

**UTAH LEAGUE OF CITIES & TOWNS BOARD OF DIRECTORS MEETING**  
LOCATION: UTAH LOCAL GOVERNMENTS TRUST, 55 US 89, NORTH SALT LAKE, UT 84111 & VIA ZOOM  
MONDAY, DECEMBER 16, 2019 @ 9:45-11:45 AM  
(TIMES ARE APPROXIMATE)

1. Welcome and Introductions – Council Member Mike Mendenhall, ULCT President 9:45 AM
2. Review & Approval of Minutes – Council Member Mike Mendenhall, ULCT President 9:47 AM  
ACTION: Review & Approval of Minutes  
HANDOUT: [November 18, 2019 Minutes](#)
3. Conflict of Interest Disclosure – Council Member Mike Mendenhall, ULCT President 9:50 AM  
ACTION: Disclosure of any potential conflict of interest with agenda items  
HANDOUT: None
4. ULCT Board & Commission Reports & Appointments – Abby Bolic, Operations & Membership Coordinator 9:52 AM  
ACTION: Appointment to Indigent Defense Commission  
HANDOUT: [Boards & Commissions Memo](#)
5. Presentation of the FY 2019 Annual Audit – Eide Bailly LLP 10:00 AM  
ACTION: Review & Approval of Annual Audit  
HANDOUT: [FY 2019 Audited Financial Statements](#)
6. Advocacy, Engagement, & Outreach Update – Cameron Diehl, Executive Director 10:30 AM
  - Amicus Brief
  - National League of Cities (Presidential Platform, Board of Directors, & State Preemption)
  - Editorial Boards
  - LPC Voting
  - Sponsorship ProgramACTION: Consideration of NLC Presidential Platform  
HANDOUT: [NLC Presidential Platform \(Link\)](#)  
[Updated Sponsorship Brochure](#)
7. Staff Goals from October Board Retreat – Cameron Diehl, Executive Director; Nick Jarvis, COO, & John Park, CEO, John Park Consulting Services 11:00 AM  
ACTION: Review & adopt goals; Finalize gubernatorial questions  
HANDOUTS: [Staff Understanding of ULCT Board Goals](#)  
[Gubernatorial Questions Survey](#)
8. ULCT Board Vacancies – Mayor Dawn Ramsey, ULCT 2<sup>nd</sup> Vice President 11:30 AM  
ACTION: For information & discussion on timing & process of appointment  
HANDOUT: None
9. Other Business
10. Adjourn 11:45 AM

**Next Meeting Local Officials Day January 29, 2020**  
**Legislative Session – No other scheduled meetings (LPC weekly)**

**MINUTES OF THE UTAH LEAGUE OF CITIES & TOWNS  
BOARD OF DIRECTORS MEETING  
50 SOUTH 600 EAST, SUITE 150, SALT LAKE CITY, UT 84102 & VIA ZOOM  
MONDAY, NOVEMBER 18, 2019 @ 12 - 2:15PM**

**EXECUTIVE BOARD**

Council Member Mike Mendenhall, President, Spanish Fork  
Mayor Mike Caldwell, 1st Vice President, Ogden City  
Mayor Dawn Ramsey, 2nd Vice President, South Jordan  
Mayor Jon Pike, Past President, St. George

**BOARD OF DIRECTORS**

City Manager, City Managers Association, Gary Hill, Bountiful  
Council Member Jewell Allen, Grantsville  
Mayor Andy Beerman, Park City  
Council Member Don Christensen, West Valley  
Mayor John Christensen, Mayfield Town  
Council Member Brett Graham, Holladay  
Mayor, Michelle Kaufusi, Provo  
Council Member Erin Mendenhall, Salt Lake City  
Mayor, Emily Niehaus, Moab  
Mayor, Jeff Silvestrini, Millcreek  
Mayor Jim Talbot, Farmington  
Council Member, Dustin White, Roosevelt  
Mayor, Maile Wilson Edwards, Cedar City  
Mayor Jeff Young, Richmond City  
Council Member Marcia White, Ogden City

**ULCT STAFF**

Cameron Diehl, Executive Director  
Abby Bolic, Operations and Membership Coordinator  
Wayne Bradshaw, Director of Policy  
Karson Eilers, Legislative Research Analyst  
Nick Jarvis, Chief Operating Officer  
David Church, General Counsel  
Meg Ryan, Land Use Academy of Utah  
Roger Tew, Senior Policy Analyst  
Susan Wood, Director of Communications and Training  
John Hiskey, Senior Policy Advisor

**EX-OFFICIO MEMBERS**

Mayor, Len Arave, North Salt Lake  
UMCA President, S. Annette Spendlove, North Ogden

## **VISITORS**

John Park, CEO, John Park Consulting Services

### **1. WELCOME & INTRODUCTIONS**

Mayor Mendenhall, called the meeting to order and welcomed everyone. He stated that he appreciates all those in attendance for their service to the Utah League and their City's and Town's. He congratulated Mayor Maile Wilson Edwards on the birth of her child

### **2. REVIEW & APPROVAL OF MINUTES**

Mayor Mendenhall, called for a motion to approve the minutes of the September 12, 2019 and October 7, 2019 Board meetings.

**Board Member Jewel Allen motioned to approve the September 12, 2019 and October 7, 2019 meeting minutes. Board Member Mayor Caldwell seconded the motion.**

**Voting on the motion: All voting aye**

**Motion passed**

### **3. CONFLICT OF INTEREST DISCLOSURE**

Nick Jarvis passed out a form for all to sign if they had a conflict of interest on any item on the agenda.

### **4. ULCT BOARD & COMMISSION REPORTS & APPOINTMENTS**

Abby Bolic gave an update and stated there were no Commission Reports and asked for the board endorsement of Amy Fowler, Council Member Salt Lake City and Mayor Mark Shepherd, Clearfield, to the National League of City's Board.

**Board Member Andy Beerman motioned to approve the endorsement of SLC Council Member Fowler and Clearfield Mayor Shepherd for the National League of Cities Board Gary Hill seconded the motion.**

**Voting on the motion: All voting aye**

**Motion passed**

## 5. ADVOCACY, ENGAGEMENT & OUTREACH UPDATE

- **Towing Bill**

Director Diehl stated that Representative Maloy met with ULCT and Ogden City Attorney Gary Williams to work on legislation about minimum standards for towing signage. The draft bill reflects their discussion and Representative Maloy has requested ULCT's support. The draft bill sets minimum standard and still allows that cities could enact more specific towing requirements so long as the ordinance did not conflict with state code. In addition to the signage provisions, the bill authorizes towers to patrol private property and initiate a tow which would preempt some local ordinance. He asked how the Board feels about the draft bill.

Board Member Mayor Kaufusi stated that her Council is feeling good about the draft bill and asked how everyone feels about it. Director Diehl stated that a lot of time has been spent on towing and he is comfortable with the language we have right now and that it is mostly about signage.

