OTHERS PRESENT**

Lorie Dudley, Outside Auditing Consultant

### **1. Welcome and Introductions – Mayor Steve Hiatt, ULCT President**

President Steve Hiatt called the meeting to order at 9:00 a.m. and called for introductions.

### **2. Review and Approval of Minutes - Mayor Steve Hiatt, ULCT President**

The Board reviewed the minutes of the October 7, 2016 ULCT Board Meeting.

Council Member Lynn Pace referred to paragraph four of the October 7, 2016 minutes which stated that a review of credit card statements was completed by Ken Bullock. This should read that the review was completed by an outside auditor and not Mr. Bullock.

**ACTION: Council Member Lynn Pace moved to approve the minutes of the October 7, 2016 ULCT Board Meeting as amended. The motion was seconded by Mayor Jon Pike. The motion carried unanimously.**

### **3. Deseret News Project Update – Susan Wood & Ken Bullock**

Susan Wood reported that the ULCT has partnered with the Deseret News and she referred to a handout which showed a link to three items that have recently been posted.

- How Utah communities work for you
- Are you a true Utahn? Test your knowledge of the Beehive State
- What makes the world turn? The foundation of a community – Zions Bank Economist Robert Spendlove looks at strengthening our infrastructure.

Mr. Bullock stated the ULCT owns space on this website and the intention is to give back in the way of free advertising to those who donate money to the UCLT. The ULCT will create ads aimed at the general public on the services and issues of municipalities.

### **4. Local Officials Day – Ken Bullock**

Mr. Bullock announced that Local Officials Day will be held on January 25, 2017 at the Salt Palace. Steve Young has been invited to speak and staff is waiting on confirmation from Mr. Young before the registration form is posted online.

### **5. Legislative Issues Review – Referendum - Roger Tew**

Mr. Tew addressed the issue of online Amazon sales tax and how to collect the sales tax was a topic of discussion coming from the Governor's office. The State of Utah has a voluntarily compliance program where companies who were not subject to collect sales tax decided to come forward and register with the State and collect the tax. It is undetermined at this time how much money will be collected and municipalities will receive the tax. The point of sale is determined by the address where the item is delivered. The effective date is after the first of the year; Mr. Tew did not have an exact date. He stated, we are all going to pay a premium for collecting the tax and the actual documentation of this issue is highly protected.

Mr. Tew talked about Utah Direct Democracy which refers to Referendums and Initiatives. An initiative is a proposed new statute/ordinance and a referendum is a challenge to a proposed statute/ordinance. He said at the State level everything has been focused toward initiatives and there has only been one referendum in the past 50 years. All of the laws that have been changed have been on the initiative side. The provisions at the State level regarding referendums are essentially unchanged. He said the Utah Constitution guarantees the right of the citizens to refer or take direct democratic action. He said there should not be a debate over direct democracy policy and we need to find a way to manage the process. He identified four study areas which are the following.

- Defining “legislative action”
  - Different than State government due to various forms of government
  - Work of the land use groups
  - Municipal legislative involvement may have “direct democracy” consequences
- What are the signature requirements for ballot access?
  - State Government v. Local Government policies. The State is more stringent regarding Initiatives, Local-Referenda.
  - Issue is not the number of signatures. The State has the geographical component and must gather signatures from various locations. The referendum at the State still requires 15 counties.
- What are the timelines?
  - Current statutes are unclear as to who has to do what and when? There is a need for clarification.
  - Experience of “Truth-in-Taxation” referenda statute.
  - How to deal with budgetary issues and determine rules on how these issues are handled.
- What is the role of public officials?
  - Preservation of First Amendment Rights v. use of Public Money
  - Representative Daw had legislation and the League opposed in committee and clarification is needed.

Mr. Tew stated there is a need for a comprehensive study which includes local governments and the role of the State election officials.

### **Legislative Issues Review – Land Use – Jodi Hoffman**

Mr. Bullock stated that he and Mr. Diehl met with Representative Daw and asked him to look at this issue from a comprehensive standpoint. The intent of the League is to ask the Board for a position to support the staff recommendation to work with Representative Daw and create a working group with the League, Lt. Governor’s office and others.

Mayor Taylor commented that he feels this is a good approach and North Ogden recently went through a referendum. He offered to serve on the working group.

Mr. Diehl added that Norm Thurston is the Vice Chair of Government Operations and the Chair of Government Operations is Jeremy Peterson who represents Ogden City. As this conversation

goes forward, it would be helpful if Mayor Taylor and Ogden Mayor Caldwell talk with Mr. Peterson when appropriate.

Jodi Hoffman addressed the Board regarding the Land Use Task Force (LUTF). She stated the LUTF Legislation Bill sponsored by Representative Mike Shultz does the following:

- Addresses the implications of Land use Separation of Powers for all municipal forms and classes:
  - Legislative (Land Use Regulation = “Public Policy”)
  - Administrative (Implementation of Land Use Regulations)
  - Quasi-Judicial (Review Implementations of Land Use Regulations)
- Reaffirms:
  - Land use regulations and land use decisions are presumed valid
  - Local discretion to establish land use policies
- Codifies court decisions regarding land use administration:
  - Enforce clear regulations
  - Must favor land uses that are not clearly regulated
- Benefits:
  - Reverses assault on fundamental role of local governments to regulate land use (“Death by 1000 Cuts” trend)
  - Reinvigorates the significance of the LUTF process
  - Affirms original PRC agreement to oppose land use bills that lack LUTF approval
  - Lessens the threat of referendum where council acts as the land use authority – Implementation is not the exercise of “Political Power”

The following have participated in the LUTF process

- 21 Member Drafting Team (bi-weekly meetings)
  - 17 Attorneys, 1 State Representative, 2 Trade Organization Directors, 1 Planner, (+/- 3ULCT staff)
- 70 Member “Home Team” – (public side)
  - 42 Attorneys, 10 City Administrators, 1 City Council Member, 17 Planners (+/- ULCT staff)
- Property Rights Coalition (PRC) – (private side) 90% of State Production Developers, Utah Association of Realtors, Utah Homebuilders, Land Use Attorneys
  - Ivory Homes, Perry Homes, Destination Homes, Rio Tinto, DR Horton, Peterson Development, Fieldstone Homes, Questar Gas, Rocky Mountain Power, Centurylink, lobbyists
- 110 Member LUTF – (all stakeholders)
  - 6 members of Senate/House leadership, city engineers, financial advisors, planning consultants, private attorneys, Property Rights Ombudsman, UASD, PRC, “Home Team”

ULCT Staff Process?

- 530+ MB of Legal Research
- 30+ meetings/outreach
- 22 drafts

Beyond LUTF, who has provided review and comment”

- BACI
- LPC (Legislative Policy Committee)
- Utah Municipal Attorneys Association membership
- American Planning Association of Utah
- ULCT membership: Mid Year and Annual Conference
- Utah City Managers’ Association
- UCIP (Utah Counties Indemnity Pool)

Mr. Bullock said the recommendation from staff is to adopt the bill. Ms. Hoffman will present this information at the Legislative Policy Committee meeting on Monday. As a League Board, one of the charges that he received from Mayor Hiatt is this is a working group and not a ceremonial board. The recommendation from staff is to support Ms. Hoffman and all those that have been involved with this bill and work with Representative Daw and organize a working group with the affected parties.

**ACTION: Mayor Freeman moved to approve support for the Land Use Task Force Bill as presented. The motion was seconded by Council Member Mendenhall. The motion carried unanimously.**

**ACTION: Council Member Mendenhall moved to work with Representative Daw in creating a working group to discuss the issues that have been presented. The motion was seconded by Council Member Ludvigson. The motion carried unanimously.**

## **6. Transparency and Compliance Report**

### **Transparency and Public Notice Website**

Mr. Jarvis stated that in the past the League was not in compliance with the public noticing requirements of posting the ULCT Board and Legislative Policy Committee meetings. They are in compliance at this time and by the end of the year will have everything posted on the Public Notice Website from previous years including financial information.

### **Disclosure**

Mr. Jarvis also distributed a ULCT Board of Directors Disclosure of Related Parties form which he asked everyone to complete and return back to him. This is a requirement from the auditing firm and the disclosure will be kept on file. Staff will also complete the disclosure form.

Mayor Freeman suggested that in terms of conflict, he serves on other boards that have this item listed on the agenda and if there is any conflict of interest on the items that are being discussed, the board member makes a disclosure at the beginning of the meeting.

Mayor Hiatt asked that the suggested disclosure item from Mayor Freeman be added to future ULCT Board agendas.

## **Prior and Current Year Financial Update**

Kerri Nakamura addressed the Board regarding the prior and current year financial update. The trial balance was sent to the external auditor firm, Eide Bailly on November 17, 2016. She announced that the League is up to date on all their expenditures and are paying bills when due.

Ms. Nakamura reported that overall, actual revenue exceeded budgeted revenue by \$84,845. She said it is important to note, that in 2015-2016 the ULCT received \$300,000 from IHC for a Wellness Grant program that is administered by the ULCT. This revenue is restricted and most will be passed through to grantee communities. If the \$300,000 IHC grant is not considered, actual ULCT 2015-2016 revenue fell short of budget by \$215,155. The largest area of revenue shortfall was in the Donations & Advertising category, where 37% of budgeted revenue was received. This category alone accounted for \$166,000 (77%) of the revenue shortfall. The shortfall in this account is largely the result of the organizational challenges that faced the ULCT last spring. The responsibility for invoicing sponsors was assigned, yet ULCT staff cannot verify that the invoices were sent. Invoices will be sent out to the various sponsors requesting payment and it was suggested that services and marketing were provided. Revenue will be watched closely moving forward.

She was pleased to close the 2015-2016 fiscal year on November 15, 2016 and sent a trial balance to Eide Bailly to begin the external financial statement audit. It is expected that the audit will be finalized by mid-January.

She said regarding transparency, financials and the general operation of the League office she acknowledged what an amazing staff works for the ULCT. She thanked Nick Jarvis for his efforts and answering her many questions.

Mayor Hiatt thanked Ms. Dudley and Ms. Nakamura for what they have accomplished regarding the ULCT finances and to get things back on the right track.

## **7. Personnel and Accounting Policies**

Ms. Nakamura referred to the handout regarding President's Responsibilities and Board Member Responsibilities. These are suggested changes to bring it in line with practice.

Council Member Pace said this Board doesn't usually take any action on what the LPC (Legislative Policy Committee) does. But, when there may be an item of interest he feels it's important to point out that this Board is the governing body and not the LPC. He feels the language should be revised to read that the Board has the authority to ratify, modify or nullify those other decisions as necessary. If there is a conflict between this Board and the LPC, this Board governs.

Ms. Nakamura addressed the Board regarding the Personnel and Accounting Policies and said this is the document she was most pleased to have in place. The changes proposed within the Employment Expectations are designed to bring the policies in line with current ULCT practice. These policies were last updated in 2008 and some modernization was necessary.

## **Employment Expectations (pages 2-4)**

- Changing the probationary period from 90 days to 60 days based on recommendation from Karen Suzuki Okabe, ULCT HR Consultant
- Requirement that new employees sign an automatic paycheck deposit form to support the ULCT transition to a third party payroll vendor
- Updating timesheet requirements to support third party payroll vendor
- Maintenance of paid time off and payroll records by third party vendor
- Payment of professional dues

Mr. Church indicated that ULCT employees are presumed to be at will until the Board adopts a policy that gives them more. There is nothing in State law that requires an employee to have merit or tenure just because we are a governmental entity.

UCMA President Matt Dixon proposed more time so there is the opportunity to fully vet an employee and terminate if necessary. He prefers introductory language rather than probationary and that an employee will have due process rights once they have completed their introductory period, he suggested that the time period be extended.

Ms. Nakamura clarified the 90 days is calendar days. She said the way the policy is currently written, other than health care an employees accrues no benefits. They accrue leave but they cannot use it and they are not entitled to any other benefit until they are a full time employee.

Mr. Church said the League should not mix the right to benefit with the right to merit rights as an employee.

Mayor Hiatt recommended leaving the wording as probationary.

Council Member Pace said it's a real problem hiring someone who can't take any time off for 90 days. He suggested leaving it at 90 days and let the employee use their benefits. He also suggested increasing the probationary time to 6 months.

Ms. Nakamura will bring the language back to the Board for final approval after the suggested changes are made.

## **Code of Ethical Conduct (pages 5-9)**

Modernization changes include creation of a formal Code of Ethical Business Conduct, including a process for annual disclosure of business conflicts. Additionally, the Code includes the following:

- Outside Employment – existing provision
- Political Activity during business hours – existing provision
- Gifts – new provision
- Communication systems – new provision
- Publicity – new provision

- Phone calls, texts messages, personal mail, and visitors during office hours – new provision
- Confidential information – new provision
- Conflict of interest – new provision and employee will put in writing and completed on an annual basis
- Whistle Blower Policy – new provision

Mr. Dixon referred to the wording in the policy and said he can't think of a circumstance where the Executive Director would need to grant an employee the ability to be unethical.

Ms. Nakamura clarified that the wording should read that the Executive Director can grant an exception to any of the subheads. There may be a time when the Executive Director needs to grant an exception to gifts.

Mayor Pike asked regarding phone calls, etc. He feels not allowing these things is a little heavy handed.

Ms. Nakamura responded that is the way the EDCU has written their policy and she would be in favor of softening the language.

Council Member Pace feels there should be some latitude when it comes to personal phone calls, etc. He suggested the language be changed to diminimus personal use.

Mayor Freeman said regarding whistle blowing, he suggested adding that the employee can also speak to the Board President if the employee feels they cannot speak to the ULCT Compliance Officer or the Executive Director.

Ms. Nakamura said from a management perspective, she would like to add that the only time the employee can go to the Board President is if the issue involves both the Executive Director and the Compliance Officer and she will add this to the language. She does not want to create a situation where a staff member can choose not to talk to the Executive Director or the Compliance Officer. She feels this would undermine the process.

### **Compensation (pages 10-12)**

Modification of pay day and time sheet requirements to support the transition to third-party payroll services.

Specific allowance for payment of professional dues.

Ms. Nakamura stated that all salaried staff record their vacation and sick leave on a time sheet. The Executive Director is not required to submit a time sheet the way the policy is currently written.

Mr. Dixon suggested that for record keeping the Executive Director should start submitting a time sheet for vacation and sick leave.

Ms. Nakamura will change the language in the policy. She also stated the current League process is that paychecks are issued on the last day of the pay period. The League will be making a change of when paychecks are issued and will start notifying staff about this change. The third-party payroll service suggested that payday be set on the 7<sup>th</sup> and 22<sup>nd</sup> of each month.

Mayor Freeman suggested that consequences of falsifying a time sheet be added to the policy language.

Mr. Dixon suggested adding chapters, sections and a table of content to the policy to make it easier to read and find information.

Ms. Nakamura agreed and would also like to turn the Personnel Policies and Procedures information that the Board is reviewing into an Employee Handbook that can be given to current and new League employees.

She stated that a provision was added for the payment of professional dues. The Board can leave this as a line item or add it to compensation; she would like to also add this to the policy.

Mr. Dixon asked does the Executive Director have the authority to tell an employee they have worked extra hours and require them to take comp time.

Mr. Church responded that comp time is available to certain government employees but only with the agreement of their employer. He said the Executive Director does not receive overtime. Everyone else on the League staff is entitled to overtime with the exception of Cameron Diehl, League attorney.

Mr. Bullock said the League staff works a lot of hours and they have zero dollars to pay overtime. It would be a 40 hour work week for staff with the exception of Mr. Diehl and himself. He said that everyone answers the phone and someone is assigned to be in the office from 8am to 5pm. Everyone at the League does clerical work.

Ms. Nakamura stated that all League employees are salaried with the exception of the new receptionist Abby who, when she goes full time will also be salaried.

Ms. Nakamura said she will bring language back to the Board regarding compensation and will make sure to clarify that if and when there is a comp or overtime situation that it's an employee choice and not an employer choice.

### **Reimbursement Policy Modifications (pages 13-18)**

The proposed changes are consistent with the ULCT's new operation of a business expense reimbursement program rather than a credit card reimbursement program for most business, business meal, and travel expense reimbursements.

However, as a modern office, the ULCT does need to have access to a credit card for recurring monthly changes and certain other business expenses. As such, the reimbursement policy now includes a credit card provision that clearly outlines expectations for credit card use, reconciliation, and expense reallocation.

In addition to creating rules for the use of credit cards, the proposed procedures include new and/or modified:

- Business Expense and Business Meal Expense Reimbursement policies and procedures
- Mileage Reimbursement policy and procedures
- Travel Expense Reimbursement policy and procedures
- Cellular Phone Reimbursement policy and procedures

No changes are recommended for the Education Expense Reimbursement policy and procedures.

Council Member Pace said regarding cell phone reimbursement. He suggested that if the employee has one phone and the phone will be available for League business then the League should reimburse the employee some costs. If the employee has a League phone and it's used for personal use then the employee should reimburse the League.

Ms. Nakamura said there is no money in the budget to reimburse employees for their cell phone use. If the employee is using their personal phone for League business they should know that the information on the phone is subject to discovery in a court of law and is also subject to GRAMA. She will draft new language and it will be reviewed at the next Board meeting.

She said regarding the reimbursement section, she has added credit card language. The policy clearly states that the League credit card cannot be used for personal items. It also talks about receipts. The biggest change in this section is that the League has moved from the staff having a credit card and making expenditure decisions. Staff needs to get pre authorization because when they submit for reimbursement they need to clearly state what and why the purchase was made. Reimbursement forms have been created as well and taping receipts to a piece of paper is necessary so the receipts are not lost. Since implementation of the reimbursement system they are nearly 100% with the exception of a few minor expenses that still need to go on a credit card. Business meal receipts are at 100% as are other business receipts. At this time no petty cash will be given and she wants everyone to get really good at turning in receipts. She stated a timeline of 15 days to submit receipts for reimbursement was also added to the policy.

It was also suggested that staff submit mileage on a monthly basis and count all miles traveled.

### **Benefits (pages 19-23)**

Changes to the Benefits section are exclusively to align policy with existing practice. The recommended changes include:

- Allowing the Executive Director to provide administrative time off in recognition of extra staff time required during the Legislative Session, Newly Elected Official Training, Conferences and Conventions
- Modification to the vacation leave accrual program

- Allowing that for purposes of vacation accrual only, prior years of service by re-hired employees can be considered
- Changing the date for vacation use or lose from December 31 to June 30 to align with fiscal year end close and audit statements
- Memorializing that there are two cafeteria election periods

Material changes include:

- Elimination of ability of employees to convert 40 hours of vacation annually to cash payment

Mayor Freeman asked that language be added stating that an employee is not paid out for sick leave upon termination. He would also like to add language regarding deployment/military leave.

Mr. Dixon said regarding retirement, he would like the language to be crystal clear regarding retirement and the 401k match so it's not an open ended benefit.

Mr. Bullock said the League has a small staff, a small amount of money and everyone does lots of different things. To make things work they have to be flexible and he agreed there haven't been enough rules in the past and he understands there needs to be constraints. But, when it comes to comp time, salaries and even reimbursements, we need to look at the budget and how we are going to pay for things because there simply is no money.

#### **Personnel File (pages 24-25)**

No proposed changes

#### **Discipline Process (pages 26-29)**

No proposed changes

Mayor Freeman suggested that language be added that if an employee requests an appeals meeting that it can be done within 30 days or at the next Board meeting.

#### **Purchasing Policy (pages 30-33)**

No proposed changes

Mayor Freeman suggested language under the Award of Contract and consider other criteria other than just being the lower bidder.

#### **Accounting Policies and Procedures (pages 34-44)**

All of these are new policies and procedures. They include the following:

- Introduction
- Division of Financial Responsibilities
  - Board of Directors

- Board Treasurer
- Executive Director
- Chief Financial Office
- Financial Oversight Consultant
- Operations Coordinator
- Third Party Payroll Processor
- Chart of Accounts and General Ledger
- Income Receipts
- Inter Account Bank Transfers
- Check Disbursements and Expense Allocations
- Credit Card Policy and Charges (similar to section in Reimbursement Policy)
- Bank Account Reconciliation
- Petty Cash Fund
- Property and Equipment
- Personnel Records (enhances section in Personnel Policies)
- Payroll Processing
- End of Month and Fiscal Year End close
- Financial Reports
- Financial Policy Statements

Mayor Freeman asked that a provision under Evaluations be added stating that the Executive Director along with other League staff will have an evaluation.

Ms. Nakamura responded that the evaluation section clearly states that staff will have an evaluation. But, as she and Mayor Hiatt discussed there is not a process in place for the Executive Director position but she will add this to the policy.

