

WASATCH FRONT REGIONAL COUNCIL

**Financial Statements
With Independent Auditors' Report
For the Year Ended June 30, 2018**





Mission Statement

The Wasatch Front Regional Council builds consensus and enhances quality of life by developing and implementing visions and plans for a well-functioning multi-modal transportation system, livable communities, a strong economy, and a healthy environment.



**WASATCH FRONT REGIONAL COUNCIL
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Financial Section	
Independent Auditors' Report.....	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Fund Financial Statements:	
Statement of Net Position.....	9
Statement of Activities	10
Government Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet	
Governmental Funds to the Statement of Net Position	12
Statement of Revenue, Expenditures, and Changes in Fund Balances Government Funds	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	14
Notes to the Financial Statements	15
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund.....	30
Budgetary Comparison Schedule – Special Projects Fund	31
Schedule of Proportionate Share of the Net Pension Liability	32
Schedule of Contributions	33
Notes to Required Supplementary Information	34
Supplementary Information:	
Independent Auditors' Report on Compliance and on Internal Controls Over Compliance in Accordance with the <i>State of Utah Compliance Audit Guide</i>	
Independent Auditors' 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>	
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance Requirements	
Schedule of Financial Federal Financial Assistance	
Notes to Federal Awards	
Findings and Questioned Costs for the Year Ended June 30, 2018.....	
Findings and Questioned Costs - Prior Year	
Schedule of Revenue and Expenditures by Program For the Year Ended June 30, 2018	
46	



KARREN | HENDRIX | STAGG | ALLEN
COMPANY

Certified Public Accountants

111 East Broadway • Suite 250 • Salt Lake City, Utah 84111
Phone 801.521.7620 • Fax 801.521.7641
Website www.khsa.biz

Rebecca M. Allred, NCG
Robin W. Bastar, CPA
Lois M. Brandriet, PhD
APRN, GCNS-BC, NCG
Stephen R. Capson, CPA
Scott J. Hanni, CPA
Danny L. Hendrix, CPA
B. Joe Merkley, CPA
Tim C. Rees, CPA
Jeffrey N. Ririe, CPA
G. John Runia, CPA

INDEPENDENT AUDITORS' REPORT

Members of the Council and Andrew Gruber
Wasatch Front Regional Council
Salt Lake Council, Utah

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 3 through 8 and 28 through 33, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wasatch Front Regional Council's basic financial statements. The schedule of revenue and expenditures by program on pages 46 through 48 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of revenue and expenditures by program are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of revenue and expenditures by program have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them. The schedule of expenditures of federal financial awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal financial awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2018, on our consideration of the Wasatch Front Regional Council'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 Wasatch Front Regional Council's internal control over financial reporting and compliance.



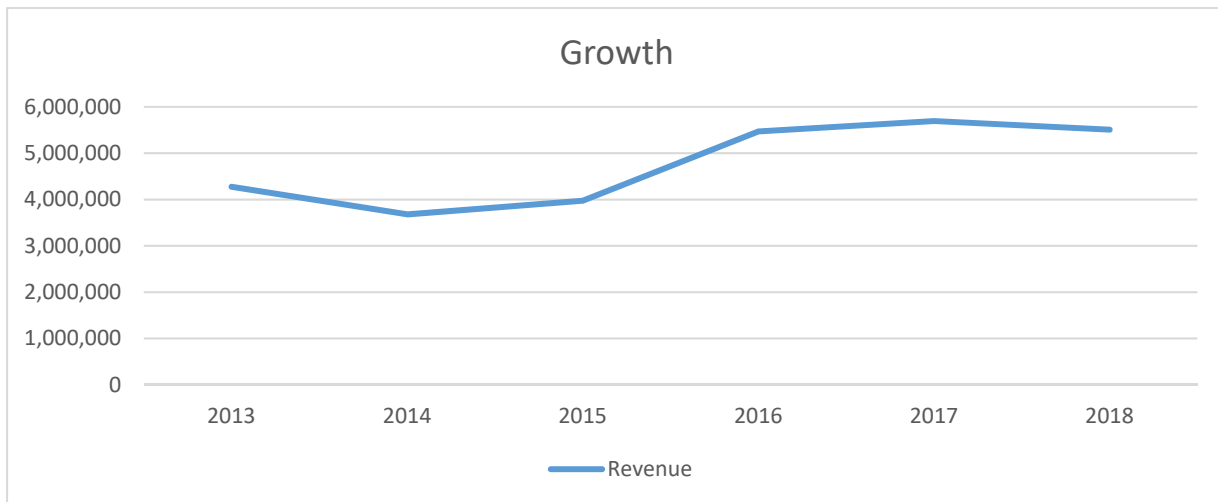
Karren, Hendrix, Stagg, Allen & Company
Salt Lake City, Utah
September 13, 2018

WASATCH FRONT REGIONAL COUNCIL MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2018

As management of the Wasatch Front Regional Council (the Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2018.