**Board Member Gary Hill motioned to approve the draft towing legislation bill as presented and to support Representative Maloy on this. Board Member Mayor Kaufusi seconded the motion.**

**Voting on the motion: All voting aye**

**Motion passed**

- **Tax Task Force Update**

Senior Policy Advisor Tew presented this item and gave a brief summary and background of the tax reform that is being presented. The Legislature didn't present this bill last year instead formed a tax reform committee. He stated that both the Utah Senate and the House want a tax cut. This summer has been spent with a statewide listening tour which include 8 separate hearings and to date six additional task force work meeting. Throughout this process the ULCT has had a consistent message that some of the proposal could have a ripple effect on city revenues. Our message was heard loud and clear. At the task form meeting on November 7<sup>th</sup>, an actual bill emerged and it was presented by Senator Hillyard and Representative Gibson as a discussion draft. There are a few items that should be highlighted:

- Sales tax base associated with our local rates would see limited expansion
- Some new services and other activities would be subject to taxation
- New revenue is modes

- Food fully taxable at the state level (will remain excluded from the local sales tax rates for transportation, resort communities, and RAP/ZAP)
- New tax on fuel (except diesel)
- Diesel would be subject to a new state .10/gallon fuel tax

The income tax earmarking issue that was the initial premise for this study is not part of this bill. Options, including a constitutional amendment, will be discussed at next task force meeting now set for November 25<sup>th</sup>.

Given where we started last year, the direction of this proposal should be considered as a very positive development. Our goal was never new revenue, it was to avoid being harmed. There are still some unanswered questions about state and local transportation funding, the constitutional earmark on income tax and food in the sales tax base for the local option sales taxes. Sources tell us that the legislature still intends to meet in special session in early December.

Board Member Niehaus replied that as a group we need to talk about education as it is a concern for small communities. Is economic development bigger than the fid for rural Utah. Discussion ensued with the following comments:

- Wait to see what education wants
- Is it premature for us to take a position
- Wait an study more
- Concern about staying in our lane to wait and see what they do, then take a stand
- I couldn't explain it to my community right now so would like to wait
- We shouldn't step on the School Districts
- Do we feel our schools are properly funded
- They could turn their backs on us if we wait
- All education groups are out their fighting the fight right now

Director Diehl stated that the consensus is that we aren't going to take a position right now.

- **Discussion of ULCT Legislative Priorities for 2020 Session**

Director Diehl stated that in the spring of 2017, ULCT surveyed member to better understand what their priorities for organization were. The ULCT Board of Directors and staff have worked diligently to align resources accordingly (see attached tables).

Karson Eliers, Legislative Research Analyst presented the Framing & Policy. Director Diehl reminded the Board that Y2 did the survey and that staff didn't ask the questions.

What top priorities came from the survey:

- tax reform
- land use damages
- Water policy (conservation, mandate, legal rights)

Wayne Bradshaw, Director of Policy said that there are twenty water bills in the works right now and that this is a priority for ULCT to monitor with a list of current legislative Issues. (See attached Staff Report). Board Members spoke on concerns with impact fees. Some Municipalities are turning millions of dollars in fees back to contractors because they couldn't use them in time.

City Manager Brent Hill asked if there were any conversations about dispatch. The rumor is that we could be going to a state provider. If this is the case then the vendor's need to be interoperable. Dave Church relied that if one provider updates then who pays the upgrade cost.

Board Member Erin Mendenhall stated that she needed to leave but wanted all to know what a pillar to have been a member of this association. Our potential together makes us stronger and my city is better for it.

- **Legislative Process and Officer Outreach**

Director Diehl stated that the team is making weekly phone call, working through LPC members and looking for simple engagement, medium level engagement and full engagement with high priority.

He asked if the ULCT should host a debate for the candidates running for Governor. This is something that needs to be thought through.

Mayor Silvestrini said that it would be interesting to know what their position is.

Director Diehl suggested we could do the following:

- Written Questioner
- In person interview at Board meeting
- Podcast with ULCT President and Director
- Midyear Conference Forum (the week before the state convention)
- Train our members with Republican and Democratic Leaders (caucus, partisan office)
- giving a grade not an endorsement

David Church stated that he thinks it is dangerous to pick a candidate to support. If we know of someone who would really hurt our association then our association needs to know.

Board Member Pike suggested that we educate the people on the candidates.

Director Diehl said that we would bring this back to the December meeting.

**6. FY 2020 Q1 FINANCIAL REPORT (JULY – OCTOBER)**

Nick Jarvis presented and stated that Q1+ includes month of October. Chief Operating Officer Jarvis reviews the report

**Board Member Jewel Allen motioned to approve FY 2020 Q1 and the report and September and October Check Registers. Board Member Mayor Caldwell seconded the motion.**

**Voting on the motion: All voting aye**

**Motion passed**

**7. ULCT STAFFING**

Director Diehl announced that the Director of Government Relations, Rachel Otto has accepted another position and the position, is now vacant. He reminded the Board that as Director of the ULCT he doesn't make the recommend to fill this position and the Board is asking for a new Full-time position in house called the Events and Strategic Partnership Coordinator. There was also talk on a Membership and Legislative Engagement Coordinator, but we will not be considering this at this time.

**Board Member Mayor Niehaus motioned to approve filling the open position and the new staffing position as presented. Board Member Don Christensen seconded the motion.**

**Voting on the motion: All voting aye**

**Motion passed**

8. **CONFERENCE, ENGAGEMENT, & TRAINING GOALS UPDATE**

Director Diehl summarized the ULCT's mission values and strategic goals. .

9. **ULCT SPONSORSHIP PROGRAM UPDATE**

Operation and Membership Coordinator Bolic stated that the sponsorship program is being revamped and explained a few of the sponsorships. Intern Rusty Facer also spoke on the sponsorships. Director Diehl asked for a committee of volunteers to help review and refine the program and present to the Board at a later date.

10. **OTHER BUSINESS**

NONE

11. **ADJOURNMENT**

**Board Member Mayor Caldwell motioned to adjourn the meeting. Board Member Jewel Allen seconded the motion.**

**Voting on the motion: All voting aye**

**The motion passed**

**The meeting adjourned at 2:35pm**



TO: ULCT Board of Directors  
FROM: Abby Bolic, Operations and Membership Coordinator  
DATE: December 12, 2019  
SUBJECT: ULCT Board & Commission Appointments

**Utah Indigent Defense Commission**

The Utah Indigent Defense (IDC) was created in 2016 to “protect constitutionally guaranteed liberties through ongoing support for effective indigent defense services throughout the state”. The term length for this position is 4 years. The position is appointed by the governor. The commission is comprised of 15 voting members and one ex officio, non-voting member. Two members need to be recommended by the League. We have received one application from Mark Kittrell. We would like to recommend Mark to fill the vacancy on the commission and ask the Board to allow staff, in conjunction with the executive officers, to solicit another name to submit with Mr. Kittrell. These vacancies need to be filled before our next board meeting.