### **Other Business**

Council Member Pace said that after what the League has been through lately; he feels there should be a statement somewhere in the policy that states that the League will pay all of their bills on time to avoid late fees, penalties and interest charges. Also, a statement that says if an employee is no longer working for the League that their credit card be canceled.

Ms. Nakamura said she will make the recommended changes to the policy and will provide the Board with a revised copy before the next Board meeting.

Mayor Hiatt said based on the changes made to the policy in today's meeting, he suggested that the Board adopt the policy and then meet again on January 20, 2017 to review the amended document.

**ACTION: Council Member Pace moved to approve the policy and procedure changes as provisional and subject to further review at the next Board meeting. The motion was seconded by Mayor Seghini. The motion carried unanimously.**

Mayor Hiatt said there was a conversation at the last Board meeting regarding policy and questions regarding credit card usage. It was suggested that the Board ask the State Auditor to do a review of credit card usage of all League employees past and present and the State Auditor is still doing the review at this time. A draft report will be available mid January.

Mayor Hiatt announced that a closed session will be held at this time and all League staff with the exception of Mr. Church and non-voting members were excused.

**ACTION: Council Member Pace moved to adjourn at 11:45 a.m. and reconvene in a closed session for the purpose of discussing the character, professional competence and mental health of an individual. The motion was seconded by Council Member Holbrook. The motion carried by roll call vote.**

- Mayor Steve Hiatt, President, Kaysville - AYE
- Council Member Beth Holbrook, 1<sup>st</sup> Vice President, Bountiful - AYE
- Mayor Jon Pike, 2<sup>nd</sup> Vice President, St. George - AYE
- Mayor JoAnn Seghini, Treasurer, Midvale - AYE
- Council Member Lynn Pace, Past President, City of Holladay - AYE
- Mayor Karen Cronin, Perry - AYE
- Mayor Dean Baker, Naples - AYE
- Council Member Andy Beerman, Park City - AYE
- Mayor Mike Caldwell, Ogden City - AYE
- Mayor Carmen Freeman, Herriman - AYE
- Council Member Mike Mendenhall, Spanish Fork - AYE
- Mayor Dave Sakrison, Moab - AYE
- Council Member Kelleen Potter, Heber - AYE
- Council Member Bob Stevenson, Layton - AYE
- Council Member Curtis Ludvigson, Sterling - AYE
- Mayor Brent Taylor, North Ogden – PARTICIPATED VIA TELEPHONE - AYE

**MINUTES APPROVED:**

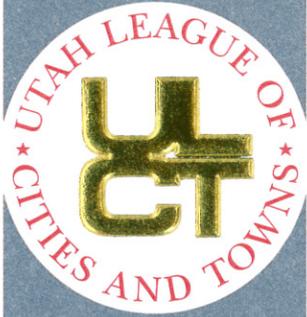
\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date





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MAYOR, KAYSVILLE

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UTAH MUNICIPAL CLERKS ASSOC.  
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KENNETH H. BULLOCK

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SINCE 1907

MEMBER  
NATIONAL LEAGUE OF CITIES

**TO: ULCT Board of Directors**

**FROM: Ken Bullock, Executive Director  
Kerri Nakamura, Chief Financial Officer  
Lorie Dudley, Financial Oversight Consultant**

**DATE: January 12, 2016**

**SUBJECT: Proposed Changes to ULCT Board Responsibilities  
Proposed changes to ULCT Personnel Policies  
Proposed Accounting Policies and Procedures**

Attached please find two documents. The first document is a one page overview of the Board and Board President's responsibilities with the proposed changes discussed by the Board at the December 9, 2016 Board meeting.

The second document includes changes to the ULCT Personnel Policies and Procedures; modifications to the Reimbursements Policy and the newly enacted Accounting Policies and Procedures.

Per the Board's direction at the December 9 Board meeting, all changes proposed to the Board in the document discussed on December 9 were accepted. Where the Board directed staff to further change language, those changes are reflected in this draft.

Also, per the Board's direction, a Table of Contents was added to the document. Pages 1-23 will become the ULCT Employee Handbook. This handbook will be provided to each ULCT employee and a signed acknowledgement of receipt will be maintained in the personnel files.

We look forward to discussing these changes with the Board.

The following Board discussion items are not included in this round of changes, but rather will be brought to the Board for consideration during FY 2016-17:

- Change of pay date to eliminate current practice of paying on the last day of the pay period
- Classification of employees for purposes of overtime accrual
- PTO policy rather than vacation and sick leave program
- Cellular phone/data reimbursement schedule

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## **President's Responsibilities**

1. Presides at all League Board and business meetings.
2. May signs legal documents for and in behalf of the League.
3. May signs checks for payroll and accounts payable.
4. Appoints, with the consent of the Board, all committee members.
5. Makes recommendations concerning the creation of ad hoc committees, policy and procedural matters and League activities.
6. Works with the Executive Director to set dates and establish agendas for Board meetings, business meetings and conventions.
7. Represents ULCT at NLC functions.
8. May acts as a League spokesperson with the media and represents League at state and municipal functions.

## **Board Member Responsibilities**

1. Maintains contact with League members within their districts to disperse information as well as to receive input on League matters.
2. Attends Board meetings, and participates in retreats and conventions.
3. Reviews and adopts yearly League budgets.
4. Determines League policy.
5. Appoints the Executive Director of the League.
6. Appoints the Secretary Treasurer.
7. Establishes ad hoc and blue ribbon committees and ratifies presidential appointments of members including those of standing and legislative policy committees.
- ~~7.~~8. [May ratify or nullify decisions of the Executive Committee and of the Legislative Policy Committee.](#)



**UTAH LEAGUE OF CITIES AND TOWNS  
PERSONNEL POLICIES AND PROCEDURES  
EFFECTIVE 1 JANUARY 1988  
AMENDED 11 NOVEMBER 1988  
AMENDED 26 MAY 1989  
AMENDED 28 JULY 1990  
AMENDED JUNE 24, 1996  
AMENDED SEPTEMBER 12, 2000  
AMENDED JULY 1, 2006  
AMENDED JUNE 30, 2008  
AMENDED December 9, 2016  
Proposed Amendments January 18, 2017**

**ACCOUNTING POLICIES AND PROCEDURES**

**Adopted December 9, 2016  
Proposed Amendments January 18, 2017**



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# **EMPLOYEE HANDBOOK**

## **EMPLOYMENT EXPECTATIONS**

### **OFFICE HOURS**

The office of the Utah League of Cities and Towns will be open for business Monday through Friday from 8:00am to 5:00pm except on designated holidays. At his/her sole discretion, the League Director may allow employees to work set schedules between 7:00 a.m. and 6:00 p.m.

### **WORK SCHEDULE**

Forty hours constitutes a normal, full-time work week. Eight hours is a normal working day. Employees will be entitled to a 15-minute break for every four hours worked. Employees working an eight-hour day shall be entitled to a lunch period.

The Executive Director shall have the authority to adjust schedules to meet the needs of the organization. Overtime and compensatory provisions for Support Staff shall remain in force when such adjustments are made.

### **WORK HOURS AND ATTENDANCE**

All full-time employees are expected to work a 40-hour week, except as otherwise designated by the Executive Director and in accordance with applicable laws.

All other employees are expected to be in attendance as agreed to as conditions of employment as directed by the Executive Director.

An employee who is unable to report for duty shall notify the Executive Director or his/her designee within one-half hour of his/her reporting time on each day of absence from work. Failure to do so without good reason may result in disciplinary action.

It may be necessary to schedule personal medical and dental appointments during normal business hours. Such appointments should be scheduled when it will least impact the ULCT's business. The Executive Director or his/her designee should be notified at least one-day in advance of an appointment scheduled during working hours, [unless the appointment is an emergency. When an emergency, the Executive Director or his/her designee should be notified as soon as practical.](#) Failure to comply with notification will result in disciplinary action up to and including termination. Frequent absences or tardiness will not be tolerated and are subject to disciplinary action up to and including termination of employment.

### **EMPLOYEE CLASSIFICATION**

League employees shall be classified as follows:

**Executive:** Employees who are hired by and report directly to the Board of Directors.

**Full-time:** Employees who work 40 hours a week, receive full benefits, and have successfully completed the ~~60-day~~6-month probationary period.

**Part-time with Leave Benefits:** Employees who work more than 24 hours per week and who have been approved by the Executive Director to receive pro-rated leave benefits.

**Part-time:** Employees whose schedules are determined by the needs of the League and who receive no benefits with the exception of Social Security or receive benefits as directed by the League Board.

**Probationary:** New employees ~~who are required to complete the a 60-day~~minimum 6-month probationary period. For those employees hired into benefit accruing positions, No full benefits, including retirement and 401(k) benefits, leave benefits, and all other benefits provided accrue and can be used while the employee is on ~~while in~~ probationary status. ~~The exception is health insurance which will take effect upon the date the employee first reports for work. Employees who successfully complete probation will be awarded vacation and sick time that accrued during the probationary period. In addition, employees will be designated as either salaried or hourly for compensation purposes.~~

## **HIRING PHILOSOPHY**

The Utah League of Cities and Towns is an "Equal Opportunity Employer." A policy of nondiscrimination will be followed in hiring and promotion practices. The ULCT complies with all state and federal employment laws applicable to employers of its size.

Evaluation of employment candidates will be made on the basis of skills experience, education, and potential for learning and job performance consistent with the needs of the position to be filled.

Whenever possible, promotion will occur within the ranks. The Executive Director will ensure that vacancies are filled with qualified individuals.

## **RECRUITMENT**

No new full time positions may be created without authorization of the Board of Directors. Existing positions which become vacant may or may not be filled, according to the Executive Director's discretion.

Executive level positions will be recruited and filled by the League's Board of Directors. The League President shall be responsible to ensure proper recruitment and hiring procedures are followed.

All other positions will be recruited and filled at the discretion of the Executive Director.

## **NEPOTISM**

Reference: Utah Code Section 52-3-1 (Nepotism Act)

Each employee should be competitively selected on the basis of qualifications. No ULCT employee may hire or recommend the hiring of an applicant who is a relative to the employee

if the applicant will be directly supervised by the employee or if the employee has direct access to process, review, or affect the salary or other compensation of the applicant unless the applicant is an unpaid volunteer. The Executive Director will ensure that no new employee will be directly appointed or supervised by a relative. A relative is defined within the Nepotism Act and includes “father, mother, husband, wife, son, daughter, sister, brother, uncle, aunt, nephew, niece, first cousin, mother-in-law, father-in-law, sister-in-law, son-in-law, daughter-in-law, step-parent, or step-child.”

### **PROBATION**

Each employee hired to a League position shall serve a probationary period of at least ~~60 days~~ 6-months. Probation may be extended at the Executive Director's discretion. All benefits provided to League employees will accrue and can be used during the probationary period, except where the position is considered part-time and does not receive benefits.

During the probationary period, an employee may be terminated with or without cause by the Executive Director.

As a condition of employment, employees will be required to sign an automatic Paycheck Deposit Form as required by the ULCT's third party payroll processing vendor.

An employee will receive a performance evaluation, given by their immediate supervisor, at the end of the probationary period. Employees receiving a satisfactory evaluation may be offered regular full or part-time employment. Below average or unacceptable evaluations may be reason for extended probation or termination.

### **REDUCTION IN FORCE**

The League retains the right to terminate employees because of changes in the workload, inadequate funds, a decision to contract for work previously done by employees, or for other circumstances deemed to be in the best interest of the organization's interest.

### **RESIGNATIONS**

Full-time employees wishing to terminate employment are required to give a minimum of two weeks written notice to the Executive Director in order to leave in good standing. Exceptions may be granted at the Executive Director's discretion.

## **CODE OF ETHICAL BUSINESS CONDUCT**

The ULCT has adopted a Code of Ethical Business Conduct that applies to all employees. All employees are expected to comply with its terms, ~~unless the~~ The Executive Director may grants ~~an~~ a limited exception to an individual section of the Code of Conduct where circumstances warrant.

The ULCT expects employees to conduct business according to the highest ethical standards of conduct. We expect employees to devote their best efforts to the interests of the ULCT.

Business dealings that appear to create a conflict between the interests of the ULCT and an employee are unacceptable. The ULCT recognizes the right of employees to engage in activities outside of their employment that are of a private nature and unrelated to ULCT business; however, the employee must disclose any possible conflicts so that the ULCT may assess and prevent potential conflicts of interest from arising. A potential or actual conflict of interest occurs whenever an employee is in a position to influence a decision that may result in a personal gain for the employee or an immediate family member (i.e., spouse or significant other, children, parents, siblings) as a result of the ULCT's business dealings.

An employee who violates the Code of Ethical Business Conduct may be subject to discipline, up to and including termination. Where appropriate, the ULCT may refer an incident for criminal prosecution or civil action.

In December of each year, each ULCT employee will be asked to complete a written Conflict of Interest Disclosure Statement. A copy of the statements will be provided to the Executive Director. The Executive Director's statement will be provided to the President of the Board of Directors. The Conflict of Interest Statements will be maintained in each employee's personnel file. At his/her discretion, the Executive Director will make the Board President aware of staff conflicts.

### **OUTSIDE EMPLOYMENT**

League employment shall be the principal vocation for full-time employees. Outside employment must be approved by the Executive Director, subject to the following:

1. The outside employment in no way interferes with the employee's ability to meet the League's work schedule, including reasonable call back and standby assignments.
2. The outside employment is not directly connected with nor contingent upon a representation that the employee is in any way representing the Utah League of Cities and Towns, either directly or indirectly, unless the Executive Director has, in writing, specifically approved the employment.
3. The outside employment must not conflict with the interest of the League or reasonably give rise to criticism or suspicion of conflicting interests or duties.

## **POLITICAL ACTIVITY**

No League employee shall engage during working or office hours in actions which aid, favor, or are aimed at causing the defeat or election of any candidate or political office.

No employee shall use his/her office or position for the political enhancement of any individual or group.

Nothing contained herein shall be construed to interfere with the right of an employee to become a member of a political club or organization, to attend political meetings, to express an opinion on all political subjects and to enjoy freedom from interference in voting or to contribute freely to political causes.

## **GIFTS**

The ULCT is a high-profile organization which enjoys the public's trust. Thus, to avoid the appearance of impropriety, ULCT employees must exercise care in accepting any gift, gratuity, favor, entertainment, reward, or any other item of monetary value that might influence or appear to influence the judgment or conduct of the employee in the performance of his or her job.

Employees may accept gifts valued at \$50 or less from persons or entities with which ULCT has an ongoing or potential business relationship, as long as the gift is customary in the industry, will not violate any laws, and will not influence or appear to influence the employee's judgment or conduct at his or her employer's business; however, if refusal of such a gift could cause offense or embarrassment or otherwise harm the interests of the ULCT, the employee may accept the gift on behalf of the ULCT. Any gift so accepted must be immediately transferred to the Executive Director who will determine how the gift can be best used for ULCT purposes.

## **COMMUNICATION SYSTEMS**

Employees have access to a wide variety of electronic media and communication services that may include e-mail, telephones, fax machines, external electronic bulletin boards and the Internet, including instant messaging services. While employees are encouraged to use these services as a way to improve the effectiveness and efficiency of communication, each employee must keep in mind that electronic media and communication services provided by ULCT are ULCT property and their purpose is to support the ULCT's business.

Except for de minimis use, Personal, non-business use of the ULCT's communication systems is prohibited during working hours. Employees may, however, use company communications systems, during non-work hours, to discuss the terms and conditions of employment with other employees. Employees cannot use company communication systems to transmit, retrieve or store any information, material or communication that is related to outside business interests, obscene, illegal, discriminatory, rude, intended to harass or defame others or otherwise offensive or inappropriate. Also, strictly prohibited are any transmissions with racial, sexual, religious or other harassing content or that are contrary to the ULCT's policies or business.

The personal use of social networking websites, even if accessed using a personal electronic device (~~iPhone, Blackberry~~ [phone, tablet, laptop](#), etc.), may not interfere with working time. Social networking sites include but are not limited to, Twitter, Facebook, LinkedIn, Myspace, [Snap Chat](#), YouTube and Flickr.

ULCT approval is required before accessing social networking sites using electronic resources of the ULCT to send "tweets" or other public messages.

Any social networking messages that might act as the "voice" or position of the ULCT must be approved by the Executive Director. Any identification of the author, including usernames, pictures/logos, or "profile" web pages, should not use logos, trademarks, or other intellectual property of the ULCT unless approved in advance by the Executive Director. If you are not providing an official social networking message from the ULCT, an employee who comments on any aspect of the company's business must include a disclaimer in your own "profile" or "bio" that the views are your own and not those of the ULCT. A social networking message should not disclose any confidential or proprietary information of the ULCT. If you are "friends" with customers, clients, or vendors on social networking sites, you should exercise additional discretion before posting personal information or photographs that could potentially be embarrassing to you or the ULCT. Written messages are, or can become, public: use common sense.

The ULCT reserves the right to review any employee's electronic files and messages to ensure electronic media and services are being used in compliance with federal and state laws, this policy, and other company policies. Accordingly, employees should not assume that their electronic communications are private, even when on their personal devices. None of the foregoing shall be construed to limit an employee's right to engage in any protected, concerted activity.

## **PUBLICITY**

No employee is authorized to make any announcement of any kind to the public or the news media. Inquiries from newspapers, radio and television stations, or other public information sources are to be referred to the Executive Director of the ULCT. [The Executive Director may designate an employee to respond to media requests in his/her absence.](#)

## **PHONE CALLS, TEXT MESSAGES, PERSONAL MAIL and VISITORS**

[Except for de minimis use,](#) ~~Personal use of business phones is not allowed. Friends and relatives should be discouraged from calling during working hours, unless there is an emergency.~~ Under no circumstances should you make a long-distance call [on a business line](#) unless [the call](#) it is work-related.

When dealing with members, sponsors, and suppliers, good telephone etiquette is important. Be pleasant, helpful and courteous confining your conversations to the subject at hand. Telephone calls should be answered within two rings by saying "Good morning or good afternoon, The Utah League of Cities and Towns." An employee must identify him/herself when answering transferred calls. Calls should be returned within 24 hours.

While our voice mail system is designed to increase productivity, it is expected that you will treat

employees with respect when leaving messages. If you are at your desk, you are generally expected to answer your telephone. You are assigned a personal password for your voice mailbox; please do not give it out to anyone. The passwords may be changed in order to maintain security.

Transmissions using the ULCT's facsimile machine are to be made for business purposes only.

Do not use company stationery, stamps, postage meters or other company supplies for personal mail. Employees should have all of personal correspondence and packages sent to their personal address unless obtaining prior permission from the Executive Director.

Personal visits by visitors to your work area may also be restricted by ULCT.

### **CONFIDENTIAL INFORMATION**

Information given by a ULCT sponsor, customer, or a client may be privileged or confidential information. Additionally, information provided to or received from a legislator or senator may be privileged or private. Such information is to be maintained with strict confidentiality. This may also be true for information such as Social Security Numbers, birthdates, financial account numbers and data. Employees must exercise good judgment when talking to individuals outside the scope of their duties, including co-workers and non-employees, so that ULCT confidential information is not compromised.

Employees who have access to sensitive records are only permitted to discuss this information within the course and scope of their duties and not with unauthorized individuals. Violation of this policy may result in discipline, up to and including termination. None of the foregoing shall be construed to limit an employee's right to engage in any protected, concerted activity.

### **CONFLICT OF INTEREST**

Personal or romantic involvement with a member, sponsor, supplier, legislator or subordinate employee of the ULCT can impair an employee's ability to exercise good judgment on behalf of the ULCT and result in an actual or potential conflict of interest. Supervisor-subordinate romantic or personal relationships can lead to supervisory problems, possible claims of sexual harassment, and morale problems.

The ULCT desires to avoid misunderstandings, actual or potential conflicts of interest, complaints of favoritism, possible claims of sexual harassment, interference with the productivity of co-workers, and the employee morale and dissension problems that can potentially result from romantic relationships involving employees, members, sponsors, legislators or suppliers.

The ULCT strongly discourages supervisors and managers from engaging in romantic or sexual relationships with subordinates and requires the supervisor or manager to disclose the existence of such a relationship to the Executive Director. The Executive Director shall disclose any such relationship to the Board President.

The ULCT has adopted this policy in recognition of its responsibility to provide guidelines on personal or romantic involvement with a member, sponsor, supplier, or subordinate employee of

the ULCT and to caution employees about the potential problems posed by such relationships.