History and Background

The Wasatch Front Regional Council (WFRC) was organized as a volunteer association of local governments in March 1969, among Davis, Salt Lake, and Weber Counties and the cities within, for the purpose of establishing a review agency to comply with requirements to obtain federal grants and loans, and to address the solutions to regional problems. In June 1969, Tooele County and the municipalities within, and, in 1972 Morgan County and the municipalities within, joined the Regional Council. In June 2014, those portions of Box Elder County that were included in the Ogden/Layton urbanized area for transportation planning as defined by the U.S. Census Bureau joined the Regional Council. The WFRC was designated by the governor of Utah as the Metropolitan Planning Organization (MPO) for the Salt Lake and Ogden metropolitan areas in 1971. MPOs are agencies responsible for transportation planning in urbanized areas throughout the United States. Transportation planning in the region is a cooperative effort of state and local agencies, and as the MPO, the WFRC is responsible for coordinating this transportation planning process. In addition to the transportation planning process, the WFRC provides assistance to small communities with Community Development Block Grant (CDBG) applications, participates in developing comprehensive economic development strategies for the region, and provides a forum for local governments to cooperate in resolving problems and developing plans that are common to two or more counties or are regional in nature.



The Council consists of a governing board of twenty-one voting members, 19 elected officials representing local governments from Box Elder, Davis, Morgan, Salt Lake, Tooele and Weber counties, and one representative each from the Utah Department of Transportation and the Utah Transit Authority. The Council also includes six non-voting members representing the Utah State Senate, the Utah House of Representatives, the Utah State Planning Director, the Utah League of Cities and Towns, the Utah Association of Counties, and Envision Utah.

Transportation planning in the Salt Lake Area has been a continuing effort for over four decades. In the 1960's UDOT developed the first Long Range Plan for the area. Since 1973, the WFRC has developed Regional Transportation Plans and has updated them regularly. The process is comprehensive in nature, addressing all modes of transportation, including highways, transit, and active transportation.

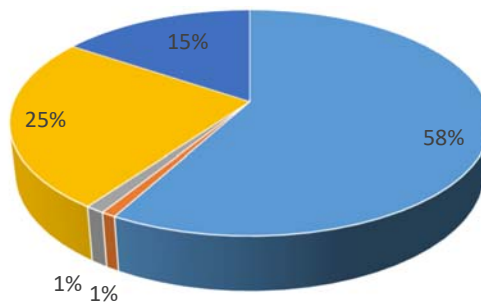
Transportation plans are also part of the comprehensive planning for the overall development of the region.

Two main products are developed through the transportation planning process. The first is a Regional Transportation Plan (RTP), which recommends improvements to highways, transit, and other modes, to meet the transportation needs of the area with a minimum 20-year planning horizon. The second is a Transportation Improvement Program (TIP). The TIP is a six-year capital improvement program for highway and transit and other transportation projects contained in the RTP. The RTP is updated every four years, while the TIP is approved annually.

During the fiscal year ended June 30, 2018, Wasatch Front Regional Council received funding from the following sources:

U.S. Department of Transportation	\$ 3,757,490	58.0%
U.S. Department of Housing/Urban Development	49,940	0.8%
U.S. Department of Commerce	70,000	1.1%
State of Utah	386,029	24.6%
Local Governments	915,686	15.5%
Total	\$ 5,179,144	100.0%

Revenue



- Dept Transportation
- State of Utah
- Housing Urban Development
- Dept of Commerce
- Local Governments

Financial Highlights

The following table summarizes changes in the Council's assets, liabilities, deferred outflows and deferred inflows:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current assets	\$ 1,842,033	\$ 1,431,028	\$ 411,005
Pension assets	-	-	-
Capital assets	<u>202,061</u>	<u>273,281</u>	<u>(71,220)</u>
Total assets	<u>\$ 2,044,094</u>	<u>\$ 1,704,309</u>	<u>\$ 339,785</u>
Deferred outflows	<u>\$ 705,644</u>	<u>\$ 669,444</u>	<u>\$ 36,200</u>
Current liabilities	690,067	819,092	(129,025)
Non-current liabilities	<u>1,146,509</u>	<u>1,339,026</u>	<u>(192,517)</u>
Total liabilities	<u>\$ 1,836,576</u>	<u>\$ 2,158,118</u>	<u>\$ (321,542)</u>
Deferred inflows	<u>\$ 538,725</u>	<u>\$ 154,584</u>	<u>\$ 384,141</u>
Net position			
Net investment in capital assets	202,061	273,281	(71,220)
Restricted net position	290,000	-	290,000
Unrestricted net position	<u>(117,624)</u>	<u>(212,230)</u>	<u>94,606</u>
Total net position	<u>\$ 374,437</u>	<u>\$ 61,051</u>	<u>\$ 313,386</u>