#CitiesWork



December 9, 2019

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

We have audited the financial statements of Utah League of Cities and Towns (the League) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 9, 2019. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated August 14, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the League solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 9, 2019.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## Qualitative Aspects of the Entity's Significant Accounting Practices

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Utah League of Cities and Towns is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is the net pension liability, which is calculated by the Utah State Retirement Systems and includes various estimates and assumptions as utilized by the actuaries. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are considered to be clear and none of them are considered to be sensitive.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

To record fair value adjustment for Utah Public Treasurers Investment Fund	
Cash and cash equivalents	4,986
Interest income	4,986

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. For the year ended June 30, 2019 the following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Membership dues and operating expenses were overstated by \$182,879
- The URS benefit obligation was overstated by \$16,553
- Credit card payables and operating expenses were understated by \$23,805

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Utah League of Cities and Towns' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated December 9, 2019.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with Utah League of Cities and Towns, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Utah League of Cities and Towns' auditors.

### **Other Information in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing Utah League of Cities and Towns audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we applied certain limited procedures to the following: Management's Discussion and Analysis, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Contributions and Notes to Required Supplementary

Our procedures related to the required supplementary information (RSI) listed in the previous paragraph consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplemental schedule to statement of revenues, expenditures, and changes in net position – compared with budget, which accompanies the financial statements but is not RSI. The schedule 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.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the management of Utah League of Cities and Towns and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Salt Lake City, Utah

Financial Statements  
June 30, 2019 and 2018

# Utah League of Cities and Towns

Draft

Independent Auditor’s Report.....	1
Management's Discussion and Analysis .....	3
Financial Statements	
Statements of Net Position .....	7
Statements of Revenues, Expenses, and Changes in Net Position .....	8
Statements of Cash Flows .....	9
Notes to Financial Statements .....	10
Required Supplementary Information	
Schedule of the Proportionate Share of the Net Pension Liability .....	25
Schedule of Contributions .....	26
Notes to Required Supplementary Information .....	27
Supplementary Information	
Supplemental Schedule to Statement of Revenues, Expenses and Changes in Net Position – Compared with Budget.....	29
Compliance and Internal Control	
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 <i>Government Auditing Standards</i> .....	31
Independent Auditor’s Report on Compliance with General State Compliance Requirements and Internal Control over Compliance as Required by the <i>State Compliance Audit Guide</i> .....	33
Schedule of Findings and Responses .....	35

## 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 financial statements of the Utah League of Cities and Towns (the League) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise basic financial statements of the League's government as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 Utah League of Cities and Towns as of June 30, 2019 and 2018, and the changes in its net position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the proportionate share of the net pension liability, and the schedule of 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 League's financial statements. The supplemental schedule to statement of revenues and expenses and changes in net position – compared with budget of the League is presented for purposes of additional analysis and is not a required part of the financial statements.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019 on our consideration of the League'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 League's internal control over financial reporting and compliance.

Salt Lake City, Utah  
December 9, 2019

Management's Discussion and Analysis  
June 30, 2019 and 2018

## 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 years ended June 30, 2019 and 2018. 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, 2019 were \$2,038,662 which is an increase of \$341,785 from June 30, 2018, resulting primarily from an increase in the League's capital asset balances by \$520,568. The League's total assets June 30, 2018 were \$1,681,502 which is an increase of \$491,588 from June 30, 2017, resulting primarily from an increase in the League's cash balances by \$494,720.

The League ended the 2019 fiscal year with \$1,437,718 in total liabilities, which is an increase of \$846,861 from the prior year, resulting primarily from a increase in net pension liability of \$886,425. Net position increased by \$76,948. The increase in net position is primarily due to an increase in contracts and dues collected throughout the year and an increase in membership dues.

The League ended the 2018 fiscal year with \$567,051 in total liabilities, which is a decrease of \$492,997 from the prior year, resulting primarily from a decrease in net pension liability of \$527,470. Net position increased by \$510,548. The increase in net position is primarily due to an increase in contracts and grants collected throughout the year and an increase in membership dues.

The following table describes the Utah League of Cities and Town's net position as of June 30, 2019, 2018 and 2017 :

	2019	2018	2017
Current and Other Assets	\$ 1,461,231	\$ 1,624,639	\$ 1,136,066
Capital Assets, Net	577,431	56,863	53,848
<b>Total assets</b>	<b>2,038,662</b>	<b>1,681,502</b>	<b>1,189,914</b>
Total Deferred Outflows of Resources	383,621	34,525	272,452
Current Liabilities	400,788	416,546	382,074
Long-Term Liabilities	1,036,930	150,505	677,974
<b>Total liabilities</b>	<b>1,437,718</b>	<b>567,051</b>	<b>1,060,048</b>
Total Deferred Inflows of Resources	567	241,926	5,816
Net Position			
Net investment in capital assets	577,431	56,863	53,848
Unrestricted	406,567	850,187	342,654
<b>Total net position</b>	<b>\$ 983,998</b>	<b>\$ 907,050</b>	<b>\$ 396,502</b>

## Revenues

### *Comparison of Fiscal Year 2019 to Fiscal Year 2018*

Total operating revenues increased by approximately 4.94% overall due to an increase in the collection of membership dues by approximately \$100,000. 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, grants and advertising, and the sale of publications. Dues revenue increased approximately 6% in the current fiscal year. The dues are calculated using a formula based upon sales tax revenue, assessed valuation and population. In addition, donations increased by 8%

Comparison of Fiscal Year 2018 to Fiscal Year 2017

Total operating revenues increased by approximately 2.2% overall due to an increase in the collection of membership dues by approximately \$100,000. 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, grants and advertising, and the sale of publications. Additionally, in the prior fiscal year, the League received \$97,000 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 6% in the prior fiscal year. The dues are calculated using a formula based upon sales tax revenue, assessed valuation and population. Registration related revenue decreased approximately \$16,000 (3.4%).

Expenses

*Comparison of Fiscal Year 2019 to Fiscal Year 2018*

Operating expenses increased by approximately \$445,324 (15.19%). Significant factors contributing to the overall increase include an increase in pension expense of approximately \$242,539.

*Comparison of Fiscal Year 2018 to Fiscal Year 2017*

Operating expenses increased by approximately \$120,000 (4.8%). Significant factors contributing to the overall increase include an increase in contract labor of approximately \$97,000.