The ULCT does not prohibit the types of relationships or situations described in this policy but it does require the following: an employee must disclose the relevant circumstances to the Executive Director for a determination as to whether a potential or actual conflict exists. If an actual or potential conflict is determined, the employer may take appropriate corrective action according to the circumstances. Failure to make required disclosures or comply with a recommendation to resolve a conflict with this policy can result in discipline, up to and including termination of employment.

## **WHISTLEBLOWER POLICY**

**General:** The ULCT's Code of Ethical Conduct requires directors, officers, and employees to observe the highest standards of business and personal ethics in the conduct of their duties and responsibilities. Employees and representatives of ULCT are expected to practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.

**Reporting Responsibility:** It is the responsibility of all employees to comply with the stated Ethics/Behavior Code and other ULCT financial policies and procedures and to report violations or suspected violations in accordance with this Whistleblower Policy.

**No Retaliation:** No director, officer, or employee who in good faith reports a violation of the Code or financial policies shall suffer harassment, retaliation, or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the ULCT prior to seeking resolution outside the organization.

**Reporting Violations:** The ULCT has an open-door policy and suggests that employees share their questions, concerns, suggestions, or complaints with someone who can address them properly. In most cases, the ULCT Executive Director is in the best position to address an area of concern. [A written description of the complaint or concern is desired.](#) The Executive Director is required to report suspected violations of the Code of Conduct and financial policies to the Compliance Officer for investigation and resolution. However, if the allegations involve the ~~Chief Financial Officer~~ [Compliance Officer](#), the Executive Director will work directly with the Board President and Financial Consultant to investigate and resolve the complaint.

If the allegations involve the Executive Director or if the employee is not satisfied with the Executive Director's response, then the employee is encouraged to speak directly with the ULCT Compliance Officer.

[If the allegations involve both the Executive Director and the Compliance Officer, the employee is encouraged to speak directly with the ULCT Board President.](#)

**Compliance Officer:** ULCT's Chief Financial Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code of Conduct and financial policies. The Compliance Officer and/or Executive Director will advise Board President of the complaint.

**Accounting and Auditing Matters:** The Board President and Treasurer, supported by the Financial Oversight Consultant, shall address all reported concerns or complaints regarding ULCT accounting practices, internal controls, or auditing. The Compliance Officer shall immediately notify the Executive Director, Board President and Treasurer of any such complaint and work with the Executive Director, Board President and Treasurer until the matter is resolved. If the complaint involves the Executive Director, the Compliance Officer shall work directly with the Board President and Treasurer.

**Acting in Good Faith:** Anyone filing a complaint concerning a violation or suspected violation of the Code or policy must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code or financial policy. Any allegations that prove not to be substantiated and which prove to have been made maliciously or to be knowingly false will be viewed as a serious disciplinary offense subject to discipline up to and including termination.

**Confidentiality:** Violations or suspected violations may be submitted on a confidential basis by the whistleblower or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to investigate.

**Handling of Reported Violations:** The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

## COMPENSATION

### **PAY DAY**

Pay shall be issued on the 15th and the last working day of each month. If payday falls on a Saturday or Sunday, pay will be distributed on the Friday prior. [If payday falls on a holiday, pay will be distributed on the last business day preceding the holiday.](#) ~~if payday falls on a Sunday, pay will be distributed on the Monday following.~~ ULCT contracts with a third-party vendor for payroll and timekeeping services. Pay is made by direct deposit into the account of the employee's choosing.

### **TIME SHEETS**

A full-time work week is 40 hours. Each full-time League employee, ~~other than executive employees,~~ is responsible to maintain a record of hours off for vacation, sick, or other approved absences. Hourly employees are responsible to maintain a record of hours worked.

Time sheets are to be turned in by close of business on the 11<sup>th</sup> and 26<sup>th</sup> of each month. In February, time sheets are to be turned in by close of business on the 11<sup>th</sup> and 23<sup>rd</sup>. If the 11<sup>th</sup> or 26<sup>th</sup> (or in February 23<sup>rd</sup>) fall on a legal holiday or weekend, the timesheets are due the last working day prior to the 11<sup>th</sup> or 26<sup>th</sup> (or in February 23<sup>rd</sup>). All time sheets must be approved and initialed by the Executive Director or his/her designee prior to the issuance of pay. If the Chief Financial Officer determines that time sheets are due on a day other than specified in this policy, he/she will notify the staff in writing one day before the due date.

Time for the last three days of each pay period will be an estimate. If an employee uses sick leave or vacation but did not know the leave would be used when submitting the time sheet, an amended time sheet will be prepared and signed by the employee and the Executive Director or his/her Designee. The used leave will then be reported on the employees next pay stub.

[Falsification of time records is grounds for discipline up to and including termination of employment.](#)

### **PAYROLL RECORDS**

A payroll record, including accrued leave balances, will be maintained on each employee by the third party payroll processing company. [Each employee will be provided access to an online portal to access his/her payroll records, including accrued leave balances.](#)

### **GARNISHMENTS**

It is the League policy that employees pay debts in a timely manner.

An employee's pay will be held by the League upon the receipt of a valid garnishment until a court order is issued indicating satisfaction of the indebtedness or until ordered to surrender the money to the court or its agent.

The League may not discharge any employee because earnings have been subject to garnishment.

### **SALARY SCHEDULE**

The Board of Directors will adopt a salary schedule which designates ranges according to job classification and grade. This schedule may be updated periodically as market conditions dictate.

## **BEGINNING SALARY**

New employees and those who have been promoted to a position of higher responsibility will typically begin employment at the lower end of the given salary range. The Executive Director may, however, start an employee at a higher salary in the range if it is determined the employee's qualifications and abilities for the position exceed the stated entry requirements. It shall also be League policy that promoted employees receive a salary increase.

## **ANNIVERSARY DATES**

The date the employee begins full-time employment shall be the anniversary date of his/her employment.

## **EVALUATIONS**

Performance evaluations shall be given on a regular basis using the anniversary date as [the first](#) a point of reference. [Future evaluations will be conducted in June of each year.](#)

A standard form will be used to measure employee performance. Evaluations will be made by the Executive Director or, where appropriate, the employee's immediate supervisor. [The Executive Director's evaluation will be completed by the League's Board President.](#)

The evaluation will be reviewed in depth with the employee. At this time, the League Executive Director or the employee's immediate supervisor and the employee will mutually set goals and objectives and review the strengths and weaknesses of the employee's performance as well as a work program for the coming year.

A copy of each employee evaluation shall be provided to the employee and a copy of each evaluation shall be placed in the employee's personnel file.

Employees receiving satisfactory rating on their performance evaluations will be eligible for an increase provided, however, that they have not reached the top level on their designated salary range, and provided funds are available in the League Budget for the increase.

Employees desiring to appeal an evaluation should do so in writing. Any action based on the evaluation shall be considered pending until the appeal is resolved. The Executive Director shall review all facts relating to the evaluation appeal and shall make a determination within ten days after the receipt of the appeal.

## **OVERTIME AND COMPENSATORY TIME**

### **CLASSIFICATION**

For the purpose of meeting FLSA provisions, all League positions shall be classified as either Executive, Administrative or Professional Support Staff.

a. Executive positions shall include those positions which are hired by and report directly to the Board of Directors.

b. Administrative positions shall include employees whose responsibilities relate directly to management policies or general League operation; who customarily exercise discretion and

independent judgment; who regularly assist an executive position in performing specialized or technical work, under minimal supervision, which requires special training, experience or knowledge; and who does not spend more than 20 percent of the time worked on assignments that are not directly and closely related to administrative duties.

c. Professional positions shall include employees whose primary duty is work requiring advance knowledge, training or experience in a given field customarily obtained by a prolonged course of specialized instruction and study; whose work is original and creative in character, the result of which depends primarily on the employee invention, imagination or talent; who consistently exercise discretion and judgment; who do work that is predominantly intellectual and varied; and who do not spend more than 20 percent of the time worked on assignments that are not directly and closely related to activities that are a part of the professional duties.

d. Support Staff shall include all other positions.

## **ELIGIBILITY**

Support Staff employees will be paid overtime at a rate of one and one-half times their regular rate for each hour worked over forty hours in a work week. Compensation will be made in the next regular paycheck. [An employee may elect compensatory time in lieu of paid overtime, but the election must be made in writing. The compensatory time can be accrued, but must be used by June 30 of each year.](#)

Regular Rate for hourly employees will be the hourly rate. The regular rate for salaried employees will be determined by reducing the salary figure to the work week and then dividing it by the number of hours for which the salary is intended to compensate.

~~The Executive Director shall have the option of assigning compensatory time in lieu of overtime. Compensatory time should be taken in the same pay period but may be accrued.~~

Executive, Administrative and Professional level employees are exempt from this provision and will receive no overtime compensation.

[Each job description will include a classification of Executive, Administrative, Professional or Support Staff so that employees clearly understand the eligibility of their positions for overtime pay.](#)

## **PAYMENT OF PROFESSIONAL DUES**

The Executive Director may authorize payment of professional dues (e.g. Utah State Bar dues) for employees. The decision to pay professional dues will be on a case-by-case basis and will be determined based on the business purpose provided to the ULCT by membership.

## **BENEFITS**

### **HOLIDAYS**

The ULCT observes the following holidays:

New Year's Day, Martin Luther King Day\*, Presidents Day\*, Memorial Day, Independence Day (July 4), Pioneer Day (July 24), Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day and the day after, Christmas Day.

Depending on the needs associated with the Legislature, employees may take the holidays marked with (\*) off during the Christmas holiday season or after the legislative session.

When any of the above holidays falls on a Sunday, the following Monday shall be the holiday. If the holiday falls on a Saturday, the preceding Friday shall be considered the holiday.

In recognition of extra staff time required at the League's Annual and Mid-Year conferences, Road School, and other League-sponsored events during the year, the Executive Director may grant limited administrative leave and/or close the office. Management of administrative leave and/or office closures is at the Director's discretion and will be timed to eliminate conflicts with the needs of member cities and towns.

### **VACATION**

Full-time Employees shall accrue annual leave as follows:

0-5 Years of Service	12 Days per year (4 hours per pay period)
6-8 Years of Service	15 days per year (5 hours per pay period)
9+ Years of Service	21 days per year (7 hours per pay period)

For purposes of future vacation accrual only, rehired employees' prior years of ULCT service will be considered as the starting point for leave accrual.

Part-time employees working 24 or more but less than 40 hours per week, whose positions are expressly approved by the Executive Director for compensation with vacation, shall accrue sick leave on a prorated basis. Employees working less than 24 hours per week shall accrue no vacation.

Employees may accumulate up to 240 hours of vacation time which can be carried forward to a new fiscal year. Employees with more than 240 accrued hours must use their vacation to bring their balance to 240 or fewer hours prior to each June 30<sup>th</sup> or will lose excess hours. Employees are encouraged to take their vacation leave annually. However, in extenuating circumstances, an extension of the June 30<sup>th</sup> date may be approved in writing by the Executive Director. A copy of such extension will be maintained in the employee's annual file.

Accrued vacation leave will be credited to an employee's account each pay period. Vacation leave is to be scheduled at the mutual convenience of the League and the employee, and must be scheduled by the employee in writing with the approval of the Executive Director. Paid holidays and administrative office closures occurring during scheduled vacation leave will not be charged as vacation time.

Terminating employees are entitled to payment at their current rate of compensation for all unused vacation leave which has been accrued.

Employees may not take vacation leave in advance of its actual accrual.

## **SICK LEAVE**

Sick leave should be valued as an insurance against protracted illness. Sick leave may be used for (i) employee illness or injury, (ii) illness or injury in the employee's immediate family, and (iii) medical and dental appointments. The term "illness" includes illness from a pregnancy. In this section the term "immediate family" means the employee's spouse, child or parent residing within the employee's household.

The League reserves the right to require acceptable confirmation of the nature and extent of any illness or injury that requires an employee to be absent from scheduled work.

Employees returning from sick leave or an absence caused by health problems may be required to provide a doctor's certification of their ability to perform their regular work satisfactorily without endangering themselves or their fellow employees.

Employees will be credited with 4 hours of sick leave for each full pay period of service with the League. Accrued sick leave will be credited to the employee's account each pay period.

Part-time employees working 24 or more but less than 40 hours per week, whose positions are expressly approved by the Executive Director for compensation with sick leave, shall accrue sick leave on a prorated basis. Employees working less than 24 hours per week shall accrue no sick leave.

Employees may accrue sick leave without limitation, [however, sick leave accruals will not be paid out upon termination or retirement.](#)

An employee shall notify the Executive Director prior to or at the beginning of scheduled work that he/she will be absent from work because of sick leave circumstances. In the event of an extended absence, the employee shall keep the Executive Director informed of his/her condition. If the absence from work exceeds three working days, the League may require the employee to present a statement from a medical provider justifying the absence from work and containing a clearance to return to work, or stating a physical inability to resume work.

Any absence or sick leave that extends beyond accrued sick leave will result in the employee being carried on vacation leave status until all accrued vacation balances have been used, and then the employee shall be on a leave-without-pay status. This provision does not give a right to an employee to be carried on any such status.

Employees may convert a maximum of 32 hours of sick leave each calendar year to cash at their current rate of pay. In order to participate in this conversion, employees must have a minimum of 240 hours of sick leave remaining after the conversion permitted in this section. In the alternative to cash, employees may have these funds deposited into their League 401(k) plan to which they belong, if permitted under applicable plan regulations. Employees desiring to convert sick leave to cash shall notify the Executive Director prior to June 1.

## **WELFARE BENEFIT PLAN**

Full-time employees will be offered a Cafeteria Plan which will include medical and dental coverage, among other benefits, during employment with the League. Employees must let the Executive Director or his/her designee know which portions of plan they are interest in participating in within one week after regular employment begins. Employees will be able to make Cafeteria Plan elections in June and December of each year.

The Executive Director is to annually, with the ULCT budget, review and make recommendations on the Cafeteria Plan to the Board for its approval.

## **RETIREMENT**

Full-time employees will receive retirement benefits at a rate consistent with the Utah State Retirement system. The League may also provide a [matching](#) 401K Plan for employees to participate in at their option. The League may at its option provide a contribution to the 401K Plan for the benefit of participatory employees.

## **WORKER'S COMPENSATION**

League employees injured during performance of their duties are covered by the Worker's Compensation Insurance, as provided by State Law.

The League will pay the employee full salary until Worker's Compensation takes over.

## **FUNERAL LEAVE**

When death occurs in the immediate family of an employee, the Executive Director may authorize a leave of a maximum of three working days with pay. Immediate family shall include parents, siblings, children, grandparents, spouse, in-laws, and step-children. ~~Additional time off will be charged to accrued vacation time.~~ [At the Executive Director's discretion, additional time may be used and charged to accrued vacation or sick leave.](#)

## **EMERGENCY LEAVE**

The Executive Director has the authority to grant emergency leave. Time will be charged [to](#) accrued vacation time.

## **PROLONGED SICK LEAVE**

Upon presentation of a physician's certificate, employees may use accumulated sick leave. The dates of beginning and ending leave will be determined by the employee, the employee's physicians, and the Executive Director and must take into consideration the physical capability of the employee to perform his/her job. If an employee's accumulated sick leave is not sufficient to provide a continuity of pay and benefits, accumulated vacation may be used.

Upon the presentation of written request, leave without pay up to thirty days may be granted beyond accumulated leave, depending on the circumstances. Leave beyond that length of time must be approved by the Board of Directors, with the Executive Director's recommendation.

No benefits shall accrue while in a non-pay status. Employees shall, however, have the option of continuing medical coverage by paying their own premiums.

### **MATERNITY LEAVE**

Requests for maternity leave will be treated the same as leaves for prolonged medical conditions.

### **PATERNITY LEAVE**

At the Executive Director's discretion, an employee may be granted authorization to use accumulated sick leave for paternity leave.

### **SHORT TERM MILITARY LEAVE**

Full-time, salaried employees who are members of the National Guard or any reserve branch of the U.S. Armed Forces, shall be permitted up to 15 calendar days at annual encampment and be compensated at his/her regular base rate of pay minus military compensation received. No salary may be claimed for non-working days spent in training. [If additional time off is required, the employee may use vacation or leave without pay.](#)

[Employees activated for military duty under the Uniformed Services Employment and Re-Employment Rights Act may be absent from employment for the period required by the official orders and as prescribed in the Act.](#)

Requests for military leave shall be made in writing at least 30 days in advance and shall be accompanied by a copy of the official orders confirming that the employee is required to engage in military service and did perform such service.

### **JURY DUTY**

When an employee is summoned to serve on a jury or has been required by subpoena to appear as a witness, he/she will be paid his full salary, less pay for jury duty.

This allowance covers only time lost while actually engaged on jury duty and no provision is made or intended to cover payment for time lost outside of regular jury hours.

An employee who serves on jury duty or makes court appearances and that duty or service falls on the employee's personal time, will not receive pay for such appearance.

This policy shall not apply to court appearances or actions which personally benefit the employee.

### **INJURY LEAVES**

If an employee receives an injury while in the performance of official League business and, thus, is physically unable to perform his/her regular duties, the League will pay, with benefits, the employee's normal salary for the first three days of leave without subtracting from any of the employee's other paid leaves. After three days, worker's compensation will pay the employee.

When injured, an employee must report the injury immediately; when practical, complete an injury report form with both the employee's and the supervisor's signature; obtain immediate necessary treatment, and obtain a signed doctors' release when returning to work.

## **LEAVES OF ABSENCE WITHOUT PAY**

Leaves of absence without pay may be granted by the Executive Director upon written application from an employee. No vacation or sick leave benefits will accrue during such leaves.

Leaves will not be granted unless there is a positive expectancy that the employee will return to work at the expiration of the leave.

## **PERSONNEL FILE**

### **RECORD KEEPING**

The Executive Director shall maintain a personnel file on each employee. Information of a derogatory nature shall not be placed in the personnel file unless the employee has been provided with a copy of it and has had an opportunity to respond.

Employees shall have the right to comment on any item in their file and to have those comments retained as a part of the personnel file.

### **CONTENTS**

Information maintained in each personnel file shall include:

1. All employment data including, but not limited to, employment application, hire notice, and any special conditions of employment which have been signed by the employee;
2. Physician's verification and return to work slips;
3. All accident reports, including any and all physician's reports, medical information or other documents pertaining to accidents;
4. All performance evaluations;
5. All salary change forms;
6. All certificates or degrees showing completion of training or other certificates employees may request to be included in their personnel records;
7. All items dealing with probationary status;
8. All disciplinary actions;
9. All commendations;
10. Personnel investigations, complaints, statements, and data related to the investigation of alleged violation of the law, rules, regulations, orders, or policies;

### **REVIEW AUTHORIZATION**

Employees shall have the right to review their own personnel files as governed by law. Unless written permission is granted by the employee or requested by a court of law, no information shall be disclosed from the personnel file of a current or former employee except job title and dates of employment.

The Executive Director and/or his/her designee may review appropriate personnel records as necessary.

An employee may reply to, supplement, or challenge any information in the personnel file. The employee shall request, in writing, that such changes occur. When there is an immediate supervisor, the supervisor shall be given an opportunity to respond. A final, written decision shall be made by

the Executive Director.

A record of the employee's letter, the supervisor's response and the Executive Director's decision shall be included in the file.

**RETENTION**

Personnel files shall be retained during employment and for a period of six years following employment.

## **DISCIPLINE**

### **GENERAL PRACTICE**

All League employees are expected to conduct themselves in a manner that will bring credit to themselves and to the League. Each employee shall render honest and economical service in the performance of duties. Willful noncompliance with rules or policies shall be cause for disciplinary action.

All disciplinary actions short of termination are intended to be corrective rather than punitive and to obtain compliance with League objectives and policies.

It shall be the Executive Director's discretion as to which type of formal and/or informal disciplinary action is most appropriate. Disciplinary action shall be limited in severity to the severity of the infractions(s) in question and/or past infraction. All actions shall become a part of the employee's personnel file.

Nothing contained herein shall preclude dismissal or suspension with or without pay effective immediately without prior notice and a hearing where the continued presence of the employee would present a hazard or disruption to other employees to the League. When such dismissal or suspension is imposed, the employee shall be assured the right of a disciplinary appeal in accordance with the appeal procedure.

### **GROUNDS FOR DISCIPLINE**

Grounds for discipline shall include violation of any personnel policy; incompetence, inefficiency, or negligence in the performance of duties; insubordination; and conduct on or off the job which discredits the League or affects the employee's ability to perform his/her duties effectively.

### **DISCIPLINARY MEASURES**

Non probationary employees shall be disciplined for cause only. An employee whose conduct violates one of the grounds for disciplinary action shall be subject to one or more of the following, depending on the severity of the offense, its effect on the League operations, and the employee's previous performance record.