The elements of the increase in net position for the fiscal years ended June 30, 2019, 2018 and 2017 are as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>			
Operating revenues	\$ 3,074,790	\$ 2,929,829	\$ 2,866,508
Nonoperating revenues	62,605	187,411	111,433
Total revenues	<u>3,137,395</u>	<u>3,117,240</u>	<u>2,977,941</u>
<b>Expenses</b>			
Payroll and related benefits	1,302,403	757,565	744,291
Other expenses	1,758,044	1,849,127	1,741,915
Total expenses	<u>3,060,447</u>	<u>2,606,692</u>	<u>2,486,206</u>
Change in Net Position	76,948	510,548	491,735
Net Position - Beginning of the Year	<u>907,050</u>	<u>396,502</u>	<u>(95,233)</u>
Net Position - End of the Year	<u>\$ 983,998</u>	<u>\$ 907,050</u>	<u>\$ 396,502</u>

### **Capital Assets**

Capital assets were purchased for \$534,631 and \$23,981 in 2019 and 2018, respectively. No capital asset purchases were made during 2017. Current year depreciation for the fiscal year ended June 30, 2019 was \$14,063, compared to \$20,965 and \$22,453 for fiscal years ended June 30, 2018 and 2017.

### **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.

Draft

Utah League of Cities and Towns  
Statements of Net Position  
June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,445,788	\$ 1,592,081
Accounts receivable, net	15,443	-
Prepaid expenses	-	32,558
Total current assets	1,461,231	1,624,639
Capital assets, net	577,431	56,863
Total assets	2,038,662	1,681,502
Deferred Outflows of Resources		
Pensions	383,621	34,525
Liabilities		
Current Liabilities		
Accounts payable	17,994	21,881
Accrued liabilities	93,519	22,858
Unearned revenues		
Membership dues	289,275	331,377
Grants and contracts	-	40,430
Total current liabilities	400,788	416,546
Net pension liability	1,036,930	150,505
Total liabilities	1,437,718	567,051
Deferred Inflows of Resources		
Pensions	567	241,926
Net Position		
Net investment in capital assets	577,431	56,863
Unrestricted	406,567	850,187
Total net position	\$ 983,998	\$ 907,050

Utah League of Cities and Towns  
Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended June 30, 2019 and 2018

	2019	2018
Operating Revenues		
Membership dues	\$ 1,759,889	\$ 1,663,748
Contracts and grants	300,000	306,817
Registration fees	488,619	460,546
Donations, advertising and exhibit space	517,101	478,046
Publication sales	9,181	13,172
Rental income	-	7,500
	<u>3,074,790</u>	<u>2,929,829</u>
Operating Expenses		
Speaker fees and honorariums	93,949	86,894
Convention supplies	6,362	17,214
Food and beverage	329,889	320,644
Entertainment	99,881	100,642
Facility rent and setup	191,682	242,403
Printing/copying	53,297	56,875
Employee benefits and payroll taxes	319,862	144,771
Salaries	686,570	559,362
Pension expense	295,971	53,432
Repairs and maintenance	25,182	18,781
Depreciation	14,063	20,965
Special equipment- rental	33,654	41,062
Special projects	296,695	343,113
Travel and lodging	51,713	43,421
Professional services	82,577	81,812
Computer consulting	21,792	25,377
Contract labor	254,094	291,832
Other expenses	203,214	158,092
	<u>3,060,447</u>	<u>2,606,692</u>
Operating Income	14,343	323,137
Non-Operating Revenues		
Government grants and contracts	-	97,000
Interest income	62,605	90,411
	<u>62,605</u>	<u>187,411</u>
Change in Net Position	76,948	510,548
Net Position, Beginning of Year	907,050	396,502
Net Position, End of Year	<u>\$ 983,998</u>	<u>\$ 907,050</u>

## Utah League of Cities and Towns

### Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Operating Activities		
Receipts from members	\$ 1,717,787	\$ 1,705,506
Receipts from customers	999,458	971,764
Receipts from grants and contracts	259,570	300,000
Payments to suppliers	(1,715,310)	(1,843,207)
Payments to employees	(935,772)	(802,773)
Net Cash from Operating Activities	325,733	331,290
Non-Capital Financing Activities		
Government grants and contracts received	-	97,000
Transfers in	-	37,389
Net Cash from Non-Capital Financing Activities	-	134,389
Investing Activities		
Interest received	62,605	53,022
Net Cash from Investing Activities	62,605	53,022
Capital and Related Financing Activities		
Purchases of property, plant, and equipment	(534,631)	(23,981)
Net Cash from Capital and Related Financing activities	(534,631)	(23,981)
Net Change in Cash and Cash Equivalents	(146,293)	494,720
Cash and Cash Equivalents, Beginning of Year	1,592,081	1,097,361
Cash and Cash Equivalents, End of Year	\$ 1,445,788	\$ 1,592,081
Cash Flows from Operating Activities		
Operating income	\$ 14,343	\$ 323,137
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	14,063	20,965
Net pension adjustment	295,971	(53,432)
Changes in operating assets and liabilities		
Accounts receivable	(15,443)	12,500
Prepaid expenses	32,557	(6,354)
Accounts payable	(3,887)	(8,693)
Accrued liabilities	70,661	8,226
Unearned revenues - membership dues	(42,102)	41,758
Unearned revenues - grants and contracts	(40,430)	(6,817)
Net Cash from Operating Activities	\$ 325,733	\$ 331,290

See Notes to Financial Statements

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies**

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 represents municipal government interests with a strong, unified voice at the state and federal levels and provides information, training and technical assistance to local officials on municipal issues in order to create a greater public awareness and understanding of municipal responsibilities, governance and administration. The League is not a component unit of another governmental entity and is governed by a board of directors selected from the elected officials of the cities and towns the League represents.

**Reporting Entity**

For financial reporting purposes, the League has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the League are such that the exclusion would cause the League's financial situation to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity* and Statement No. 39, *Determining Whether Certain Organizations are Component Units* has established criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the League to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the League.

**Discretely Presented Component Unit**

Utah Municipal Finance Cooperative No. II Trust (the Trust) was created in 1993 to receive certain property to be administered for the benefit of the League. The Trust is governed by four trustees who have the authority to determine the timing and amount of distributions to or on behalf of the League. Under the terms of the Trust agreement, it was to have terminated December 31, 2012, and distributed the remaining assets to the League. The League has considered whether the Trust qualifies as a component unit using the guidance of GASB Statements No. 14 and 39. The Trust meets the criteria established in GASB Statement No. 39 paragraph 5 warranting inclusion as a component unit in the League's financial statements due to the nature and significance the Trust's ongoing financial support to the League. The League has determined further that the financial data of the Trust is required to be reported in the League's financial statements as a discretely presented component unit, in a separate column from the activity of the League as the primary government.

On November 30, 2017, the Trust notified the Utah Attorney General's Office that the trustees had taken steps to terminate the Trust in accordance with the Utah Uniform Trust Code by resolving outstanding tax obligations and distributing all of its remaining funds to the League. The Trust's final tax return was filed during September 2017. As a result of the termination of the Trust, there is no financial data to be included in the June 30, 2018 financial statements.

**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. Membership dues received in advance are recorded as unearned revenue.

**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.

**Unearned 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, 2019 and 2018, the allowance for doubtful accounts totaled \$0.

**Vacation and Sick Leave**

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.

**Reclassifications**

Reclassifications have been made to the June 30, 2018 financial information to make it conform to the current year presentation. The reclassifications had no effect on previously reported operating results or changes in net position.

**Subsequent Events**

The League has evaluated subsequent events through December 9, 2019, the date which the financial statements were available to be issued.

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

*Cash Deposits* – At June 30, 2019 and 2018, the carrying amount of the League’s book cash balance was \$1,445,788 and \$1,592,081, respectively. 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. As of June 30, 2019, \$1,485,806 of the League’s bank balance was uninsured and uncollateralized and therefore was exposed to some degree of custodial credit risk.

*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 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 Act. 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, 2019 and 2018, the League had \$1,207,790 and \$1,428,837 in the PTIF. These investments were valued by applying the June 30, 2019 fair value factor, as calculated by the Utah State Treasurer, to the League's average daily balance in the PTIF. Such valuation is considered a *Level 2* valuation for GASB Statement No. 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:

	June 30, 2019		June 30, 2018	
	Bank Balances	Book Balances	Bank Balances	Book Balances
Cash on hand	\$ -	\$ -	\$ -	\$ 194
Cash on deposit	1,736,000	1,445,788	1,635,128	1,591,887
Total	<u>\$ 1,736,000</u>	<u>\$ 1,445,788</u>	<u>\$ 1,635,128</u>	<u>\$ 1,592,081</u>

**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 five 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 Act as previously discussed. As of June 30, 2019 and 2018, the League's investments in the State of Utah's PTIF 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 table summarize the changes in capital assets during the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Transfers or Deletions	Balance June 30, 2019
Capital assets being depreciated				
Buildings and improvements	\$ 368,493	\$ 507,547	\$ -	\$ 876,040
Furniture and equipment	171,989	27,084	-	199,073
Total capital assets being depreciated	<u>540,482</u>	<u>534,631</u>	<u>-</u>	<u>1,075,113</u>
Less accumulated depreciation				
Buildings and improvements	(311,630)	(13,741)	-	(325,371)
Furniture and equipment	(171,989)	(322)	-	(172,311)
Total accumulated depreciation	<u>(483,619)</u>	<u>(14,063)</u>	<u>-</u>	<u>(497,682)</u>
Net capital assets being depreciated	<u>\$ 56,863</u>	<u>\$ 520,568</u>	<u>\$ -</u>	<u>\$ 577,431</u>

The following table summarize the changes in capital assets during the year ended June 30, 2018:

	June 30, 2017	Additions	Retirements	June 30, 2018
Capital assets being depreciated				
Buildings and improvements	\$ 344,512	\$ 23,981	\$ -	\$ 368,493
Furniture and equipment	171,989	-	-	171,989
Total capital assets being depreciated	<u>516,501</u>	<u>23,981</u>	<u>-</u>	<u>540,482</u>
Less accumulated depreciation				
Buildings and improvements	(299,214)	(12,416)	-	(311,630)
Furniture and equipment	(163,439)	(8,550)	-	(171,989)
Total accumulated depreciation	<u>(462,653)</u>	<u>(20,966)</u>	<u>-</u>	<u>(483,619)</u>
Net capital assets being depreciated	<u>\$ 53,848</u>	<u>\$ 3,015</u>	<u>\$ -</u>	<u>\$ 56,863</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.

**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 (URS). The URS 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 URS, are members of the Tier 2 Retirement System. The URS are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The URS' 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 URS under the direction of the URS Board, whose members are appointed by the Governor. The URS 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 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%

\* with actuarial reductions

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

Contributions: As a condition of participation in the URS, 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 as of June 30, 2019 and 2018 were as follows:

	<u>Employee Paid</u>	<u>Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>	<u>Employer Rate for 401(k) Plan</u>
<u>June 30, 2019</u>				
Contributory System				
11 Local Governmental Division Tier	6.00%	N/A	14.46%	N/A
111 Local Governmental Division Tier	N/A	N/A	17.30%	1.15%
Tier 2 DC Only				
211 Local Government	N/A	N/A	8.45%	10.00%
<u>June 30, 2018</u>				
Contributory System				
11 Local Governmental Division Tier	6.00%	N/A	14.46%	N/A
111 Local Governmental Division Tier	N/A	N/A	16.87%	1.58%
Tier 2 DC Only				
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 years ended June 30, 2019 and 2018, the employer and employee contributions to the URS were as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Contributory System	\$ 32,280	\$ 13,394	\$ 29,303	\$ -
Tier 2 Public Employees System	10,839	-	7,873	-
Tier 2 DC Only System	39,030	N/A	24,822	N/A
Total Contributions	<u>\$ 82,149</u>	<u>\$ 13,394</u>	<u>\$ 61,998</u>	<u>\$ -</u>

Contributions reported are the URS Board approved required contributions by the URS. 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 relating to Pension**

At June 30, 2019 and 2018, the League reported net pension liabilities of \$1,036,930 and \$150,505 respectively, which are summarized as follows:

	2019		2018		Change in Proportionate Share
	Proportionate Share	Net Pension Liability	Proportionate Share	Net Pension Liability	
Contributory System Tier 2 Public Employees System	2.5505988%	\$ 1,035,040	1.8445904%	\$ 150,102	0.7060084%
	0.0044143%	1,890	0.0045708%	403	-0.0001565%
		<u>\$ 1,036,930</u>		<u>\$ 150,505</u>	

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018, and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the 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 years ended June 30, 2019 and 2018, the League recognized an actuarial pension expense of \$377,800 and \$8,395, respectively.

At June 30, 2019, 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	\$ 13	\$ 390
Changes in assumptions	474	34
Net difference between projected and actual earnings on pension plan investments	340,777	-
Changes in proportion and differences between contributions and proportionate share of contributions	651	143
Contributions subsequent to the measurement date	41,706	-
	<u>\$ 383,621</u>	<u>\$ 567</u>

\$41,706 was included in deferred outflows of resources related to pensions—this results from contributions made by the League prior to the fiscal year end, but subsequent to the measurement date of December 31, 2018. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2019	\$ 134,948
2020	8,138
2021	34,286
2022	163,615
2023	53
Thereafter	308

At June 30, 2018, 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	\$ 15	\$ 377
Changes in assumptions	542	41
Net difference between projected and actual earnings on pension plan investments	-	241,351
Changes in proportion and differences between contributions and proportionate share of contributions	561	157
Contributions subsequent to the measurement date	33,407	-
	\$ 34,525	\$ 241,926

\$33,407 was included in deferred outflows of resources related to pensions—this results from contributions made by the League prior to the fiscal year end, but subsequent to the measurement date of December 31, 2017.