- A. An oral or informal warning, documented but not placed in the employee's personnel file;
- B. A written warning or reprimand specifying the reason, noting previous oral warnings or discussions, and outlining the corrective action necessary to avoid further discipline. A copy is to be placed in the employee's personnel file and a copy is to be provided to the employee.
- C. Suspension or other time off without pay, or forfeiture of accrued leave. Written notice is to outline the reason, the effective date, the duration, and the corrective action necessary to avoid further discipline. This notice is to be provided to the employee. A copy is to be placed in the employee's personnel file.

D. Termination. Written notice is to be provided to the employee outlining the reason and the effective date. An employee may be terminated effective immediately only if the employee's continued presence in the office would be detrimental to the office functions and/or other employees. An employee may be terminated for a single offense without undergoing the progressive discipline if the severity of the circumstances justify the action.

In cases of discipline involving suspension, or termination, the Director shall provide the employee with a copy of the Appeal Procedure when he/she is informed of the disciplinary action.

If the employee is not in agreement with the proposed disciplinary action, the employee may move to the appeal process.

## **APPEAL PROCEDURE**

Each regular, full-time non-probationary employee has the right to appeal any disciplinary measure. The employee also has the right to have a representative assist him/her throughout the process. Appeals shall follow these steps:

### **1. Request a meeting with the Executive Director**

The employee can request a meeting with the Executive Director to appeal the decision. The employee shall be informed of this right to appeal and to have a representative but it shall be his/her responsibility to make the appeal. Any additional evidence the employee may wish to present shall be readied within three working days. Upon receipt of the request and the information, the Executive Director shall:

- a. Hold the meeting promptly;
- b. Consider any additional evidence submitted by the employee;
- c. Impose the disciplinary action or modify the disciplinary action as deemed appropriate; and
- d. Notify the employee in writing of the decision and of the employee's appeal right.

The failure of an employee to request a meeting with the Executive Director or the failure of any employee to appear for the meeting after requesting it constitute a forfeiture of any additional appeal rights.

### **2. The Appeals Board**

If the employee wishes to pursue the appeal beyond step one, he/she may request a hearing before the Appeals Board.

The Appeals Board shall consist of the League Executive Board.

Within ten days of receiving a written request for a hearing, the Appeals Board shall be convened. The Board may meet in person or convene via telephone conference call. The Board shall review all pertinent information including written and oral testimony and the employee's personnel file.

The Board's responsibility is to examine the evidence submitted, determine the facts, and make recommendations regarding whether or not the discipline or termination was justified. This recommendation shall be made to the Director within five working days following the conclusion of the hearing.

The Board shall review the request and all other pertinent information and prepare a written notice of hearing which shall include: 1) the matter to be heard and 2) the date, time and place of the hearing. Notice shall be sent to all affected parties.

### **3. The Board of Directors**

After exhausting all other appeal processes, the employee may request a hearing before the Board of Directors. The request will be considered [within 30 days or](#) at the next regular Board meeting.

The Board shall review the request and all other pertinent information and then decide if a hearing will be granted. If a hearing is granted, the Board shall have prepared a written notice of hearing which shall include: 1) the matter to be heard and 2) the date, time and place of the hearing. Notice shall be sent to all affected parties.

Within 15 working days of sending a written notice to all affected parties, the Board shall hear the specific request and consider all information presented including oral and written testimony. The Board shall have access to the employee's personnel record as well as all other pertinent information.

The Board's responsibility is to examine the evidence submitted, determine the facts, and make a decision regarding whether or not the discipline or termination was justified.

The decision of the Board shall be final.

## **SEXUAL HARASSMENT**

### **DEFINITION**

Sexual harassment is unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; (2) submission to or rejection of such conduct by an individual is used as a basis for employment decisions; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or of creating an intimidating, hostile, or offensive working environment.

### **REPORTING PROCEDURE**

Employees who are claimants, or who are otherwise aware, of sexual harassment by or against a League employee are encouraged to report such harassment as soon as possible to the Executive Director or a member of the Executive Board. Employees may bring good faith complaints without fear of reprisal, intimidation, coercion or retaliation. Confidentiality will be protected to the extent practical under the law and under the necessities of disciplinary action.

Anyone receiving a report of sexual harassment shall immediately inform the Executive Director who shall immediately begin an investigation. If the Director is accused of sexual harassment, the investigation shall be implemented by the Executive Board.

### **INVESTIGATION**

Anyone conducting an investigation shall take care to protect the rights of both the person complaining and the person accused. If an investigation determines that sexual harassment has occurred, appropriate disciplinary action shall be taken.

### **DISCIPLINE**

Any employee determined to be guilty of sexual harassment charges shall be subject to disciplinary action.

**CREDIT CARDS AND  
REIMBURSEMENTS  
FOR BUSINESS  
EXPENSES, BUSINESS  
MEAL EXPENSES,  
TRAVEL EXPENSES,  
CELLULAR PHONE  
EXPENSES AND  
EDUCATIONAL  
EXPENSES**

**CREDIT CARD**

The ULCT operates on a business expense reimbursement program rather than a credit card expense account program. However, the ULCT may maintain one or more credit cards to support ULCT business.

Any staff member authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are in violation of ULCT policy can be grounds for disciplinary action, up to and including termination.

Each staff member authorized to carry an organization credit card will be responsible to maintain all receipts associated with charges. To ensure timely credit card payment, the receipts and documentation for all credit card charges, with business purpose noted and documented by the staff member who incurred the charge, will be given to the Chief Financial Officer in a format supplied by the Chief Financial Officer within one week of the statement closing date. The Chief Financial Officer will verify all credit card charges with the monthly statements. A copy of all charges will be attached to the monthly credit card statement when submitted to the Executive Director and ULCT Treasurer for approval and signing.

All ULCT credit card usage will be secondarily reviewed by the ULCT Financial Oversight Consultant monthly. The Financial Oversight Consultant will raise concerns regarding credit card usage or policy compliance directly with the ULCT Executive Director and Chief Financial Officer.

[If an employee has been issued a ULCT credit card, upon termination the credit card will be immediately cancelled.](#)

**BUSINESS EXPENSE AND BUSINESS MEAL EXPENSE REIMBURSEMENT**

Reasonable and appropriate business expenses, including mileage reimbursement, incurred by a ULCT employees while representing ULCT shall be reimbursed. All employees seeking reimbursement under these provisions must provide appropriate documentation before reimbursement will be made. [Reimbursement requests should be made within 60 calendar days of incurring the business or business meal expense.](#) Generally, lost or missing receipts will not be

reimbursed. However, if an employee loses a receipt, he/she can request a “missing receipt letter” from the Executive Director to submit with any available documentation for the business expense. Receipts missing appropriate business purpose will be returned to the requestor, or declined for reimbursement. The League is under no obligation to reimburse for expenses not authorized in advance. Employees should maintain an appropriate credit resource for business purposes and travel.

As part of the monthly bank reconciliation process, the Financial Oversight Consultant may examine business and travel reimbursement expense documentation at any time. The consultant will raise any concerns with compliance with the reimbursement and/or documentation with the ULCT Executive Director and Chief Financial Officer.

### **General Business Expense Reimbursement**

All employees seeking reimbursement for a general business expense must complete a business expense reimbursement form as provided by the Chief Financial Officer [within 60 days of incurring the expense](#). To be eligible for reimbursement, receipts must accompany the business expense reimbursement form. Employees should seek approval from the Executive Director or his/her designee before incurring business expenses.

~~Reimbursement requests should be made within 15 days of incurring the business expense.~~  
Reimbursements will be processed twice monthly.

The business expense reimbursement form and instructions may change from time to time as ULCT business practices dictate, but each form will generally require that the business purpose of the expense is articulated and the form must be signed by the Executive Director or his/her designee.

### **Business Meal Reimbursement**

All employees seeking reimbursement for a business meal must complete a business meal expense reimbursement form as provided by the Chief Financial Officer [within 60 days of incurring the business meal expense](#). To be eligible for reimbursement, two receipts are required -- the meal total (including gratuity) and the order detail receipt. Reimbursement will not be provided for the purchase of alcohol unless documentation of pre-approval by the Executive Director or his/her designee accompanies the business meal expense reimbursement form.

~~Reimbursement requests should be made within 15 days of incurring the business meal expense.~~  
Reimbursements will be processed twice monthly.

Business meal expenses incurred while travelling should be submitted for reimbursement with the travel reimbursement request. A business meal expense reimbursement form is required.

The business meal expense reimbursement form and instructions may change from time to time as ULCT business practices dictate, but each form will generally require that the meal attendees (including ULCT staff) and business purpose of the meal expense is articulated and the form must be signed by the Executive Director or his/her designee.

## **Mileage Reimbursement**

It is the ULCT policy to reimburse business mileage ~~for trips exceeding 50 miles roundtrip~~. All employees seeking reimbursement for business-related mileage must complete a mileage reimbursement form as provided by the Chief Financial Officer. [Reimbursements for mileage will be made at the prevailing GSA privately-owned reimbursement per mile rate.](#)

Reimbursement for business mileage should be made within ~~30~~60 days of incurring the business mileage expense. Multiple reimbursements can be included on a single form, but none should be older than ~~30~~60 days.

Reimbursements will be processed twice monthly.

Business mileage incurred while travelling should be submitted for reimbursement with the travel reimbursement request. ~~A mileage reimbursement form is required.~~

The business mileage reimbursement form and instructions may change from time to time as ULCT business practices dictate, but each form will generally require [odometer readings](#), that the business mileage purpose is articulated and the form must be signed by the Executive Director or his/her designee.

## **TRAVEL EXPENSE REIMBURSEMENT**

It is the policy of the Utah League of Cities and Towns to allow employees to travel to conferences, seminars, meetings and workshops when it is anticipated that the League will benefit from the training and information received at such events. Reasonable and appropriate travel expenses will be reimbursed. Generally, the ULCT will utilize GSA published per diem, airfare and hotel rates for each destination to determine reasonable and appropriate, while recognizing that published air and hotel rates are not always available. When GSA rates cannot be obtained, travel documentation should include a business purpose for exceeding those rates (i.e. convention hotel, travel times to accommodate additional room nights etc.) Other than airfare, which may be purchased on the ULCT credit card, most travel-related expenses are on a reimbursement basis.

To initiate travel, a travel request form, as provided by the Chief Financial Officer, must be submitted. All travel must be approved by the Executive Director.

All employees seeking reimbursement for travel-related expenses must complete a travel reimbursement request form as provided by the Chief Financial Officer upon return. To be eligible for reimbursement, receipts must be provided. In general, the ULCT will reimburse for airfare, hotel, ground transportation and per diem (meals and incidentals) based on published GSA rates for the destination.

Reimbursement requests should be made within 15 days of returning from the business trip. Reimbursements will be processed every two weeks.

It is the intent of the ULCT that while travelling, employees use per diem funds to pay for all meals and incidentals. However, it is understood that from time to time a business meal expense

while travelling will be incurred. Employees should seek prior approval from the Executive Director or his/her designee before incurring business meal expenses while travelling. If a business meal is approved while travelling, the daily per diem allowed will be adjusted for all ULCT staff/ULCT-funded travelers participating in the business meal. Finally, to seek reimbursement for a business meal expense while traveling, a separate business meal expense reimbursement form for each business meal must accompany the travel reimbursement form.

The travel expense reimbursement form and instructions may change from time to time as ULCT business practices dictate, but each form will generally require that the traveler provide air fare, hotel, ground transportation receipts (business mileage reimbursement request, if applicable), and a meeting agenda detailing meals provided as part of the registration fee. Data and internet charges will be reimbursed if used for business purposes. Per diem (meals and incidentals) will be calculated based on published GSA rates for the destination. Per diem will be prorated based on partial travel days and meals provided as part of conference/event registration.

#### **Travelling by Automobile:**

While traveling on business, employees are expected to follow posted speed limits, practice defensive driving, wear seat belts, and take a sufficient number of breaks so they remain alert. The ULCT expects its employees to be properly licensed and reserves the right to request that employees present a current license for inspection. The ULCT will not reimburse speeding or other traffic tickets or parking tickets. The ULCT will reimburse fees for parking.

#### **Personal Auto:**

Employees will be reimbursed actual mileage at the prevailing IRS approved rate. A business mileage reimbursement form should be included with the travel reimbursement form and reimbursement request.

**Airfare:** Unless otherwise specified, transportation to out of state events shall be by air service. If an employee chooses another form of transportation, the League will pay the lesser cost of the two forms. Employees using other forms of transportation shall use vacation if the time needed to reach the destination exceeds the time which would have been used if the employee had used air service. Per diem shall be calculated on the amount of time which would have been used if the employee had used air service.

Employees are encouraged to utilize the lowest cost travel arrangements possible. Airline reservations should be, whenever possible, made 30 days in advance. If a reduced airfare is offered for a stay over Saturday night, and the reduced rate more than compensates for additional lodging and per diem costs, the employee is encouraged to stay over the additional night.

**Hotel:** The government or corporate rate should be requested at all hotels. The League will set up direct billing when feasible. Otherwise, the employee should use his/her personal credit card and only seek reimbursement for the room, applicable taxes, and business-related data/telephone charges. Personal charges should not be included for reimbursement.

**Per Diem:** Employees will be reimbursed using the published GSA schedule of per diem rates by city. Per diem is to be used for meals and incidentals.

**Ground Transportation:** Includes airport shuttle, taxi cab, rental car costs and parking fees for the employees' car if left at the airport. A reasonable amount of money will be reimbursed

ground transportation. Receipts are required for reimbursement. The location of the conference will be taken into account when reimbursing ground transportation.

**Data and Internet Charges:** Employees will be reimbursed for data and internet charges incurred while travelling that are for business purposes. Employees will be asked to document the business purpose for the charges.

**Other Expenses:** Unexpected League related expenses should be submitted with receipts upon the employee's return. All unexpected expenses will be approved by the Executive Director before reimbursement can be made, unexpected expenses incurred by the Executive Director must be approved by the President of the Leaguer before reimbursement can be made.

### **CELLULAR PHONE EXPENSE REIMBURSEMENT**

Cellular phones and other means of electronic communication are vital to conduct business. The ULCT will either reimburse employees for ULCT use of a personal device or will purchase a plan and the employee may reimburse the ULCT for personal use of the ULCT's device. In no circumstance will the reimbursement exceed the actual cost of the plan.

If the ULCT issues cellular telephones and data packages for computers/tablets to certain employees for the efficient conduct of ULCT business, the ULCT will cover the basic package cost for such issued cell phones and devices. Expenses, which exceed the amount of the basic plan, will be reviewed on a case-by-case basis, to determine reimbursement due the ULCT from the employee for personal use or a change in the plan.

If the ULCT provides the employee a reimbursement for business use of his/her personal cellular phone and data package for computers/tablets, the employee will keep the device(s) connected to ULCT servers for business efficiency.

The ULCT is committed to promoting highway safety by encouraging the safe use of cellular devices by its employees while they are on ULCT business.

### **EDUCATION EXPENSE REIMBURSEMENT**

In the interest of enhancing the abilities of its employees, the Utah League of Cities and Towns offers a Tuition Aid Reimbursement Program. The guidelines are stated below.

Full-time employees are encouraged to further their education and are eligible for reimbursement of expenses for 50% of tuition and books for classes taken at an accredited college, university or other educational institution when working toward a specific degree. Reimbursement will not be made for expenses covered by scholarships, grants or other reimbursement programs.

Any education or training an employee takes which is mandated by League will be funded entirely by the League.

In addition to benefiting the individual, the intent of this program is to benefit the League through the utilization of the employee's newly acquired skills. Therefore, employees receiving tuition reimbursement must be willing to maintain their employment with the League for one year after the date of reimbursement. Employees who voluntarily leave before this period shall be required to return any reimbursement received from this program for the 12 months prior. No such provision will apply to employees who are involuntarily terminated.

### ***TUITION REIMBURSEMENT CRITERIA***

- Employee must be a full-time salaried employee with a minimum of one yearservice.
- Total annual reimbursement is not to exceed \$1000 per employee.
- Classes must be taken for credit and completed with a minimum of a B- grade.
- The program will be subject to budget appropriation.
  
- Classes are to be taken on the employee's own time. Exceptions for unique class circumstances may be granted, including but not limited to: flexible work schedules, earlier or later working hours.

### ***PROCESS***

The Employee's request must receive prior approval from both the Executive Director and the Executive Committee. If a request is denied, the employee has the right of appeal to the Board.

## PURCHASING POLICY

### Part I **DEFINITIONS**

Unless the context requires otherwise, the terms as used in this policy, or the rules and regulations adopted pursuant to this policy shall have the following meaning:

- (a) "Supplies", "Materials" and "Equipment"-any and all articles or things which shall be furnished to or used by the League.
- (b) "Contractual Services"-public works projects and other professional services such as auditing, or other consulting services.
- (c) "Bidding"-procedure used to solicit quotations on price and delivery from various prospective suppliers of supplies, equipment, and contractual services.
- (d) "Responsible Bid"-an offer, submitted by a responsible bidder to furnish supplies, equipment or contractual services in conformity with the specification, delivery terms and conditions and other requirements included in the invitation for bids.
- (e) "Responsible Bidder"-a bidder who submits a responsible bid; who has furnished, when requested, information and data to prove that his financial resources, production or service facilities, service reputation and experience are adequate to make satisfactory delivery of the supplies, equipment, or contractual services on which he bids, and who has not violated or attempted to violate an provisions of this policy.
- (f) "Estimates of Requirements"-forecasts of future requirements of supplies, equipment or contractual services submitted by the Executive Director.
- (g) "Requisitions"-standard forms used by the League providing detailed information as to quantity, description, estimated price, recommended supplier, and signature authorization for requested purchases.
- (h) "Purchase Orders"-official document used in committing League funds toward the purchase of supplies, equipment and contractual services.
- (i) "Adequate Appropriation Balance"-sufficient fund balance which must exist in the line item appropriation of the account number against which the purchase order is to be charged.
- (j) "League Property"-any item of real or personal property owned by the League.

## Part II **ADMINISTRATION**

The League Executive Director or his/her designee shall act as the League purchasing agent. The Executive Director shall have the authority and it shall be his/her duty to perform except as limited by subsequent section of this policy; the following:

- (a) Administer and maintain the purchasing system and other rules and regulations established by this policy and its authority.
- (b) Recommend to the League such new or revised purchasing rules and regulations as desirable and in conformance with other statutory requirements, and to interpret the provisions of this policy.
- (c) Negotiate and recommend execution of contracts for the purchase of supplies, equipment and contractual services.
- (d) Seek to obtain as full and open competition as possible on all purchases.
- (e) Keep informed of current developments in the field of purchasing.
- (f) Prescribe and maintain such forms as reasonably necessary to the operation of this policy.
- (g) Supervise the inspection of all supplies and equipment to assure conformance with specifications.
- (h) Maintain a Bidders' List, Vendors' Catalog file and other records needed for the efficient operation of the Purchasing System.
- (i) See that no purchase is made without an adequate appropriation balance.

## Part III **COMPETITIVE BIDDING REQUIREMENTS**

Except as hereinafter provided, purchases of supplies, equipment, and letting of contracts shall follow one of the following procedures:

- (a) **Formal Contract Procedure** Except as otherwise provided herein, purchases of supplies, equipment or contractual services of an estimated value greater than \$10,000.00, shall be by written contract with the lowest responsible bidder pursuant to the procedure hereinafter prescribed.
  - (1) **Approval of Specifications** Prior to seeking bids for equipment or contractual services having a unit cost in excess of \$10,000.00, action of the League Board of Directors shall be required to approve specifications and to authorize advertising for bids.
  - (2) **Notice Inviting Bids** Notice inviting bids shall include a general description of the articles to be purchased, shall state where bid blanks and specifications may be secured, and the time and place for opening bids.

- (i) **Published Notice** Notices inviting bids shall be published at least five days before the date of the opening of the bids. Notices shall be published at least once in the newspaper of general circulation.
  - (ii) **Bidders' List** Sealed bids shall be solicited from all responsible prospective suppliers whose names are on the Bidders' List or who have made written request that their names be added thereto.
  
- (3) **Bid Opening Procedure** Sealed bids shall be submitted as designated in the Notice with the statement "bid for (item)" bid number, time and date on the envelope. Bids shall be opened by the League in public at the time and place stated in the public notice. A tabulation of all bids received shall be opened for public inspection during regular business hours for a period of not less than thirty days after the bid opening.
  
- (4) **Rejection of Bids** The League shall reserve the right to accept or reject all bids or any portion thereof and waive any deficiencies in the bidding in the interest of the League.
  