### Actuarial Assumptions

The total pension liability in the December 31, 2018 measurement was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.50%
- Salary increases 3.25 – 9.75%, average, including inflation
- Investment rate of return 6.95%, net of pension plan investment expense, including inflation

The total pension liability in the December 31, 2017 measurement was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.50%
- Salary increases 3.25 – 9.75%, average, including inflation
- Investment rate of return 6.95%, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016, and the actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five-year period 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%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

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

*Discount rate:* The discount rate used to measure the total pension liability was 6.95% and 6.95%, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount stayed at 6.95% in the current year.

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

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Contributory System	\$ 2,197,221	\$ 1,035,040	\$ 56,725
Tier 2 Public Employees System	<u>7,574</u>	<u>1,890</u>	<u>(2,496)</u>
Total	<u>\$ 2,204,795</u>	<u>\$ 1,036,930</u>	<u>\$ 54,229</u>

### Changes of Assumptions

No changes of assumptions in the actuarial assessment were noted in the current year.

### 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 URS, 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:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
401(k) Plan:			
Employer contributions	\$ 66,893	\$ 46,315	\$ 20,547
Employee contributions	\$ 50,009	\$ 41,634	\$ 8,829
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	\$ 6,015	\$ 6,326	\$ -

#### **Note 6 - Leases**

The League leases unused office space in its building to other tenants on a month-to-month lease. Rental income for the years ended June 30, 2019 and 2018 was \$0 and \$7,500, respectively.

#### **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% 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% of the employee's first 1.65% of which they contribute to the plan. For the years ended June 30, 2019 and 2018, the League contributed \$31,148 and \$7,543, respectively, to the Plan.

Required Supplementary Information  
June 30, 2019

## 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, 2019  
Last 10 Fiscal Years\*

	As of and for the Calendar Year Ended December 31,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Contributory System	2014	0.8078009%	\$ 233,005	\$ 362,189	64.30%	94.00%
	2015	1.0829946%	761,188	370,373	205.52%	85.70%
	2016	2.0638026%	677,156	378,251	179.02%	92.90%
	2017	1.8445904%	150,102	226,299	66.33%	98.20%
	2018	2.5505988%	1,035,040	216,319	478.48%	91.20%
Tier 2 Public Employees Systems	2014	0.0000000%	\$ -	\$ -	0.00%	0.00%
	2015	0.0025496%	(6)	16,500	-0.04%	100.20%
	2016	0.0073265%	817	60,083	1.36%	95.10%
	2017	0.0045708%	403	44,667	0.90%	97.40%
	2018	0.0044143%	1,890	\$ 51,326	3.68%	90.80%

\* GASB Statement No. 68 requires ten years of information be presented in this table. However, the schedule above is only for years ending in 2014 and after. The League will build the 10-year schedule prospectively.

# Utah League of Cities and Towns

## Schedule of Contributions

June 30, 2019

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 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%
	2017	45,982	45,982	-	317,995	14.46%
	2018	29,303	29,303	-	202,649	14.46%
	2019	32,280	32,280	-	223,239	14.46%
Tier 2 Public Employees System***	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	8,307	8,307	-	49,833	16.67%
	2017	7,460	7,460	-	44,750	16.67%
	2018	7,873	7,873	-	46,667	16.87%
	2019	10,839	10,839	-	62,653	17.30%
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%
	2017	14,008	14,008	-	165,775	8.45%
	2018	24,822	24,822	-	293,750	8.45%
	2019	39,030	39,030	-	461,892	8.45%

\* GASB Statement No. 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**

There were no changes in assumptions in the current year.

Draft

Supplementary Information  
June 30, 2019

## 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, 2019

	Annual Budget	Actual	Variance with Budget
<b>Operating Revenues</b>			
Membership dues	\$ 1,700,000	\$ 1,759,889	\$ 59,889
Contracts and grants	300,000	300,000	-
Registration fees	455,000	488,619	33,619
Donations, advertising and exhibit space	472,000	517,101	45,101
Publication sales	10,000	9,181	(819)
Reserves	312,000	-	(312,000)
Other income	5,000	-	(5,000)
	<u>3,254,000</u>	<u>3,074,790</u>	<u>(179,210)</u>
<b>Operating Expenses</b>			
Speaker fees and honorariums	-	93,949	93,949
Convention supplies	-	6,362	6,362
Food and beverage	450,000	329,889	(120,111)
Entertainment	270,000	99,881	(170,119)
Facility rent and setup	232,000	191,682	(40,318)
Printing/copying	50,000	53,297	3,297
Employee benefits and payroll taxes	285,550	319,862	34,312
Salaries	644,000	686,570	42,570
Pension expense	-	295,971	295,971
Repairs and maintenance	21,500	25,182	3,682
Depreciation	-	14,063	14,063
Special equipment- rental	65,000	33,654	(31,346)
Special projects	294,950	296,695	1,745
Travel and lodging	70,000	51,713	(18,287)
Professional services	81,000	82,577	1,577
Computer consulting	24,000	21,792	(2,208)
Contract labor	260,000	254,094	(5,906)
Capital outlay	370,000	-	(370,000)
Other expenses	158,000	203,214	45,214
	<u>3,276,000</u>	<u>3,060,447</u>	<u>(215,553)</u>
Operating Income (Loss)	(22,000)	14,343	36,343
<b>Non-Operating Revenue</b>			
Interest income	22,000	62,605	40,605
Change in Net Position	<u>\$ -</u>	<u>\$ 76,948</u>	<u>\$ 76,948</u>

Compliance and Internal Control  
June 30, 2019

## 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***

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 the Utah League of Cities and Towns (the League) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the League, and have issued our report thereon dated December 9, 2019.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control 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.

Salt Lake City, Utah  
December 9, 2019

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***

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 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, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Open and Public Meetings Act
- Public Treasurer’s Bond

***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 Utah League of Cities and Town’s compliance based on our audit of the state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Utah League of Cities and Town’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the Utah League of Cities and Town’s compliance with those requirements.

## Opinion on Compliance

In our opinion, the Utah League of Cities and Towns complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

### **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 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.

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

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

### **Purpose of Report**

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

Salt Lake City, Utah  
December 9, 2019

**Current Year Findings – Financial Statements**

None

**Prior Year Findings – Financial Statements**

2018-A            GAAP Departure for Exclusion of Discretely Presented Component Units  
Material Weakness in Internal Control over Financial Reporting

Initial Year Finding Occurred: Year ended June 30, 2016

*Finding Summary:* Because of the lack of availability of financial data for the Utah Municipal Finance Cooperative No. II Trust (the Trust), the League determined that it is not practicable to include the financial data of the Trust in the accompanying financial statements, as required by accounting principles generally accepted in the United States of America. Therefore, not presenting the Trust as a discretely presented component unit.

*Status:* This is not a finding in the current year.

Draft



UTAH LEAGUE OF  
CITIES AND TOWNS

## Sponsorship 2020



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#CitiesWork

If you have questions, contact Nick Jarvis at [njarvis@ulct.org](mailto:njarvis@ulct.org) or 801-328-1601 x 3



# WHY SPONSOR?

The ULCT provides advocacy, education, and other services to Utah's cities and towns. There is no better way to gain exposure among the local decision making officials than by partnering with us.