- (5) **Award of Contracts** Except as otherwise provided herein, contracts shall be awarded by the League to the lowest [responsive and responsible bidder, best value bidder, or in the appropriate instance, to the highest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the request for bids.](#)
  
- (6) **Tie Bids** If two or more bids received are for the same total amount of unit price, quality and service being equal and if the public interest will not permit the delay of the re-advertising for bids, the League shall accept the lowest bid made by and after negotiation with the Tie bidders at the time of the bid opening.
  
- (7) **Performance Bonds** Before entering a contract the League shall have authority to require a performance bond in such amount as it shall find reasonably necessary to protect the best interest of the League. The form and amount of said bond shall be described in the notice inviting bids.
  
- (8) **Open-Market Procedure**
  - (a) Purchases of supplies, equipment or contractual services of an estimated value in the amount of \$9,999.00 to \$3,000.00, may be made upon Board approval in the open market pursuant to the procedure hereinafter prescribed:
    - (i) **Minimum Number of-Bids** Open market purchases shall, whenever possible, be based on at least three (3) written bids, (price quotations).
    - (ii) **Solicitation of Bids** Bids (price quotations) may be solicited from prospective vendors by written or telephone requests.
  - (b) Purchases of supplies, equipment, or contractual service, of an estimated value in the amount of \$ .00 to \$2,999.00 may be made in the open market by the Purchasing Agent without bids being solicited.

- (9) **Professional Service Contract Procedure** Contracts for professional services shall be awarded at the discretion of the League Board of Directors to include, but not limited to, the following services: Attorney lobbying and convention services. Contracts shall be awarded at the discretion of the League Board of Directors based on the evaluation of professional qualifications, service ability, cost of service, and other criteria deemed applicable by the League Board of Directors.
- (10) **Purchase of Single Vehicles by Authorization** Notwithstanding the requirements herein above contained, the Purchasing Agent, after the approval of the League Board of Directors, may make a purchase or lease of a single motor vehicle without using either the formal contract procedure or the open market procedure. In lieu of such procedures, the League shall obtain from at least three competitors, telephone bids. Having obtained such bids, the Executive Director may accept the vehicle subject only to ratification by the League Board of Directors.

#### Part IV **EXEMPTIONS TO COMPETITIVE BIDDING REQUIREMENTS**

Contracts which by their nature are not adapted to award competitive bidding, such as contracts for items which may only be purchased from a single source, contracts for additions to and repairs and maintenance of equipment owned by the League which may be more efficiently added to, repaired or maintained by a certain person or firm, by reason of the training of the personnel, or an inventory of replacement parts maintained, shall not be subject to competitive bidding requirements of this policy.

# ACCOUNTING POLICIES AND PROCEDURES

## INTRODUCTION

The purpose of this section of the ULCT Guidebook is to describe all accounting policies and procedures currently in use at the ULCT and to ensure that the financial statements conform to generally accepted accounting principles; assets are safeguarded; guidelines of grantors and donors are complied with; and finances are managed with accuracy, efficiency, and transparency.

All ULCT staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures as outlined.

These policies will be reviewed annually and revised as needed by the staff and approved by the Executive Director and Board of Directors.

## DIVISION OF RESPONSIBILITIES

The following is a list of personnel who have fiscal and accounting responsibilities:

### **Board of Directors**

1. Review and approve the annual budget (Board Treasurer, with the support of the Executive Director, Chief Financial Officer and Financial Oversight Consultant review the staff recommended budget and make recommendations to the Board for approval)
2. Reviews annual and periodic financial statements and information (Board Treasurer, with the support of the Executive Director, Chief Financial Officer and Financial Oversight Consultant review the staff recommended budget and make recommendations to the Board for approval)
3. Reviews Executive Director's performance annually and establishes Director salary
4. Reviews and advises the Executive Director on internal controls and accounting policies and procedures (Board Treasurer, with the support of the Executive Director, Chief Financial Officer and Financial Oversight Consultant review the staff recommended policies and procedures and make recommendations to the Board for approval)
5. Receives annual independent financial audit

### **Board Treasurer (supported by the Executive Director, Chief Financial Officer and Financial Oversight Consultant)**

1. Reviews and approves all financial reports including cash flow projections
2. Ensures that an appropriate budget is developed annually
3. Reviews and signs all issued checks and/or approves check signing procedures
4. May open bank statements, reviews for any irregularities, and reviews completed monthly bank reconciliations. The bank statement needs to be initialed and dated by Treasurer if he/she opens the statement.
5. Oversees the adherence to all internal controls

6. Meets at least every other month with the Executive Director, Chief Financial Officer, and Financial Oversight Consultant to review ULCT financial reports, policies and procedures.

### **Executive Director**

1. Hires and manages ULCT staff
2. Prepares annual budget
3. Reviews and signs all checks
4. Negotiates and signs all contracts on behalf of the ULCT
5. Meets monthly with the Chief Financial Officer and Financial Oversight Consultant to review ULCT finances and budget.
6. Meets no less than every two months with the ULCT Treasurer, Chief Financial Officer and Financial Oversight Consultant to review ULCT finances and budget.

### **Chief Financial Officer**

1. Reviews and manages cash flow
2. Oversees development of annual budget
3. Reviews incoming and outgoing invoices
4. [Pays invoices timely to avoid late payment penalties and fees](#)
54. Monitors and manages all expenses to ensure most effective use of assets
65. Oversees expense allocations
76. Reviews, revises and maintains internal accounting controls and procedures
87. Reviews all financial reports
98. Monitors grant reporting and appropriate release of temporarily restricted funds
109. Monitors and makes recommendations for asset retirement and replacement
110. Overall responsibility for data entry into accounting system and integrity of accounting system data
124. Processes invoices and prepares checks for signature
132. Sends payroll for processing
143. Maintains general ledger
154. Prepares monthly, quarterly and year-end financial reports. At least quarterly submits financial reports to the Board of Directors.
165. Manages Accounts Receivable
176. Records cash receipts in the accounting system
187. Audits the petty cash account monthly
198. Supports the ULCT Board Treasurer in his/her duties

### **Financial Oversight Consultant**

1. Opens the bank statement and reconciles the monthly bank account(s). Initials and dates the statement to reflect the date opened.
2. Reviews monthly credit card statements and processed employee reimbursements

3. Reviews payroll records monthly for compliance with compensation policies
4. Supports the Board Treasurer in his/her duties
5. Meets quarterly with the ULCT Executive Director to discuss concerns/enhancements to financial controls
6. Through consultation with the Executive Director, Chief Financial Officer and the Board Treasurer, makes recommendations to the Board of Directors regarding financial controls

### **Operations Coordinator**

1. Manages petty cash fund
2. Receives and opens all incoming mail, except bank statements
3. Mails vendor checks
4. Makes bank deposits
5. Processes credit card transactions in the ULCT office
6. Maintains a log of incoming deposits
7. Assists with processing invoices and preparing checks for signature
8. Assists with expense account allocation
9. Assists with managing accounts receivable

### **Third Party Payroll Processor**

1. Processes all payroll, payroll tax and employee benefit liabilities
2. Maintains employee pay files

## **CHART OF ACCOUNTS AND GENERAL LEDGER**

The ULCT has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. sponsorships vs. administration). The CFO is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is attached to this manual as an addendum.

The general ledger is automated and maintained using accounting software. All input and balancing is the responsibility of the Chief Financial Officer, with the assistance of the Financial Oversight Consultant.

The CFO and Financial Oversight Consultant should review the general ledger on a periodic basis for any unusual transactions.

## **INCOME RECEIPTS**

Income receipts generally arise from:

1. Sponsorships and Grants
2. Direct member contributions
3. Conference Registrations
4. Publication purchases

The principal steps in the income receipts process are:

The Operations Coordinator receives all incoming mail, opens, date stamps, and distributes the mail. All checks are reviewed to verify an invoice number has been recorded. Checks are then entered into the Anytime Deposits online system by the Operations Coordinator. A copy of each check deposited is made and filed by month.

Once deposited, the checks are stamped “VOID” and attached to the deposit log (deposit slip) created by Anytime Deposits. The Chief Financial Officer will review the deposit log and approve the log for entry into the accounting system.

The Chief Financial Officer creates deposits into the proper customer accounts in the accounting system. Once all deposits are entered, the Chief Financial Officer will print a log of deposits input and ensure that the deposit recorded is reconciled with the deposit slip.

The Operations Coordinator will maintain a record of all deposits for use by the Financial Oversight Consultant during the reconciliation of the monthly bank statements.

The Operations Coordinator will also process credit card transactions.

Generally, the ULCT does not accept cash payments. All dues, publication purchases, and other services/products require check or credit card purchase. However, from time to time (GRAMA fees, etc.) it may be necessary for the ULCT to accept a nominal cash purchase. Purchases over \$10.00 will require a check or credit card transaction. For cash payments below \$10.00, the ULCT’s petty cash fund will be used to track receipt of the cash payment. Receipts from a numbered cash receipt book will be issued for all cash payments received.

### **INTER ACCOUNT BANK TRANSFERS**

The CFO monitors the balances in the bank accounts (checking account and PTIF savings account) to determine when there is a shortage or excess in the checking account. The CFO recommends to the Financial Oversight Consultant and Executive Director when a transfer should be made to maximize the potential for earning interest. The CFO is directed by the Executive Director, with the support of the Financial Oversight Consultant, in writing when to make a transfer and in what amount.

### **CHECK DISBURSEMENTS AND EXPENSE ALLOCATIONS**

Check disbursements are generally made for:

1. Payments to vendors for goods and services
2. Taxes/license fees
3. Staff training and development
4. Memberships and subscriptions
5. Meeting expenses
6. Employee reimbursements
7. Marketing/promotional materials

Checks are processed twice monthly, typically on the 15<sup>th</sup> and last day of the month. Invoices submitted to the Chief Financial Officer by the 13<sup>th</sup> or 28<sup>th</sup> of the month will be processed and paid on the 15<sup>th</sup> and last day of the month. Checks can be prepared manually within one day, but this should be limited to emergency situations.

Requests for check disbursements are submitted to Accounting in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All invoices must have the expense account code written on them by the Operations Coordinator prior to submission for processing. All business expense, business meal expense, and travel reimbursements requests should include the appropriate documentation and should be provided to the Chief Financial Officer or Operations Coordinator for processing within fifteen (15) calendar days of expenditure. Business mileage requests for reimbursement that are not related to travel can be combined and should be submitted for reimbursement within 30 calendar days of the trip.

Every employee reimbursement or purchase request must be documented on the approved form with travel authorization, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

Lodging - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.

Meals and Entertainment - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific business purpose. Expenses for alcohol will not be reimbursed without verification of authorization from the Executive Director or his/her designee.

Other Expenditures - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

The Executive Director or his/her designee reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget/policy
3. Provides or verifies appropriate account allocation information

The Chief Financial Officer processes all payments and:

1. Immediately enters them into the Accounts Payable module
2. Prints checks according to allocation and payment date indicated on the receipts
3. Submits checks, with attached backup documentation, to the Executive Director and Board Treasurer for approval and signature. All checks require two signatures; checks in excess of \$25,000 must be authorized by the Board of Directors

The Operations Coordinator:

1. Assists in entering invoices into Accounts Payable module
- 2.. Mails checks and appropriate backup documentation
- 3.. Files all backup documentation in the appropriate file

#### Expense Allocations

Most non-salary expenses that benefit more than one cost center (administration, conferences, fundraising, and program) are spread across centers using a shared cost method.

### **CREDIT CARD POLICY AND CHARGES**

Any staff member authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are in violation of ULCT policy can be grounds for disciplinary action, up to and including termination.

Each staff member authorized to carry an organization credit card will be responsible to maintain all receipts associated with charges. To ensure timely credit card payment, the receipts and documentation for all credit card charges, with business purpose noted, will be given to the Chief Financial Officer in a format supplied by the Chief Financial Officer within one week of the statement closing date. The Chief Financial Officer will verify all credit card charges with the monthly statements. A copy of all charges will be attached to the monthly credit card statement when submitted to the Executive Director and ULCT Treasurer for approval and signing.

All ULCT credit card usage will be secondarily reviewed by the ULCT Financial Oversight Consultant monthly. The Financial Oversight Consultant will raise concerns regarding credit card usage or policy compliance directly with the ULCT Executive Director, Chief Financial Officer, and Board Treasurer.

## **ACCRUALS**

To ensure a timely close of the General Ledger, ULCT may book accrual entries. Some accruals will be made as recurring entries. Accruals to consider:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses, including employee vacation accrual, prepaid corporate insurance, depreciation, etc.
3. Prepaid expenses for events

## **BANK ACCOUNT RECONCILIATIONS**

1. All bank statements are given unopened to the Financial Oversight Consultant. The Financial Oversight Consultant reviews the statements for unusual balances and/or transactions.
2. The Financial Oversight Consultant reconciles the statements as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Financial Oversight Consultant will verify that voided checks, if returned, are appropriately defaced and filed.
4. The Financial Oversight Consultant will work with the Chief Financial Officer to investigate any checks that are outstanding over six months.
5. The Financial Oversight Consultant will attach the completed bank reconciliation to the applicable bank statement, along with all documentation and provide to the Chief Financial Officer for proper filing.
6. The reconciliation report will be reviewed, approved, dated, and initialed by the ULCT Chief Financial Officer and Executive Director.

## **PETTY CASH FUND**

Petty cash funds are maintained by the ULCT. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed \$150 and is kept in a locked file cabinet at all times.
2. The Operations Coordinator oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Operations Coordinator and another staff member. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as supervisor approval.
5. The Chief Financial Officer and the Administrative Assistant together will periodically, but no less often than monthly, count the cash in the petty cash fund.
6. No checks will be cashed by the petty cash fund.

## PROPERTY AND EQUIPMENT

Property and equipment includes items such as:

1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Leasehold improvements

It is the organization's policy to capitalize all items which have a unit cost greater than two thousand dollars (\$2,000). Items purchased with a value or cost less than two thousand dollars (\$2,000) will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

Computer Hardware	36 months
Office Equipment	60 months
Office Furniture	84 months
Vehicles	60 months
Computer Software	36 months
Leasehold improvements	Length of lease

1. A Fixed Asset Log is maintained by the Operations Coordinator including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The Log will be reviewed periodically by the CFO.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances. Asset tags will be used to easily identify assets.
4. The Operations Coordinator shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded monthly. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

## PERSONNEL RECORDS

1. As of December 31, 2016, all active personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, authorization of payroll deductions, W-4 withholding authorization, [I-9 verification](#), termination data where applicable, a signed acknowledgement of receipt of ULCT Policies and Procedures/Employee Handbook, an emergency contact form, and other forms as deemed appropriate by the Chief Financial Officer.
2. All newly hired employees will fill out an I-9 form and submit the allowable forms of identification to the Chief Financial Officer.
3. The completed I-9 forms will be maintained by the ULCT.
4. All personnel files are to be kept in a secure, locked file cabinet and accessed only by the

Executive Director, Chief Financial Officer or Operations Coordinator.

## **PAYROLL PROCESSING**

1. Timesheets are to be prepared by all staff on the approved form and submitted semi-monthly by the 11th and 26th of the month. If the 11th and/or 26th of the month fall on a weekend or holiday, the timesheets are to be submitted the day prior to the weekend or holiday. Exceptions to the submittal date may occur and will be communicated accordingly.
2. Timesheets for hourly employees are to be kept on a daily basis and completed in ink – unless prepared electronically.
3. Any corrections to timesheets are to be made by making a single line through the error and writing in the correction. Correction fluid and/or tape are not allowable.
4. Timesheets are to be signed and dated by the employee prior to submission to the Chief Financial Officer.
5. Any changes to the standing information will be submitted to third-party payroll processor with record of changes maintained by them.
6. The Chief Financial Officer will submit payroll for processing in a timely manner and record vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.
7. Paychecks will be issued through direct deposit to employee's bank account from third party processor.
8. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.
9. Paystubs will be available electronically and employees may access these with their own username and password combination on the payroll processing company's website.
10. The Chief Financial Officer will review payroll expenditures and allocations monthly.
11. All quarterly federal and state payroll reports will be prepared and filed by third party processor.
12. All W-2 statements are issued by the third-party vendor to employees prior to January 31st of the following year for the prior calendar year.
13. All 1099 forms will be issued by the third-party vendor to contractors prior to January 31<sup>st</sup> of the following year for the prior calendar year.
13. Monthly the Financial Oversight Consultant will review payroll records for compliance with ULCT policies.

## **END OF MONTH AND FISCAL YEAR-END CLOSE**

1. The Financial Oversight Consultant will review and sign off on all month- and year-end journal entries. They will be printed and filed for audit trail purposes.
2. At the end of each month and fiscal year end, the Financial Oversight Consultant and CFO will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.
3. The income and expense accounts review will include reconciliation to amounts received

and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.

4. Once the final monthly and fiscal year-end financial statements are run, reviewed, and approved by the CFO, Financial Oversight Consultant and Executive Director, no more entries or adjustments will be made into that month or year's ledgers. The exception will be journal entries recommended by the external auditor during the external audit process. Such journal entries will be entered into the accounting system as directed by external auditors.

6. All other appropriate government filings including those required by the State of Utah Transparency website and Utah State Auditor's Office will be completed and filed with the appropriate agency.

## **FINANCIAL REPORTS**

The Chief Financial Officer will prepare financial reports that include a budget versus actual report that includes a statement of revenues and expenditures and a comparison with the budget and a balance sheet:

1. Monthly financial reports for review by the Executive Director, Board Treasurer and Financial Oversight Consultant
2. Not less than quarterly financial reports will be submitted to the Board of Directors. Annual reports will be submitted to the Board of Directors

Any member of the ULCT Board of Directors may request ULCT financial information from the Chief Financial Officer at anytime.

## **FINANCIAL POLICY STATEMENTS**

1. All cash accounts (except petty cash) owned by ULCT will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.
2. All capital expenditures which exceed two thousand dollars (\$2,000) will be capitalized.
3. Employee or public personal checks will not be cashed through the petty cash fund.
4. No salary advances will be made under any circumstances.
5. No travel cash advances will be made except under special conditions and pre-approved by the Executive Director.
6. Reimbursements will be paid upon complete expense reporting and approval using the official ULCT Reimbursement forms. Reimbursements to the Executive Director will be authorized by the Board Treasurer.
7. Any donated item with a value exceeding \$50 will be recorded and a letter acknowledging the donation will be sent to the donor within two weeks of the receipt of the donation.
8. All volunteer time related to services provided by professionals that would have otherwise caused the ULCT to incur an expense shall be recorded as in-kind donations.
9. The Executive Director and Board President and Board Treasurer are designated signatories on the ULCT bank accounts. All check disbursements require two signatures – the Executive Director and the Board Treasurer.
10. The Chief Financial Officer has online access to all accounts and maintains a list of all

user names and passwords in a password protected electronic document. All fund transfers made by the CFO require written approval from the Executive Director in consultation with the Financial Oversight Consultant.

11. ULCT Staff will not share financial credentials on ULCT systems. Rather, unique user names will be established so that individual activities on systems can be monitored.
12. Either a check will be printed or a transaction report will be printed and maintained in vendor files for online transactions to provide an audit trail of transactions.
13. The Financial Oversight Consultant will monthly reconcile bank statements. All bank statements will be given unopened to the Financial Oversight Consultant for review.
14. Correction fluid and/or tape will never be used in preparing timesheets or any accounting documents.
15. Accounting and personnel records will be kept in locked file cabinets in the Chief Financial Officer's office and only parties with financial and/or HR responsibility will have access to the keys.





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STEVE HIATT  
MAYOR, KAYSVILLE

**1ST VICE PRESIDENT**  
BETH HOLBROOK  
COUNCIL MEMBER, BOUNTIFUL

**2ND VICE PRESIDENT**  
JON PIKE  
MAYOR, ST. GEORGE

**IMMEDIATE PAST PRESIDENT**  
LYNN PACE  
COUNCIL MEMBER, HOLLADAY

**BOARD OF DIRECTORS**  
DEAN BAKER  
MAYOR, NAPLES

ANDY BEERMAN  
COUNCIL MEMBER, PARK CITY

MIKE CALDWELL  
MAYOR, OGDEN

KAREN CRONIN  
MAYOR, PERRY

TED EYRE  
MAYOR, MURRAY

CARMEN FREEMAN  
MAYOR, HERRIMAN

CURTIS LUDVIGSON  
COUNCIL MEMBER, STERLING

MIKE MENDENHALL  
COUNCIL MEMBER, SPANISH FORK

KELLEEN POTTER  
COUNCIL MEMBER, HEBER

DAVE SAKRISON  
MAYOR, MOAB

BOB STEVENSON  
MAYOR, LAYTON

BRENT TAYLOR  
MAYOR, NORTH OGDEN

**EX-OFFICIO MEMBERS**  
MATTHEW J. DIXON, SOUTH OGDEN  
UTAH CITY MANAGEMENT ASSOC.  
PRESIDENT

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NATIONAL LEAGUE OF CITIES

**TO: ULCT Board of Directors**

**FROM: Kerri Nakamura, Chief Financial Officer  
Lorie Dudley, Financial Oversight Consultant**

**DATE: January 17, 2017**

**SUBJECT: FY 16-17 Q1 Report (July – September)**

Attached please find a ULCT Q1 unaudited 2016-17 actual income and expenses compared to budget report. This report covers the period July 1 – September 30, 2016. Please note that Kerri Nakamura and Lorie Dudley began working with the ULCT in mid-October 2016, so this report reflects their work to back fill accounting information that was not addressed between August 31, 2016 and October 15, 2016 -- roughly the period of time between the retirement of the ULCT's Administrative Services Director and the hiring of Ms. Nakamura and Ms. Dudley.

Also, where appropriate, this report details information from Q2 that is important for the Board to understand. The Q2 report will be provided to the board within the next couple of weeks.

**Revenue**

Overall, by the end of Q1, the ULCT collected 62% of all revenue budgeted for the year. Fifty percent of ULCT annual budgeted revenue derives from Membership Dues. Membership dues were 99% collected by the end of Q1. The fact that dues revenue is not 100% collected is largely the result of one community opting not to participate in the ULCT.

The ULCT's budgeted revenue for Registration Fees is 16% of total revenue budgeted. By the end of Q1, the ULCT received 47% of the registration fee revenue budgeted. The ULCT has one large event in Q2 (Local Officials Day) and two large events in Q4 (Road School and Mid Year), so staff is not concerned about revenue collection in this category. Additionally, registration fee revenue for FY Q1 of 2017 is running 10% ahead of the total collected in FY Q1 2016.

Donation and Advertising Revenue accounts for 9% of annual budgeted revenue. While collections in this category are presently on par with the FY



2016 Q1 collections, it is important to note that in late December, the ULCT staff invoiced \$165,000 in donations. Since sending invoices, the ULCT has received \$115,000 that was received after Q1 closed but will be reflected on the Q2 report. At present, ULCT staff is not concerned with the collection of revenue in this category.

Exhibit Space revenue for Q1 is down from FY 2016 Q1 levels. Some of the shortfall resulted from the ULCT's staff transition. Certain Annual Convention vendor booths were not paid for, but the ULCT staff sent invoices in December. Staff is hopeful that the revenue will come in. Additionally, the ULCT's Mid Year and Road School conferences typically have more request for vendor space than there is space available. Staff is confident that Exhibit Space revenue will hit budgeted targets.

Grants and Special Projects revenue accounts for 21% of budgeted ULCT revenue. While most revenue has not yet been received, ULCT staff is not concerned because expenditures against these special projects have not been made. Additionally, staff was informed that the State Grant for the Land Use Academy (LUAU) is on hold until the ULCT is current on transparency and other related public financial postings. Since October, ULCT staff has been working with the State's Transparency website team and has uploaded 2014 and 2015 financial records as well as 2014, 2015 and 2016 compensation records. Staff will be uploading 2016 financial records as soon as the audit is complete and staff is in the process of preparing FY 2017 Q1 and Q2 records for upload. Staff anticipates that the State hold on LUAU funds will be lifted in February and LUAU funds will be released to the ULCT.

## **Expenditures**

Overall, actual ULCT FY2017 expenditures are 27% of budget for the year. It is also important to note that FY 2017 Q1 expenditures are 12% lower than expenditures for the same period in FY 2016.

### **Personnel Services**

Expenditures for Personnel Services account for 30% of overall ULCT spending. Q1 expenditures in this category are 23% of budget.

### **Charges for Services**

Charges for Services is 29% expended by the end of Q1. Spending in this category will exceed budgeted levels, largely due to unplanned expenditures for accounting fees. Later in the fiscal year, staff will propose a budget amendment to ensure that expenditures in this category do not exceed budget for the year. As the Board has been notified previously, staff is watching FY 2017 expenditures very closely so that savings can be found within the budget to offset unplanned expenditures for Accounting Expenses.

### **Operating & Program Expenses**

Actual expenditures for Q1 in this category are 44% of budget for the year. In particular, Convention Entertainment is 99% expended in Q1. However, this could be that due to the transition in staff, certain expenses were assigned to Convention Entertainment that should have been expensed as Speaker Fees and Honorariums. Entertainment Expenses and Speaker Fees/Honorariums are typically higher for the Annual Conference than they are for Mid Year and Road School. As staff plans the programming for Mid Year and Road School, we will remain cognizant of the need to manage the budget. Finally, it should be noted that the speakers chosen for Local Officials Day are less costly than in years past.

### **Grants and Special Projects**

As outlined in the Grants and Special Projects revenue section, expenditures in this category are presently only 21% of budget. ULCT staff will not spend on special projects without commitments that the revenue to support the project has been received.

### **Materials and Supplies**

The ULCT budget includes \$12,000 for office supplies. At the end of Q1, the ULCT expensed 15% of allocated budget for office supplies. Staff will continue to monitor this budget with a special eye to managing expenses and looking for savings to offset expenditures in other areas of the budget.

### **Miscellaneous**

The ULCT's Miscellaneous line item is budgeted at \$1,500. In Q1, the ULCT overspent this category, largely as a result of credit card charges, late fees and penalties. Following the staff transition, most credit card accounts have been closed. Presently, the ULCT's Operations Coordinator (Abby Bolic) holds the remaining ULCT credit card. Managing one credit card and related statement will ensure that payments are timely and credit card charges, late fees and penalties are avoided.

### **Capital Outlay**

None of the \$5,000 budgeted for capital outlay and capital improvements was expended in Q1.

### **Conclusion**

FY 2017 remains a difficult year financially for the ULCT, largely as the result of staff transition and unanticipated Accounting expenditures. Staff will continue to be proactive regarding collection of general and program-specific donations and sponsorships. Additionally, staff will continue to monitor expenditures so that savings can be shifted, through formal budget amendment, to areas of over expenditure. As the staff plans the Mid Year and Road School programming, we will remain cognizant of budget constraints.

# UTAH LEAGUE OF CITIES AND TOWNS

*FY 2017 Q1 Report*

REVENUES	<i>2016-2017 ADOPTED BUDGET</i>	<i>Q1 July - September YTD Actual</i>	<i>Difference 2017 Budget TO Actual</i>	<i>% Collected</i>
<b>General Revenue</b>				
Membership Dues	\$1,572,324	\$1,560,575	(\$11,748)	99%
Registration Fees	\$490,000	\$231,668	(\$258,332)	47%
Donations & Advertising	\$275,000	\$9,600	(\$265,400)	3%
Exhibit Space	\$115,000	\$18,960	(\$96,040)	16%
Interest	\$3,500	\$0	(\$3,500)	0%
Publications	\$15,000	\$1,866	(\$13,134)	12%
Miscellaneous Income	\$250	\$0	(\$250)	0%
Rental Income	\$18,000	\$6,000	(\$12,000)	33%
<b>General Revenue</b>	<b>\$2,489,074</b>	<b>\$1,828,669</b>	<b>\$660,404</b>	<b>73%</b>
<b>Grants &amp; Special Projects</b>				
Essay Contest Donations	\$10,000	\$0	(\$10,000)	0%
Grant for Deseret News Project	\$120,000	\$0	(\$120,000)	0%
Grant for Research Assistant	\$24,000	\$0	(\$24,000)	0%
Transfer-Making Life Better	\$50,000	\$0	(\$50,000)	0%
Transfer for Budget Amendments	\$0	\$0	\$0	0%
Grants-IHC Wellness	\$300,000	\$132,000	(\$168,000)	44%
Grants-LUAU	\$100,000	\$0	(\$100,000)	0%
Grant-UTOPIA	\$24,000	\$0	(\$24,000)	0%
Benchmarking	\$20,000	\$0	(\$20,000)	0%
<b>Grants &amp; Special Projects</b>	<b>\$648,000</b>	<b>\$132,000</b>	<b>(\$516,000)</b>	<b>-80%</b>
<b>TOTAL REVENUE</b>	<b>\$3,137,074</b>	<b>\$1,960,669</b>	<b>\$1,176,404</b>	<b>62%</b>

EXPENDITURES	2016-2017 PROPOSED BUDGET	Q1 July - September YTD Actual	Difference 2017 Budget TO Actual	Difference %
<b>Personnel Services</b>				
Employee Benefits	\$291,471	\$72,194	\$219,277	25%
Staff Salaries	\$636,614	\$144,292	\$492,322	23%
<b>Personnel Services Subtotal</b>	<b>\$928,085</b>	<b>\$ 216,485</b>	<b>\$711,599</b>	<b>23%</b>
<b>Charges for Services</b>				
Database Maintenance	\$24,000	\$0	\$24,000	0%
Accounting Expenses	\$18,000	\$6,138	\$11,862	34%
Contract Labor	\$90,000	\$33,326	\$56,674	37%
Building Utilities	\$4,000	\$911	\$3,089	23%
Computer Services	\$24,000	\$4,878	\$19,123	20%
Legal Expense	\$34,000	\$10,878	\$23,123	32%
<b>Charges for Services Subtotal</b>	<b>\$194,000</b>	<b>\$56,130</b>	<b>\$42,245</b>	<b>29%</b>
<b>Operating &amp; Program Expenses</b>				
Car Expense	\$12,776	\$2,132	\$10,644	17%
Building Repairs	\$19,000	\$5,709	\$13,291	30%
Dues and Subscriptions	\$22,000	\$3,411	\$18,589	16%
Convention Entertainment	\$94,000	\$93,188	\$812	99%
Food & Beverage	\$546,687	\$224,788	\$321,899	41%
Facility Rent/Setup	\$68,526	\$57,621	\$10,905	84%
League Relations	\$24,000	\$11,244	\$12,756	47%
Library	\$1,500	\$0	\$1,500	0%
Insurance	\$8,500	\$8,093	\$407	95%
Speakers Fee/Honorariums	\$170,000	\$62,450	\$107,550	37%
Printing Expense	\$96,000	\$22,845	\$73,155	24%
Postage and Freight	\$6,500	\$121	\$6,379	2%
Equipment Purchases	\$1,000	\$44	\$956	4%
Staff Training & Tuition Aid	\$2,500	\$417	\$2,083	17%
Equipment Repairs and Maint.	\$10,000	\$2,434	\$7,566	24%
Spec. Equip. Rental	\$65,000	\$20,497	\$44,503	32%
Telephone Expense	\$15,000	\$3,641	\$11,359	24%
Travel and Lodging	\$55,000	\$18,312	\$36,688	33%
Board Expenses	\$11,000	\$0	\$11,000	0%
<b>Operating &amp; Program Exp. Subtotal</b>	<b>\$1,228,989</b>	<b>\$536,947</b>	<b>\$692,042</b>	<b>44%</b>
<b>Grants &amp; Special Projects</b>				
Special Project-UTOPIA	\$24,000	\$0	\$24,000	0%
Salary Survey	\$12,000	\$0	\$12,000	0%
Special Project-ULCTv	\$35,000	\$344	\$34,656	1%
Special Project-LUAU	\$100,000	\$16,395	\$83,605	16%
Special Project-Making Life Better	\$50,000	\$0	\$50,000	0%

EXPENDITURES	2016-2017 PROPOSED BUDGET	Q1 July - September YTD Actual	Difference 2017 Budget TO Actual	Difference %
Special Projects-IHC Wellness	\$300,000	\$132,000	\$168,000	44%
Deseret News Project	\$120,000	\$0	\$120,000	0%
Tax Education Program	\$26,500	\$0	\$26,500	0%
Municipal Funding Project	\$55,000	\$10,784	\$44,216	20%
University of Utah Policy Institute	\$10,000	\$0	\$10,000	0%
Essay Contest Expenses	\$10,000	\$0	\$10,000	0%
Benchmarking	\$20,000	\$49	\$19,951	0%
<b>Grants &amp; Special Projects Subtotal</b>	<b>\$762,500</b>	<b>\$159,573</b>	<b>\$448,667</b>	<b>21%</b>
<b>Materials and Supplies</b>				
Office Supplies	\$12,000	\$1,834	\$10,166	15%
<b>Materials &amp; Supplies Subtotal</b>	<b>\$12,000</b>	<b>\$1,834</b>	<b>\$10,166</b>	
<b>Miscellaneous</b>				
Miscellaneous	\$1,500	\$3,143	(\$1,643)	210%
Contingency Reserve	\$5,000	\$0	\$5,000	0%
<b>Miscellaneous Subtotal</b>	<b>\$6,500</b>	<b>\$3,143</b>	<b>\$3,357</b>	<b>48%</b>
<b>Capital</b>				
Capital Outlay	\$5,000	\$0	\$5,000	0%
Capital Improvements	\$0	\$0	\$0	0%
<b>Capital Subtotal</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$5,000</b>	<b>0%</b>
<b>TOTAL EXPENSES</b>	<b>\$3,137,074</b>	<b>\$974,113</b>	<b>\$2,162,961</b>	<b>31%</b>
<b>TOTAL ALL REVENUES</b>	<b>\$3,137,074</b>	<b>\$1,960,669</b>	<b>\$1,176,405</b>	<b>62%</b>
<b>REVENUES (Under) Over EXPENSES</b>	<b>\$0</b>	<b>\$986,557</b>		



## Networking Experience

This year at Local Officials Day we want participants to interact, have fun, and "Learn One Detail" about:

- ◆ Their peers at other youth councils
- ◆ Another city
- ◆ Your legislators or local elected officials

Follow us on twitter @ULCTcitycafe and use the hashtag #UTLOD to share your experience.

Connect with ULCT



U – Utah  
T – Teens  
L – Learn  
O – One  
D – Detail

## Lunch Menu

### Entrée

Both entrée options are gluten-free

Each entrée served with steamed seasonal vegetables and roasted red jacket potatoes

Double entrée' - London broil with mushroom demi-glace and pan-seared salmon with thyme-fennel seasoning

Vegetarian available on request to server:  
Acorn squash with Moroccan-spiced quinoa

Lunch seating is unassigned. Tables will be numbered for your ease in arranging to dine with students, city leaders, or legislators at the event.

Room 255

97	84	71	49	36	23	1		
98	85	72	62	50	37	2		
99	86	73	63	51	38	3		
100	87	74	64	52	39	4		
88	75	53	40	27	5			
89	76	65	54	41	28	6		
90	77	66	55	42	29	7		
91	78	67	56	43	30	8		
92	79	57	44	31	9			
101	93	80	68	58	45	32	20	10
102	94	81	69	59	46	33	21	11
103	95	82	70	60	47	34	22	12
96	83	61	48	35	13			

## ULCT BOARD OF DIRECTORS

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FIRST VICE PRESIDENT, Beth Holbrook  
Council Member, Bountiful  
SECOND VICE PRESIDENT, Jon Pike  
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TREASURER, JoAnn Seghini  
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IMMEDIATE PAST PRESIDENT, LYNN PACE  
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## EX-OFFICIO MEMBERS

Matthew J. Dixon  
South Ogden, Utah City Management  
Association President  
Leigh Ann Warnock, Ephraim  
Utah Municipal Clerks Association  
President

## ULCT STAFF

Kenneth H. Bullock  
Executive Director  
Abby Bolic  
Operations Coordinator  
David Church  
General Counsel  
Cameron Diehl  
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Land Use Attorney/Chair, Land  
Use Task Force  
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Land Use Academy of Utah Manager  
Brandon Smith  
Legislative Research Analyst  
Roger Tew  
Senior Policy Analyst  
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Director of Communications  
and Training

# Local Officials Day AT THE LEGISLATURE



## Driving the Process

JANUARY 25  
2017

KEYNOTE SPEAKER

# ARON RALSTON *Adventurer*



## "127 Hours of Inspiration"

Aron Ralston's extraordinary story of survival captured headlines around the world when he freed himself from being trapped between two boulders in a remote canyon by severing his own arm. An experienced climber and avid outdoorsman, Ralston was descending a remote Utah canyon alone in 2003 when an 800-pound boulder broke loose, crushing his right hand and pinning him against the canyon wall. After six days without water, any means of communication, or hope of escape, Ralston harnessed his determination and will to live. Ralston's story of courage and perseverance inspires others to appreciate and harness one's relationships to overcome life's adversities regardless of how large or daunting their "boulder" may be.

KEYNOTE SPEAKER ARON RALSTON

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# AGENDA

UTAH STATE CAPITOL

7:00 am - 8:30 am

8:00 am - 10:15 am

SALT PALACE

CONVENTION CENTER

10:45 am - 11:00 am

11:00 am - 11:50 am

11:00 am - 11:50 am

12:00 pm - 2:00 pm

# Local Officials Day AT THE LEGISLATURE

Registration and Continental Breakfast  
*Utah State Capitol, Hall of Governors, Capitol Lower Level*

## MOCK COMMITTEE HEARINGS

"Mandatory Drug Testing in Utah Schools"

*(Two venues- check registration badge for room assignment)*

A-State Office Building Auditorium (North of Capitol)

M-Daughters of the Utah Pioneers Museum (West of Capitol)

Group 1 will debate from 8:00-9:00 and Group 2 will debate from 9:15-10:15. While students are not debating, they can meet with their legislators, attend legislative committee hearings, visit the Daughters of the Utah Pioneers Museum, or take a self-guided Capitol tour. Youth and/or city leaders are responsible for making these arrangements.

## SNACKS AND NETWORKING EXPERIENCE

*Salt Palace Convention Center*

*Room 355A*

## YOUTH COUNCIL SPEAKER

Featuring Derreck Kayongo

*Salt Palace Convention Center*

*Room 355BC*

## ULCT DELEGATES MEETING

*ULCT Legislative Issues Briefing*

*Salt Palace Convention Center*

*Room 355D*

## LUNCH SPONSORED BY UAMPS/ ULCT SPEAKER SERIES

Remarks from several invited guests

Keynote presentation: Aron Ralston

*100 South West Temple*

*Salt Palace Convention Center*

*Room 255*

*Bus drop off and pickup: North of Salt Palace (closer to our venue) or south side of Salt Palace.*



JANUARY 25, 2017

# Youth Council Mock Committee Hearings

## "Mandatory Drug Testing in Utah High Schools"

Utah youth council members will participate in mock committee hearings and learn, first hand, how legislators debate important issues.

In past years, the arguments students present in our ULCT mock youth council hearings have become pertinent points of discussion among committees on Capitol Hill.

# YOUTH COUNCIL SPEAKER DERRECK KAYONGO *Business Visionary*

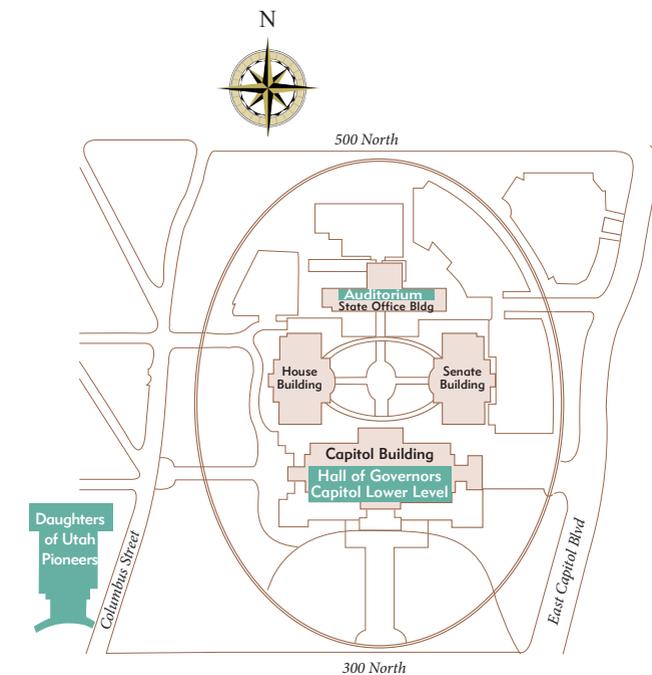


## "From Homeless Refugee to Living the American Dream"

Not every bad experience in life has to end up horribly - sometimes bad experiences happen so they lead us to a problem we need to solve or to our true calling in life. Drawing on the hardships of his refugee experience, Derreck Kayongo shares how he went on to create a solution to a global problem and the life lessons he learned along the way. His story teaches why we must stop complaining and start taking responsibility, consistently seek opportunities to improve, and most importantly, maintain faith in ourselves and our "team" to create an environment where everyone is empowered to thrive.