**248**  
Cities and  
Towns in Utah

**100%**  
Cities and Towns are  
Members

**2**  
Major ULCT  
Conferences

**20+**  
Year-round event  
Sponsorships  
Available

## ULCT Conferences

By The Numbers

Both of the major ULCT Conferences are impactful experiences where local officials get an opportunity to see what solutions your business has to offer.



150+ Cities and Towns  
in Attendance



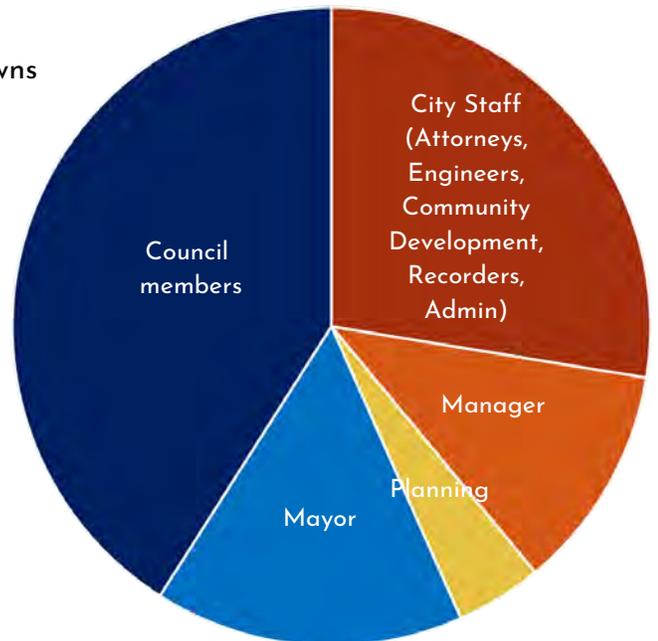
Spring:  
St. George  
Fall:  
Salt Lake City



1000+ Attendees



80,000+ Ad  
Impressions from  
Conference App



Attendees by Job Title

If you have questions, contact Nick Jarvis at [njarvis@ulct.org](mailto:njarvis@ulct.org) or 801-328-1601 x 3

# SPONSORSHIP BENEFITS

Every level of sponsorship includes opportunities to network with local officials that you will get in no other way. Here are the unique opportunities included in each of the 4 levels of yearly sponsorship:

	Bronze \$7,500+	Silver \$10,000+	Gold \$25,000+	Platinum\$ 60,000+
Logo in conference promotional materials	Small	Small	Medium	Large
Logo & information on NEW ULCT Website	✓	✓	✓	✓
2 copies of ULCT Municipal Officials Directory & Online Access	✓	✓	✓	✓
Complementary Sponsor Zone Booth(s)	1	1	1	2
Electronic list of conference attendees & contact information	✓	✓	✓	✓
Logo on Conference Signage	Small	Small	Medium	Large
\$1,000 credit- a la carte per year		✓		
\$2,500 credit- a la carte per year			✓	
\$6,000 credit- a la carte per year				✓
Invitations for attendees to ULCT conferences	2	3	4	6
Opportunity to sponsor additional meals, events, or projects as ULCT partner		✓	✓	✓
Other items or projects as negotiated			✓	✓
Invitation to address ULCT attendees at Annual and Midyear Conference			✓	✓
Complementary Ad in Podcast(s)		1	1	2
Banner in App			✓	✓
Raffle a promotional item: sponsor appreciation reception each conference	✓	✓	✓	✓

More options available to each sponsorship level are listed on the next page.

If you have questions, contact Nick Jarvis at [njarvis@ulct.org](mailto:njarvis@ulct.org) or 801-328-1601 x 3

<u><b>Annual</b></u>	<u><b>Midyear</b></u>	<u><b>Other Trainings and Sponsorship</b></u>
<p><b>Platinum Sponsors</b></p> <ul style="list-style-type: none"> <li>Title Sponsor- daily title sponsor (\$4,000)</li> <li>Keynote Sponsor (\$5,000)</li> <li>Lunch Sponsor (\$2,000)</li> <li>Lanyard Sponsor (\$3,000)</li> </ul> <p><b>Gold Sponsors</b></p> <ul style="list-style-type: none"> <li>Wifi Sponsor TBD</li> <li>App Splash Page Sponsor (\$3,500)</li> <li>Banquet Sponsor (\$2,000)</li> <li>Service Project Sponsor (\$5,000)</li> <li>Gift Bag Sponsor (\$3,000)</li> <li>Entertainment Sponsor (\$5,000)</li> <li>Commons Area Sponsor (\$4,000)</li> </ul> <p><b>Silver Sponsors</b></p> <ul style="list-style-type: none"> <li>Breakfast- (\$1,500)</li> <li>Essay Contest-(\$5000)</li> <li>Mobile Tour Sponsor (3 available)- (\$2000)</li> <li>Break Sponsor (\$1500 1 sponsor) (\$750 to split)</li> <li>Charging Station Sponsor - TBD</li> <li>Logo on selfie backdrop (10 available)- (\$500)</li> <li>Workshop room (\$500) 2 available (Pens or note paper)</li> </ul>	<p><b>Platinum Sponsors</b></p> <ul style="list-style-type: none"> <li>Title Sponsor (\$3,000)</li> <li>Keynote Sponsor (\$5,000)</li> <li>Lunch Sponsor (\$2,000)</li> <li>(Once out of lanyards we can offer a lanyard sponsorship)</li> </ul> <p><b>Gold Sponsors</b></p> <ul style="list-style-type: none"> <li>Wifi Sponsor TBD</li> <li>Banquet Sponsor (\$2,000)</li> <li>App Splash Page Sponsor (\$3,500)</li> <li>Service Project Sponsor (4,000)</li> <li>Gift Bag Sponsor (\$3,000)</li> <li>Commons Area Sponsor (\$4000)</li> </ul> <p><b>Silver Sponsors</b></p> <ul style="list-style-type: none"> <li>Charging Station Sponsor - TBD</li> <li>Logo on selfie backdrop (10 available)- (\$500)</li> <li>Breakfast sponsor (\$1,500)</li> <li>Break Sponsor (1 per day)</li> <li>Workshop room (\$500) 2 available per room (Pens or note paper)</li> </ul> <p><b>Open to anyone</b></p>	<p>(available to silver, gold and platinum sponsors only)</p> <p>Local Officials Day- Breakfast- \$5000 Snacks- \$2000 Lunch-\$5000</p> <p>Directory Ads- 8 full pages available currently, could add one to two more if</p> <p>Platinum Only- Color \$750 Back cover \$500 Front inside cover</p> <p>Others- Black and white Half sheet- 250 Full sheet- 500</p> <p>NLC/ULCT event TBD</p>