YOUTH COUNCIL SPEAKER DERRECK KAYONGO

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Financial Statements  
June 30, 2016

# Utah League of Cities and Towns

DRAFT

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## **Independent Auditor's Report**

Board of Directors  
Utah League of Cities and Towns  
Salt Lake City, Utah

### **Report on the Financial Statements**

We have audited the accompanying statement of net position of the Utah League of Cities and Towns (the Organization) as of June 30, 2016, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

### **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 an opinion 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at June 30, 2016 and the respective changes in net position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Correction of Error**

As discussed in Note 8 to the financial statements, certain errors resulting in understatements of revenue and net position, were discovered by management of the Utah League of Cities and Towns during the current year. Accordingly, an adjustment has been made to net position as of June 30, 2015, to correct the error. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the proportionate share of the net pension liability, and the schedule of pension contributions, as listed in the table of contents, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's financial statements. The Supplemental Schedule to Statement of Revenues and Expenses – Compared with Budget is presented for purposes of additional analysis and is not a required part of the financial statements.

The Supplemental Schedule to Statement of Revenues and Expenses – Compared with Budget 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedule to Statement of Revenues and Expenses – Compared with Budget 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 January 18, 2017 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

EB Signature

Salt Lake City, Utah  
January 18, 2017

Management's Discussion and Analysis  
June 30, 2016 and 2015

# Utah League of Cities and Towns

DRAFT

As Management of the Utah League of Cities & Towns (the League), an Interlocal Cooperative, we offer readers of the League's financial statements this narrative overview and analysis of the financial activities of the League for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements and accompanying notes to enhance their understanding of the League's financial activities.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the League's basic financial statements. The financial statements are designed to provide readers with a broad overview of the League's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the League's assets, deferred outflows, liabilities, and deferred inflows, with the difference being 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 League is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the League'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.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, non-capital financing, capital and related financing, and investing activities. In other words, it provides information regarding where the cash came from and how it was used, and the change in cash balance during the reporting period.

The League maintains one type of proprietary fund, an enterprise fund. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the League's budget and actual amounts.

## **FINANCIAL HIGHLIGHTS**

The League's total assets at June 30, 2016 were \$1,065,810, which is an increase of \$242,720 from the prior year, resulting primarily from an increase in the League's cash balances by \$516,840. This increase was offset by a decrease in accounts receivable of \$241,498.

The League ended the 2016 fiscal year with \$1,442,349 in total liabilities, which is an increase of \$764,273 from the prior year, resulting from 1) an increase in net pension liability of \$528,183, 2) an increase in membership dues received in advance of \$155,759, and 3) an increase in accounts payable and accrued liabilities by \$90,760. Net position decreased by \$331,777. The decrease in net position is more than that budgeted for during the year, primarily due to an increase in the net pension liability by \$324,477.

In 2015, the League also implemented the provisions of GASB Statement No. 68, which now requires the League to report its net pension assets and liabilities, as well as deferred inflows and deferred outflows, in connection with its participation in the Utah Retirement Systems. The following table describes the Utah League of Cities and Town's net position as of June 30, 2016 and 2015:

	2016	2015 (as restated)
Current and Other Assets	\$ 989,509	\$ 720,507
Capital Assets, Net	76,301	102,583
<b>Total assets</b>	<b>1,065,810</b>	<b>823,090</b>
Total Deferred Outflows of Resources	312,983	42,636
Other Liabilities	681,161	445,071
Long-Term Liabilities	761,188	233,005
<b>Total liabilities</b>	<b>1,442,349</b>	<b>678,076</b>
Total Deferred Inflows of Resources	43,336	51,765
Net Position		
Net investment in capital assets	76,301	102,583
Unrestricted	(183,193)	122,302
<b>Total net position</b>	<b>\$ (106,892)</b>	<b>\$ 224,885</b>

### Revenues

Total operating revenues increased by approximately 8.3% overall. There was less revenue from operating grants and donations in the current year. Dues assessed by the League help to finance the organization's day-to-day operations and represent the majority of the League's revenue. The League's other significant revenue sources come from registration at conferences, donations and advertising, and the sale of publications. Additionally, in the current fiscal year, the League received \$30,000 from the State Department of Commerce in connection with a land use training project, which is classified as non-operating revenues. Dues revenue increased approximately 7% in the current fiscal year. The dues are calculated using a formula based upon sales tax revenue, assessed valuation and population. Registration related revenue increased approximately \$16,600 (3.6%).

### Expenses

Operating expenses increased by approximately \$488,000 (20%). Significant factors contributing to the overall increase include an increase in the pension expense of \$324,477 associated with the net pension liability calculated at June 30, 2016. In addition, special projects expense increased by approximately \$170,000. Special

Utah League of Cities and Towns  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2016

Projects expense includes grants awarded to three cities to participate in a wellness project funded by Intermountain Healthcare. Bad debt expense decreased approximately \$35,000 (77%) in 2016 compared to 2015.

The elements of the increase in net position for the fiscal years ended June 30, 2016 and 2015 are as follows:

	2016	2015 (as restated)
<b>Revenues</b>		
Operating revenues	\$ 2,571,234	\$ 2,373,552
Nonoperating revenues	32,942	73,075
Total revenues	2,604,176	2,446,627
<b>Expenses</b>		
Payroll and related benefits	1,152,018	815,660
Other expenses	1,783,935	1,632,433
Total expenses	2,935,953	2,448,093
Change in Net Position	(331,777)	(1,466)
Net Position - Beginning of the Year	224,885	226,351
Net Position - End of the Year	\$ (106,892)	\$ 224,885

**Capital Assets**

There were no capital assets purchased in 2016. Capital asset activity for the fiscal year ended June 30, 2015 included approximately \$27,000 in computer and office equipment purchases. Current year depreciation for the fiscal year ended June 30, 2016 was \$26,281, compared to \$18,982 for fiscal year ended June 30, 2015.

**Requests for Information**

This report is designed to provide a general overview of the League's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Utah League of Cities and Towns, 50 South 600 East, Suite 150, Salt Lake City, UT 84102.

Utah League of Cities and Towns  
Statement of Net Position  
June 30, 2016

Assets	
Current Assets	
Cash and cash equivalents	\$ 940,844
Accounts receivable, net	21,255
Prepaid expenses	<u>27,410</u>
Total current assets	989,509
Capital assets, net	<u>76,301</u>
Total assets	1,065,810
Deferred Outflows of Resources	
Pensions	312,983
Liabilities	
Current Liabilities	
Accounts payable	167,636
Accrued liabilities	62,119
Deferred revenues:	
Membership dues	394,801
Grants and contracts	<u>56,605</u>
Total current liabilities	681,161
Net pension liability	<u>761,188</u>
Total liabilities	1,442,349
Deferred Inflows of Resources	
Pensions	<u>43,336</u>
Net Position	
Net investment in capital assets	76,301
Unrestricted	<u>(183,193)</u>
Total net position	<u><u>\$ (106,892)</u></u>

Utah League of Cities and Towns  
Statement of Revenues, Expenses, and Changes in Net Position  
Years Ended June 30, 2016

	2016
Operating Revenues	
Membership dues	\$ 1,488,132
Contracts and grants	350,928
Registration fees	474,093
Donations, advertising and exhibit space	229,844
Publication sales	10,237
Rental income	18,000
Total operating revenues	2,571,234
Operating Expenses	
Speaker fees and honorariums	178,665
Food and beverage	532,420
Entertainment	83,976
Facility rent and setup	64,449
Printing/Copying	110,477
Employee benefits and payroll taxes	209,201
Salaries	618,340
Pension expense	324,477
Repairs and maintenance	13,976
Bad debt expense	10,377
Depreciation	26,281
Special equipment- rental	69,446
Special projects	331,747
Travel and lodging	56,112
Professional services	45,370
Computer consulting	28,386
Contract labor	99,000
Other expenses	133,253
Total operating expenses	2,935,953
Operating Loss	(364,719)
Non-Operating Revenue	
Government grants and contracts	30,000
Interest income	2,942
Change in Net Position	(331,777)
Net Position - Beginning of Year, as restated	224,885
Net Position, End of Year	\$ (106,892)

Utah League of Cities and Towns  
Statement of Cash Flows  
Years Ended June 30, 2016

	2016
Cash Flows from Operating Activities	
Receipts from members	\$ 1,633,514
Receipts from customers	1,062,672
Receipts from grants and contracts	251,499
Payments to suppliers	(1,591,118)
Payments to employees	(882,054)
Net cash provided by operating activities	474,513
Cash Flows from Non-Capital Financing Activities	
Checks drawn in excess of cash balances	(79,615)
Government grants and contracts received	119,000
Net cash provided by con-capital financing activities	39,385
Cash Flows from Capital and Related Financing Activities	-
Cash Flows from Investing Activities	
Interest received	2,942
Net cash provided by investing activities	2,942
Net Change in Cash and Cash Equivalents	516,840
Cash and Cash Equivalents, Beginning of Year	424,004
Cash and Cash Equivalents, End of Year	\$ 940,844
Cash Flows from Operating Activities	
Operating Loss	\$ (453,719)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	26,281
Net pension adjustment	249,407
Changes in operating assets and liabilities	
Accounts receivable	330,498
Prepaid expenses	6,341
Accounts payable	149,818
Accrued liabilities	20,557
Deferred revenues - membership dues	155,759
Deferred revenues - grants and contracts	(10,429)
Net cash provided by operating activities	\$ 474,513

**Notes to the Financial Statements**

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## **Note 1 - Summary of Significant Accounting Policies**

### **Reporting Entity**

The Utah League of Cities and Towns (the League) is a governmental agency created pursuant to the Utah Interlocal Cooperation Act, and is exempt from income taxation. The League is not a component unit of another governmental entity nor does the League have any component units.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the League are member dues, registration fees, various donations and government contracts, and other charges to members and customers for goods and services rendered. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

### **Membership Dues**

Membership dues are recognized as revenue in the applicable membership period, which coincides with the League's fiscal year.

### **Capital Assets**

Property and equipment acquisitions in excess of \$2,000 are capitalized and recorded at cost. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets over three to thirty years.

### **Deferred Revenues**

Dues and other revenues collected in advance are deferred and recognized as revenue in the period earned.

### **Cash and Investments (Cash Equivalents)**

For purposes of the statement of cash flows, the League considers all investments with an original maturity of three months or less to be cash equivalents. The Public Treasurer's Investment Fund is considered a cash equivalent since it is readily accessible by the League.

The League's investments in the Public Treasurer's Investment Fund (an external investment pool) are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. See Note 2 for further discussion regarding the League's policies regarding cash deposits and investments.

### **Accounts Receivable**

Accounts receivable primarily consist of amounts due from members for dues and grants receivable. Management provides for probable uncollectible amounts through an allowance for doubtful accounts. Additions to the allowance for doubtful accounts are based on management's judgment, considering historical write-offs, review of specific past-due accounts, collections and credit conditions. Balances which remain outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Payments received on accounts receivable subsequent to being written off are considered a bad debt recovery. As of June 30, 2016, the allowance for doubtful accounts totaled \$16,696.

### **Vacation and Sick Leave**

Employees are allowed to convert up to 40 hours of accrued vacation leave to cash at their current pay rate once per year. An employee may accumulate up to 240 hours of vacation, which can be carried forward each fiscal year. Under extenuating circumstances, employees may accumulate more than 240 hours of vacation. All accrued vacation leave is payable at the time of termination.

Once each year, employees may convert up to 32 hours of sick leave to cash at their current pay rate. However, the employee must retain a minimum of 240 hours of sick leave after conversion.

### **Pensions**

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

### **Deferred Outflows of Resources and Deferred Inflows of Resources**

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

## Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## Recently Released Accounting Pronouncements

In June 2015, the GASB issued Statement No. 73: *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. This statement also clarifies the application of certain provisions of Statements Nos. 67 and 68 with regard to the information that is required to be presented as notes to the 10-year schedules of required supplementary information and other matters. For the Utah League of Cities and Towns, the provisions in this statement addressing accounting and financial reporting for pensions that are not within the scope of Statement No. 68 will be effective for the League's June 30, 2017 financial statements. The League is currently evaluating what effect, if any, this new guidance will have on its financial statements. The provisions of this statement that clarify the applications of certain provisions of Statements Nos. 67 and 68 were adopted in the League's June 30, 2016 financial statements.

## Note 2 - Cash and Investments (Cash Equivalents)

*Cash Deposits* – At year end, the carrying amount of the League's book cash balance was \$940,834. No deposits are collateralized.

*Deposit Custodial Credit Risk* – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The League's policy for managing custodial credit risk is to deposit funds in financial institutions whose deposits are insured by the federal government. At times, the League's deposit balance may exceed federally insured limits. The State of Utah does not require collateral on deposits.

*Investments* – The League's deposits and investment policy follows the requirements of the Utah Money Management Act (the Act) (Utah Code Annotated 1953, Chapter 7) in handling its depository and temporary investing transactions. This law requires the depositing of Leagues 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 Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The Money Management Act defines the types of securities authorized as appropriate investments for the League's funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. The Act authorizes the League to invest in the following types of instruments:

1. Negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories,
2. Repurchase and reverse repurchase agreements,
3. Commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations,
4. Bankers’ acceptances that are eligible for discount at a federal reserve bank and which have a remaining term of 180 days or less,
5. Obligations of the United States Treasury, including bills, notes and bonds,
6. Obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae),
7. Bonds, notes, and other evidence of indebtedness of political subdivisions of the State,
8. 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,
9. Shares or certificates in a money market mutual fund as defined in the Money Management Act, and
10. Utah State Public Treasurers’ Investment Fund.

The League has invested the majority of its temporarily idle funds with the Utah Public Treasurer’s Investment Fund (PTIF). The Utah State Treasurer’s Office operates the PTIF. The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (*Utah Code*, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. Parties interested in learning what specific investments comprise the State Treasurer’s Fund may contact the Utah State Treasurer’s Office.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses of the PTIF, net of administration fees, are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

*Fair Value of Investments* – The League measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

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

At June 30, 2016, the League had \$326,410 in the Utah State Public Treasurers’ Investment Fund. These investments were valued by applying the June 30, 2016 fair value factor, as calculated by the Utah State Treasurer, to the League’s average daily balance in the Fund. Such valuation is considered a *Level 2* valuation for GASB 72 purposes.

*Summary* – The above described cash deposits and investments are summarized and presented in the financial statements at fair value in accordance with the following analysis:

	Bank Balances	Book Balances
Cash on hand	\$ -	\$ 10
Cash on deposit	1,098,172	940,834
Total	\$ 1,098,172	\$ 940,844

*Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The League does not have a formal investment policy that limits investment maturities as a means of managing its exposure to increasing interest rates. Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. The League's investments in the PTIF can be withdrawn at any time.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The League's policy for reducing its exposure to credit risk is to comply with the State's Money management Act as previously discussed. As of June 30, 2016, the League's investments in the State of Utah Public Treasurer's Investment Fund were unrated.

*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 League's policy for reducing the 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% to 10%, depending upon the total dollar amount held in the portfolio.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the League will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The League does not have a formal policy for custodial credit risk.

**Note 3 - Capital Assets**

The following tables summarize the changes in capital assets during the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Transfers or Deletions	Balance June 30, 2016
Capital assets being depreciated				
Buildings and improvements	\$ 344,512	\$ -	\$ -	\$ 344,512
Furniture, fixtures and equipment	171,989	-	-	171,989
Total capital assets being depreciated	<u>516,501</u>	<u>-</u>	<u>-</u>	<u>516,501</u>
Less accumulated depreciation				
Buildings and improvements	(277,082)	(11,066)	-	(288,148)
Furniture, fixtures and equipment	(136,837)	(15,215)	-	(152,052)
Total accumulated depreciation	<u>(413,919)</u>	<u>(26,281)</u>	<u>-</u>	<u>(440,200)</u>
Net capital assets being depreciated	<u>102,582</u>	<u>(26,281)</u>	<u>-</u>	<u>76,301</u>
Capital assets, net	<u>\$ 102,582</u>	<u>\$ (26,281)</u>	<u>\$ -</u>	<u>\$ 76,301</u>

**Note 4 - Contingencies**

The League is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the League carries commercial insurance. The League carries a Workers' Compensation policy for which the premiums are based on past experience.

During 2014, the League began planning efforts surrounding a coordinated electronic forms conversion project for the benefit of Utah's local governments. In connection with this project, an appropriation from the Utah State Legislature was requested. In late 2014, the League received an invoice for software licenses related to the electronic forms conversion project from a supplier in the amount of approximately \$1 million. Management of the League asserts that the purchase was not requested, nor properly authorized, and that no formal memorandum of understanding was executed.

**Note 5 - Pension Plan**

**Defined Benefit Plans – General Information and Contributions**

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

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the URS 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](http://www.urs.org).

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

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year services	COLA**
Contributory System	Highest 5 years	30 years any age	1.25% per year	Up to 4%
		25 years any age*	to June 1975;	
		20 years age 60*	2.00% per year	
		10 years age 62*	July 1975 to present	
Tier 2 Public Employees System	Highest 5 years	4 years age 65	1.50% per year all years	Up to 2.5%
		35 years any age		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

\* 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 employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
<b>Contributory System</b>				
11 Local Governmental Division Tier 1	6.000%	N/A	14.46%	N/A
111 Local Governmental Division Tier 2	N/A	N/A	16.67%	1.78%
<b>Tier 2 DC Only</b>				
211 Local Government	N/A	N/A	8.45%	10.00

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

For the fiscal year ended June 30, 2016, the employer and employee contributions to the Systems were as follows:

	Employer Contributions	Employee Contributions
Contributory System	\$ 54,793	\$ -
Tier 2 Public Employees System	8,307	-
Tier 2 DC Only System	12,028	N/A
<b>Total Contributions</b>	<b>\$ 75,128</b>	<b>-</b>

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

**Defined Benefit Plans – Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2016, the League reported a net pension asset of \$0 and a net pension liability of \$761,188, which is summarized as follows:

	Proportionate Share	Net Pension Asset	Net Pension Liability
Contributory System	1.0829946%	\$ -	\$ 761,188
Tier 2 Public Employees System	0.0025496%	-	-
		<b>\$ -</b>	<b>\$ 761,188</b>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the League's actual contributions to the Systems during the plan year over the total of all employer contributions to the Systems during the plan year.

For the year ended June 30, 2016 the League recognized pension expense of \$324,477.

At June 30, 2016, the League reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 39,311
Changes in assumptions	-	4,025
Net difference between projected and actual earnings on pension plan investments	226,375	-
Changes in proportion and differences between contributions and proportionate share of contributions	47,892	-
Contributions subsequent to the measurement date	38,716	-
	\$ 312,983	\$ 43,336

\$38,716 was included in deferred outflows of resources related to pensions—this results from contributions made by the League prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2016	\$ 60,196
2017	59,455
2018	57,497
2019	53,841
2020	(11)
Thereafter	(47)

*Actuarial assumptions:* The total pension liability in the December 31, 2015 measurement was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.75 percent
- Salary increases 3.50 - 10.50 percent, average, including inflation
- Investment rate of return 7.50 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, 2015, valuation were based on the results of an actuarial experience study for the five year period ended December 31, 2013.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

*Discount rate:* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Contributory System	\$ 1,340,523	\$ 761,188	\$ 274,808
Tier 2 Public Employees System	1,021	(6)	(783)
Total	\$ 1,341,544	\$ 761,182	\$ 274,025

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

#### **Defined Contribution Savings Plans**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantage 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.

Utah League Cities and Towns participates in the following Defined Contribution Savings Plans with Utah Retirement Systems. Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

#### **Defined Contribution Plans**

	2016	2015	2014
401(k) Plan:			
Employer contributions	\$ 15,122	\$ 13,236	\$ 12,101
Employee contributions	\$ -	\$ -	\$ -

**Note 6 - Leases**

The League leases to other tenants unused office space in its building on a month-to-month lease. Rental income for the year ended June 30, 2016 was \$18,000.

**Note 7 - Employee Benefits**

The League and its employees also participate in a separate defined contribution retirement plan (the Plan) pursuant to Internal Revenue Code 401(k). All employees who are 18 years of age or older are eligible to participate in the Plan. Participants are 100 percent vested in the employer's contribution after three years of service. The Plan is funded by voluntary employee contributions, employer profit sharing contributions and discretionary matching employer contributions of 3.35 percent of the employee's first 1.65 percent of which they contribute to the plan. For the years ended June 30, 2016 and 2015, the League contributed \$16,333 and \$521, respectively, to the Plan.

**Note 8 - Restatement of Net Position**

During the year, management discovered that grant revenue totaling \$89,000 received during the year ended June 30, 2016 should have been accrued as a receivable at June 30, 2015, and recognized as revenue during the year then ended. A prior period adjustment was made to appropriately recognize the revenue during the year ended June 30, 2015. As a result, an adjustment to beginning net position was necessary,

Net position - beginning of year	\$ 135,885
Adjustment to recognize fiscal year 2015 revenue during fiscal year 2015	89,000
Net position - beginning of year, as restated	\$ 224,885

Required Supplementary Information  
June 30, 2016 and 2015

Utah League of Cities and Towns

DRAFT

Utah League of Cities and Towns  
Schedule of the Proportionate Share of the Net Pension Liability  
June 30, 2016  
Last 10 Fiscal Years\*

	As of and for the year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of its covered employee payroll
Contributory System	2015	0.8078009%	\$ 233,005	\$ 362,189	64.30%	94.00%
	2016	1.0829946%	\$ 761,188	\$ 370,373	205.52%	85.70%
Tier 2 Public Employees Systems	2015	0.0000000%	\$ -	\$ -	0.00%	0.00%
	2016	0.0025496%	\$ (6)	\$ 16,500	-0.04%	100.20%

\* GASB 68 requires ten years of information be presented in this table. However, the schedule above is only for fiscal years ending in 2015 and after. The League will build the 10-year schedule prospectively.

Utah League of Cities and Towns  
Schedule of Contributions  
June 30, 2016  
Last 10 Fiscal Years\*

	For the year ended June 30,	Actuarially determined contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll**
Contributory System	2014	\$ 48,993	\$ 48,993	\$ -	\$ 368,921	13.28%
	2015	51,739	51,739	-	357,805	14.46%
	2016	54,793	54,793	-	378,928	14.46%
Tier 2 Public Employees System***	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	8,307	8,307	-	49,833	16.67%
Tier 2 Public Employees DC Only***	2014	\$ 8,882	\$ 8,882	\$ -	\$ 121,009	7.34%
	2015	11,224	11,224	-	132,356	8.48%
	2016	12,028	12,028	-	142,345	8.45%

\* GASB 68 requires ten years of information be presented in this table. However, the schedule above is only for fiscal years ending in 2014 and after. The League will build the 10-year schedule prospectively.

\*\* Contributions as a percentage of covered-employee payroll may be different than the board certified rate due to rounding or other administrative issues.

\*\*\* 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.

**Changes of Assumptions**

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre-retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

**Other information that is not required as part of RSI**

This information below is not required as part of GASB Statement No. 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods July 1, 2014 through June 30, 2016.

**Defined Contribution Plans**

	2016	2015	2014
401(k) Plan:			
Employer contributions	\$ 15,122	\$ 13,236	\$ 12,101
Employee contributions	\$ -	\$ -	\$ -

\* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

Supplementary Information  
June 30, 2016 and 2015

Utah League of Cities and Towns

DRAFT

Utah League of Cities and Towns  
Supplemental Schedule to the Statement of Revenues, Expenses  
and Changes in Net Position - Compared with Budget  
For the Year Ended June 30, 2016

	Annual Budget	Actual	Variance with Budget
<b>Operating Revenues</b>			
Membership dues	\$ 1,487,083	\$ 1,488,132	\$ 1,049
Contracts and grants	216,000	350,928	134,928
Registration fees	490,000	474,093	(15,907)
Donations, advertising and exhibit space	378,500	229,844	(148,656)
Publication sales	15,000	10,237	(4,763)
Rental income	18,000	18,000	-
Other income	250	-	(250)
	<u>2,604,833</u>	<u>2,571,234</u>	<u>(33,599)</u>
<b>Operating Expenses</b>			
Speaker fees and honorariums	170,000	178,665	8,665
Food and beverage	535,186	532,420	(2,766)
Entertainment	90,000	83,976	(6,024)
Facility rent and setup	66,500	64,449	(2,051)
Printing/Copying	96,000	110,477	14,477
Employee benefits and payroll taxes	276,974	209,201	(67,773)
Salaries	596,398	618,340	21,942
Pension expense	-	324,477	324,477
Repairs and maintenance	10,000	13,976	3,976
Bad debt expense	-	10,377	10,377
Depreciation	-	26,281	26,281
Special equipment- rental	50,000	69,446	19,446
Special projects	324,000	331,747	7,747
Travel and lodging	52,000	56,112	4,112
Professional services	52,000	45,370	(6,630)
Computer consulting	24,000	28,386	4,386
Contract labor	90,000	99,000	9,000
Other expenses	175,275	133,253	(42,022)
	<u>2,608,333</u>	<u>2,935,953</u>	<u>327,620</u>
<b>Operating Loss</b>	<u>(3,500)</u>	<u>(364,719)</u>	<u>(361,219)</u>
<b>Non-Operating Revenue</b>			
Government grants and contracts	-	30,000	30,000
Interest income	3,500	2,942	(558)
	<u>3,500</u>	<u>2,942</u>	<u>(558)</u>
<b>Change in Net Position</b>	<u>\$ -</u>	<u>\$ (331,777)</u>	<u>\$ (331,777)</u>

Compliance and Internal Control  
June 30, 2016 and 2015

Utah League of Cities and Towns

DRAFT

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

The Board of Directors  
Utah League of Cities and Towns  
Salt Lake City, Utah

We have audited, 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, the financial statements of Utah League of Cities and Towns as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Utah League of Cities and Towns basic financial statements, and have issued our report thereon dated **January 18, 2017**.

**Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2016-A and 2016-B to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2016-C to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Utah League of Cities and Towns' 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*.

**Utah League of Cities and Towns' Response to Findings**

The Utah League of Cities and Towns' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Utah League of Cities and Towns' responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

**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 over 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.

EB Signature

Salt Lake City, Utah  
January 18, 2017

DRAFT

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

To The Board of Directors  
Utah League of Cities and Towns  
Salt Lake City, Utah

**Report on Compliance with General State Compliance Requirements**

We have audited the Utah League of Cities and Towns' compliance with the applicable general 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 Utah League of Cities and Towns for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

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

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Utah League of Cities and Towns' compliance based on our audit of the 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 compliance requirements referred to above that could have a direct and material effect on the Utah League of Cities and Towns occurred. An audit includes examining, on a test basis, evidence about the Utah League of Cities and Towns' 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 with general state compliance requirements. However, our audit does not provide a legal determination of the Utah League of Cities and Towns' compliance.

***Basis for Qualified Opinion on Budgetary Compliance, Open and Public Meetings Act, and Treasurer's Bond***

As described in the accompanying schedule of findings and recommendations, Utah League of Cities and Towns did not comply with requirements regarding the following:

- Budgetary Compliance—Utah League of Cities and Towns did not prepare quarterly financial statements for the review of the Board of Directors. See item 2016-D in the attached schedule of findings and recommendations.
- Open and Public Meetings Act—Utah League of Cities and Towns did not give notice of public meetings at least 24 hours prior by posting the notice on the Utah Public Notice Website. See item 2016-E in the attached schedule of findings and recommendations.
- Open and Public Meetings Act—Utah League of Cities and Towns did not provide the required notice of a budget hearing by publishing it in one issue of a newspaper of general circulation, at least seven days before the meeting. See item 2016-F in the attached schedule of findings and recommendations.
- Treasurer's Bond—Utah League of Cities and Towns did not have the Treasurer's Bond required by the Utah Money Management Council during the year. See item 2016-G in the attached schedule of findings and recommendations.

Compliance with such requirements is necessary, in our opinion, for the Utah League of Cities and Towns to comply with the requirements applicable to the general compliance requirements listed above.

***Qualified Opinion on Budgetary Compliance and Open and Public Meetings Act***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Utah League of Cities and Towns complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Budgetary Compliance and Open and Public Meetings Act for the year ended June 30, 2016.

***Unmodified Opinion on Each of the Other General Compliance Areas***

In our opinion, the Utah League of Cities and Towns 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 other General Compliance Areas for the year ended June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 2016-H and 2016-I. Our opinion on compliance is not modified with respect to these matters.

The views of responsible officials of the League of Cities and Towns to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and recommendations. Utah League of Cities and Towns' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

## **Report on Internal Control over Compliance**

Management of the Utah League of Cities and Towns 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 Utah League of Cities and Towns' internal control over compliance with the compliance requirements that could have a direct and material effect on the Utah League of Cities and Towns 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 Utah League of Cities and Towns' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

*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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and recommendations as items 2015-D to 2015-G to be material weaknesses.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and recommendations as item 2016-H to be a significant deficiency.

The views of responsible officials of the Utah League and Cities and Towns to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and responses. The responses of the League of Cities and Towns were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

### **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.

EB Signature

Salt Lake City, Utah  
January 18, 2017

**Current Year Findings – Financial Statements**

**2016-A      Lack of Written Policies Related to Credit Cards  
Material Weakness**

*Criteria:* When an organization uses credit cards as part of its acquisition of goods and services, a formal written policy should exist to govern the use of credit cards.

*Condition:* Certain of the Leagues' credit cards were used inappropriately for personal expenses by the employee holding the card.

*Cause:* During the year ended June 30, 2016, the League did not have a written policy governing the use of League credit cards. The League's culture allowed credit cards to be used for personal purchases, provided the employee reimbursed the League for amounts of personal purchases.

*Effect:* Certain credit cards were used for personal purchases that were not reimbursed on a timely basis. Since the League took action related to the personal use of credit cards, reimbursement has been received for personal purchases that were identified during the year ended June 30, 2016.

*Recommendations:* We recommend the Board of Directors and management review the credit cards and their use to determine whether a business purpose exists to continue to use credit cards. If so, a formal policy governing the use of credit cards should be prepared and communicated to the employees using League credit cards.

*Views of Responsible Officials:* The ULCT Board adopted a Credit Card Policy on December 9, 2016. The number of credit cards issued to ULCT employees for League business has been reduced. Additionally, the Board adopted Business Expense, Business Meal Expense, and Travel Reimbursement policies and procedures to ensure proper authorization is documented and required receipts and support materials are maintained.

**2016-B      Billing and Accounts Receivable  
Material Weakness**

*Criteria:* Management of the League and those charged with governance are responsible for establishing controls to ensure that billing and collection is performed on a timely basis, and that reconciliation of this process is completed timely and accurately.

*Condition:* We noted during our audit that the billing, collection, and reconciliation of event registrations, sponsorships and donations were not always being performed on a timely basis.

*Cause:* During the fiscal year ended June 30 2015, the staff changed billing procedures to divide some of the accounting duties. There were several issues with billing as a result of the changes.

*Effect:* The receivables of the League have fluctuated significantly during the past several fiscal years, and a certain degree of uncertainty exists surrounding the collectability of receivables, some of which are significantly aged. Additionally, we noted a 2015 grant totaling \$89,000 that was recorded as revenue during 2016. A prior period adjustment was made to reflect the revenue in the correct period.

*Recommendations:* We recommend that controls be established to ensure that the billing, collection, and reconciliation of registration fees are performed on a timely basis. We also recommend that promised donations and sponsorships be well documented to substantiate pledged revenues.

*Views of Responsible Officials:* In August of 2016 the ULCT's Director of Administration retired. Additionally, the Executive Assistant resigned effective July 1, 2016. In October, 2016 the ULCT hired a Chief Financial Officer and entered into a contract with a Certified Public Accountant. On December 9, 2016 the ULCT Board adopted Accounting Policies and Procedures to establish controls over billing, collection and reconciliation.

## 2016-C

### **Financial Statement Preparation Significant Deficiency**

*Criteria:* Management of the League and those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America.

*Condition:* The League does not have an internal control system designed to provide for the preparation of the financial statements being audited.

*Cause:* As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

*Effect:* Although this circumstance is not unusual for an organization of your size, the absence of controls over the preparation of financial statements increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the entity's internal control. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with the condition because of cost or other considerations.

*Recommendations:* We recommend management and those charged with governance improve the control system to allow for the preparation of financial statements in accordance with accounting principles generally accepted in the United States, and the related footnotes, or at least annually evaluate the decision whether to accept the degree of risk associated with the condition because of cost or other considerations.

*Views of Responsible Officials:* The League's Management produces financial statements which are designed to aid the League in its operations and to provide management and the Board of Directors budget reports during the year. Due to the size of the League staff and due to the cost associated with preparing the draft audited financial statements and related footnotes, the League has, in the past, relied on the external audit firm to prepare the audited financial statements.

The League has recently contracted with a Certified Public Accountant and hired a Chief Financial Officer. The League believes that with the change in personnel, qualified personnel will be available to fulfill management's responsibility associated with preparation of the audited financial statements and footnotes by either drafting or detail reviewing the audited financial statements and footnotes prepared by the external audit firm.

**Current Year Findings – State Compliance:**

**2016-D            Budgetary Compliance  
Material Weakness**

*Criteria:* Utah League of Cities and Towns (the League) should have policies and procedures established to ensure that quarterly financial statements are prepared for review and approval by the Board of Directors.

*Condition:* Not all quarterly financial statements were prepared and reviewed by the Board of Directors during the year ended June 30, 2016.

*Cause:* Controls were not in place to ensure that financial statements were reviewed and approved quarterly.

*Effect:* For the year ended June 30, 2016, the League was not compliant with the above criteria.

*Recommendations:* We recommend that the League develop policies and controls to prepare financial statements on a quarterly basis, and to have those financial statements reviewed by the Board of Directors.

*Views of Responsible Officials:* In August of 2016 the ULCT's Director of Administration retired. In October, 2016, the ULCT hired a Chief Financial Officer and entered into a contract with a Certified Public Accountant. On December 9, 2016 the ULCT Board adopted Accounting Policies and Procedures to establish controls budget and quarterly financial reporting.

**2016-E            Open and Public Meetings Act  
Material Weakness**

*Criteria:* UCA 52-4-202 requires the League to give notice of public meetings at least 24 hours prior by posting the notice on the Utah Public Notice Website.

*Condition:* During the year ended June 30, 2016, the League did not post the required notices to the Utah Public Notice Website.

*Cause:* Per inquiry of management, there was ambiguity regarding the assignment of responsibility for compliance with the Open and Public Meetings Act.

*Effect:* For the year ended June 30, 2016, the League was not compliant with the above criteria.

*Recommendations:* We recommend that the League develop policies and controls to give notice of public meetings at least 24 hours prior by posting the notice on the Utah Public Notice Website.

*Views of Responsible Officials:* The responsibility for compliance with the Open and Public Meetings Act has been clearly assigned. Documentation of timely posting will be maintained by the designated Records Manager.

**2016-F**      **Open and Public Meetings Act**  
**Material Weakness**

*Criteria:* UCA 11-13-509 requires that the League provide notice of a meeting at which a tentative budget is to be adopted by publishing the notice in one issue of newspaper of general circulation, at least seven days before the meeting.

*Condition:* The League did not provide the required notice at by publishing it in one issue of a newspaper of general circulation, at least seven days before the meeting.

*Cause:* Per inquiry of management, there was ambiguity regarding the assignment of responsibility for compliance with the Open and Public Meetings Act.

*Effect:* For the year ended June 30, 2016, the League was not compliant with the above criteria.

*Recommendations:* We recommend that the League develop policies and controls to provide notice of a meeting at which a tentative budget is to be adopted by publishing the notice in one issue of newspaper of general circulation, at least seven days before the meeting.

*Views of Responsible Officials:* The responsibility for compliance with the Open and Public Meetings Act has been clearly assigned. The ULCT Budget process will include a budget calendar that clearly delineates public notice requirements. Documentation of timely posting will be maintained by the designated Records Manager.

**2016-G**      **Treasurer's Bond**  
**Material Weakness**

*Criteria:* UCA 51-7-15 requires that public treasurers be properly bonded in accordance with the Administrative Code R628-4-4 for the Money Management Council.

*Condition:* During the year ending June 30, 2016, the League did not maintain the required treasurer's bond.

*Cause:* Per inquiry of management, management believed that the errors and omissions policy maintained by the ULCT included a Treasurer's Bond.

*Effect:* For the year ended June 30, 2016, the League was not compliant with the above criteria.

*Recommendations:* We recommend that the League the Treasurer's bond required by the Money Management Council.

*Views of Responsible Officials:* The Public Officials Errors and Omissions coverage maintained by the ULCT is a liability policy and does not include a Treasurer's bond. However, the new Government Crime policy, effective May 1, 2016, does provide coverage for employee theft and faithful performance and is endorsed to include treasurers in accordance with the terms and conditions of the policy. Management will review the coverage with legal counsel to ensure that the ULCT is fully compliant with the Treasurer's Bond requirement.

**2016-H**

**Cash Management  
Significant Deficiency in Internal Control**

*Criteria:* The League is required to file the "Deposit and Investment Report Form" with the Utah Money Management Council by January 31 and July 31 each year.

*Condition:* The reports due January 31, 2016 and July 31, 2016 were not filed.

*Cause:* Controls were not in place to ensure that the "Deposit and Investment Report Form" were prepared and filed with the Utah Money Management Council by January 31, 2016 and July 31, 2016.

*Effect:* For the year ended June 30, 2016, the League was not compliant with the above criteria.

*Recommendations:* We recommend that the League develop policies and controls to prepare the "Deposit and Investment Report Form" and file it with the Utah Money Management Council by January 31 and July 31 each year.

*Views of Responsible Officials:* In August of 2016 the ULCT's Director of Administration retired. In October, 2016, the ULCT hired a Chief Financial Officer and entered into a contract with a Certified Public Accountant. On December 9, 2016 the ULCT Board adopted Accounting Policies and Procedures to ensure compliance with Utah Transparency and other State reporting requirements.

**2016-I**

**Net Position  
Immaterial Instance of Non-Compliance**

*Criteria:* The League is required to maintain a positive net position.

*Condition:* As of June 30, 2016, the League reported a negative unrestricted net position.

*Cause:* The League recognized a net loss for the year ended June 30 2016 that exceeded the beginning of the year net position.

*Effect:* For the year ended June 30, 2016, the League was not compliant with the above criteria.

*Recommendations:* We recommend that the League develop policies and controls to review net position, and budget for a positive net position.

*Views of Responsible Officials:* The negative net position at June 30, 2016 is a direct result of a net pension expense of approximately \$324,000 that the ULCT was required to expense in relation to the defined benefit pension plan administered by Utah Retirement Systems and a non cash depreciation expense of approximately \$26,000. The information for the required defined benefit plan disclosures and financial statement disclosures, including journal entries, are received after fiscal year end. Therefore, it is difficult to prepare a budget in advance to ensure that the net pension liability from year to year is properly stated. If not for the pension and depreciation entries, the net position at June 30, 2016 would be a positive net position.

DRAFT

**Prior Year Findings – State Compliance:**

**2015-1 Preparation of Financial Statements**

*Initial Year Finding Occurred:* Year ended June 30, 2009

*Finding Summary:* The League has not currently designed controls over the preparation of the year-end financial statements sufficient to identify all required disclosures and to identify new pronouncements from the Government Accounting Standards Board. The League relies on the financial statement audit procedures to identify certain necessary adjustments, accruals and reversals, reclassifications, and disclosures to produce financial statements in compliance with generally accepted accounting principles.

*Status:* This is a finding in the current year. See item 2016-C.

**2015-2 Billing and Accounts Receivable**

*Initial Year Finding Occurred:* Year ended June 30, 2015

*Finding Summary:* Billing, collection, and reconciliation of event registrations and sponsorships and donations were not always being performed on a timely basis. Consequently, the receivables of the League have increased significantly as compared to the prior year, and a certain degree of uncertainty exists surrounding the collectability of receivables, some of which are significantly aged. Additionally, donations that were recognized during the year from various sponsors and other donors were not always well documented. Although many of these donations are recurring in nature, all donations should be sufficiently documented before being recognized as revenue in order to verify a donor's intent to continue making contributions to the League.

*Status:* This is a finding in the current year. See item 2016-B.

**2015-3 Open and Public Meetings Act**

*Initial Year Finding Occurred:* Year ended June 30, 2014

*Finding Summary:* Minutes for the League's board meetings have not been posted to the Utah Public Notice Website (pnn.utah.gov). Utah Code requires that entities post minutes to the Website within three days of the meetings being approved. We recommend that the League implement procedures to post approved minutes to the Utah Public Notice Website as required.

Additionally, the League has not historically posted public notice of its budget meetings and board meetings, and public hearings have not been held in connection with the approval of the League's budget. Utah Code Section 11-13-509 requires that Interlocal Cooperative entities hold a public hearing and provide 7 day advance notice of the hearing on the Utah Public Notice website in connection with the adoption of its budget.

*Status:* This is a finding in the current year. See times 2016-E and 2016-F.