<p><b>Open to anyone</b></p> <ul style="list-style-type: none"> <li>• Preferred booth (\$2000)</li> <li>• Small Promotional item in the gift bag. Must provide item. (\$250-500)</li> <li>• Dance Card Sponsor (\$285)</li> <li>• Scholarship pool Sponsor (\$425)</li> <li>• Brand Logo on exhibit center map- (\$250)</li> <li>• Wellness Hub- Pay for flu shot/ something similar</li> <li>• Buy a workshop with a third party speaker. This would have to be vetted by ULCT Staff. (\$3000)</li> </ul>	<ul style="list-style-type: none"> <li>• Preferred booth (\$2000)</li> <li>• Small Promotional item in the gift bag. Must provide item. (\$250-500)</li> <li>• Dance Card Sponsor (\$285)</li> <li>• Scholarship pool Sponsor (\$585)</li> <li>• Brand Logo on exhibit center map- (\$250)</li> <li>• Buy a workshop with a third party speaker. This would have to be vetted by ULCT Staff. (\$3000)</li> </ul>	
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DRAFT

# ULCT PROJECT GOALS & OBJECTIVES 2020

#CitiesWork

Cameron Diehl, Executive Director
DATE
December 16,2019

2020 goals to reflect the guidance that the Board of Directors provided during the strategic planning sessions

**Baseline for Goals: Attainable, Achievable, Impactful**

## Department: Training

### Goal #1

***Develop a strategic training plan for the organization to implement annually, which includes targeted training opportunities for specific audiences within the league membership (newly elected, intermediate, seasoned veterans)***

#### Objectives:

Ensure sufficient training for rural members

Ensure 101 level programming at both Midyear and Annual that focuses on Elected Officials Essentials (EOE)

Ensure 201 level courses that focus on bigger picture policy implementation

Explore 301 level courses that are both nuts and bolts and policy implementation, including options for “Muniversity” deep-dive sessions, utilization of retired experts, and partnerships with universities and other similar mission-driven organizations

Implement regular/quarterly LUAU trainings throughout the year with annual goals (promotion, course material, partners, frequency, etc.)

Explore options for regular trainings on other key topics outside of conferences

### Goal #2

***Stay fresh, efficient, and relevant on trainings, particularly at conferences***

#### Objectives:

Solicit regular feedback from the affiliate groups, board members, and general membership about potential themes and topics

Develop an annual calendar of events/timelines/internal deadlines

Streamline the process for conference idea submissions

Ensure that ULCT staff attends NLC and other relevant events to bring ideas back to ULCT

## Department: Finance/administration

### GOAL #1

***Maximize programming dollars to pivot away from expensive entertainment or other programs that don't bring a sufficient return on ULCT investment***

#### Objectives:

Re-evaluate conference entertainment costs

Evaluate the ROI of programs like the essay contest, Local Officials Day, etc.

<b>Goal #2</b>	<b><i>Expand the value for sponsors and exhibitors and non-member revenue for ULCT at conferences and events</i></b>
<b>Objectives:</b>	Implement the new sponsorship program with the a la carte options at conferences
	Enhance the experience in the exhibit halls for exhibitors, sponsors, & attendees
	Enhance the ROI for sponsors year-round through publications, website, podcasts, LPCs, and other events
	Hire Strategic Partnership Coordinator to improve communication between sponsors, exhibitors, and ULCT staff
<b>Note:</b>	<i>With the shift to the Salt Palace and the changes to the sponsorship program, calendar year 2020 will be a benchmark for the number of sponsors, number of exhibitors, and amount of revenue to inform future goals and metrics</i>

Cross-Department(s):  
Membership  
Engagement

<b>GOAL #1</b>	<b><i>Enhance networking opportunities for members</i></b>
<b>Objectives:</b>	Expand use of receptions and community of commonality caucuses (women in local gov't, emerging leaders, similar cities, mayoral forum, etc.)
	Keep ULCT membership on state boards and commissions up to date

<b>Goal #2</b>	<b><i>Increase member participation in ULCT training programming, particularly from elected officials, rural communities, and cities who have not recently engaged</i></b>
<b>Objectives:</b>	Identify cities and towns who have not participated in the last three years and reach out to them to participate
	Explore incentives to increase conference participation, such as a sponsor-funded scholarship for rural members, early-bird discounts, group discounts, recent absence, first-time attendees, etc. (need to create an application process and timing)
	Improve tracking of ULCT member participation at all events (conferences, trainings, LPC, etc.)
<b>Note:</b>	<i>2020 will become the benchmark for attendance of members (particularly elected officials), sponsors, and exhibitors at the Salt Palace to inform future goals</i>

<b>GOAL #3</b>	<b><i>Delineate staff duties over membership engagement</i></b>
<b>Roles:</b>	Membership, communication: the personal touch, spotlight (Comm.)
	Membership, advocacy: legislative participation, leadership (leg team)
	Membership, structure/operations: Nominations, boards and commissions, Board of Directors (Nick/Abby)
	Membership, events: tracking, recruitment, strategies to increase attendance (events/training team)

Department: Communication

<b>GOAL #1</b>	<b><i>Enhance the visibility of ULCT officers, board members, and ULCT members</i></b>
Objectives:	Spotlight officers and board members in Friday Facts and on website
	Provide them with opportunities to represent ULCT publicly (editorial boards, op-eds, capitol testimony, ULCT meetings, state leaders, NLC, etc.)
	Have conference spot for President's city, enhance the pomp and circumstance around the officer nomination process
	Promote the Brent and Jennie Taylor Service Award within and outside the organization

<b>GOAL #2</b>	<b><i>Utilize the new website and social media to communicate with members and stakeholders</i></b>
Objectives:	Articulate on our website what we train on and what we don't
	Keep the new website fresh, timely, and up to date
	Have conference spot for President's city, enhance the pomp and circumstance around the officer nomination process
	Promote the Brent and Jennie Taylor Service Award within and outside the organization

Department: Advocacy

<b>GOAL #1</b>	<b><i>Increase member participation in ULCT proactive advocacy efforts</i></b>
Objectives:	Utilize COGs/COMs/AOGs/caucuses/Midyear to brainstorm and organize priorities in the spring and summer
	Use surveys to solicit input from members about legislative priorities
	Encourage resolutions at the Annual Convention to define policy objectives
	Improve formalities and efficiencies at the Annual Business Session
	Improve efficiency of LPC (which could include improved remote participation and online voting) and focus LPC on necessary action rather than recaps

<b>GOAL #2</b>	<b><i>Improve process for prioritizing ULCT political capital during the session</i></b>
Objectives:	Engage the officers regularly during the session

<b>GOAL #3</b>	<i>Increase public coordination between state leaders and ULCT members and elevate city issues during the 2020 campaign</i>
Objectives:	Strategically invite state leaders to conferences as participants or presenters
	Coordinate with political parties to train city officials on how to run for delegate or partisan office
	Conduct video interviews (or podcast or questionnaire) with gubernatorial candidates