Management considers the fluctuation in cash, receivables, prepaid expenses, and accrued payroll liabilities to be normal for this organization. Unearned revenue is advance payments received from local government and other sources for projects in process. Those projects are anticipated to be completed in subsequent fiscal years. Throughout the year, the Council invested funds not immediately needed for operations with the Utah State Public Treasurer's Investment Fund (PTIF). Proceeds from those invested funds were \$12,941 for the year.

There was an 9% decrease in revenue and 16% decrease expenditures for the year. The bulk of this is due to projects awarded under the Transportation and Land Use Connection program that were not completed during the year and are ongoing. Management considers this to be normal for this organization. From time to time the Council enters into agreements with other agencies to conduct various transportation and other studies and support. For this fiscal year those included work on Transit Support, Community Impact Board, Economic Development planning, CDBG Small Cities support, Transportation and Land Use Connection Program, Tooele Valley Rural Planning Organization, Morgan Rural Planning Organization, Mobility Management, Transportation Model Development, and several joint planning projects.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to Wasatch Front Regional Council's basic financial statements. This report is similar to the last fiscal year's and follows Governmental Accounting Standards Board Statement No. 34. In addition to the Management's Discussion and Analysis, the report consists of government-wide financial statements, fund financial statements, and notes to the financial statements. The first several statements are highly condensed and present a government-wide view of the Council's finances. The governmental activities of the Wasatch Front Regional Council include transportation planning, providing technical assistance to and workshops for small communities for CDBG applications, Economic Development planning, and other planning.

Government-wide Financial Statements. The government-wide *financial* statements are designed to provide readers with a broad overview of the Council's finances in a manner similar to private-sector

business reporting.

The *statement of net position*, a component of the government-wide financial statements, presents information on all of the Council's assets and liabilities, with the difference between the two reported as *net position*. The Council's capital assets (land, buildings, and equipment) are included in this statement and reported net of their accumulated depreciation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the Council's economic outlook, changes in its demographics, and the condition of its capital assets.

The *statement of activities* presents revenue and expense information showing how the Council's net position changed during the fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net position are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, assessment revenue is reported when the assessments are billed, even though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until sometime later.

The government-wide financial statements can be found on pages 9 and 10 of this report.

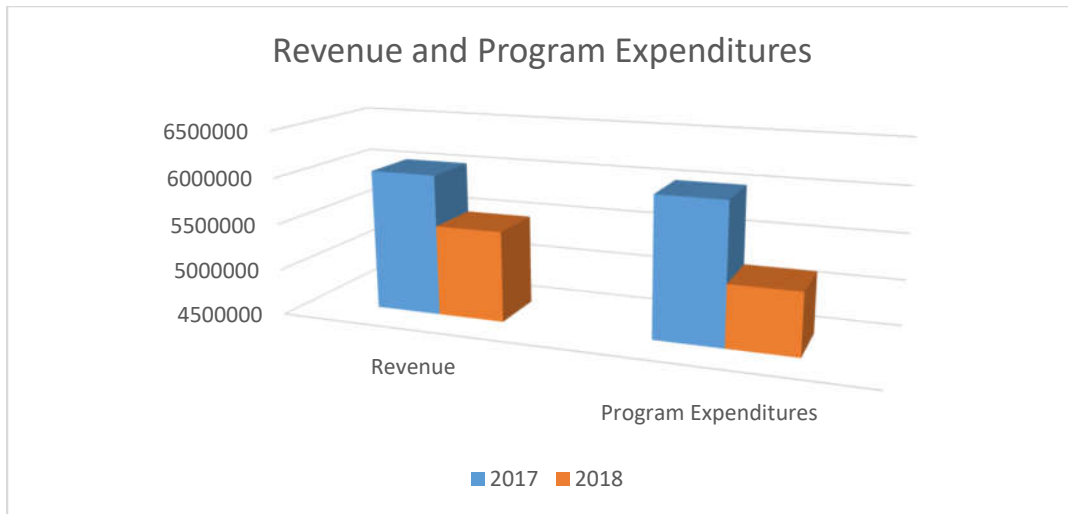
Fund Financial Statements. A *fund* is a grouping of related accounts (revenue, expenses, assets, and liabilities) that is used to control resources that have been segregated for specific activities. The Wasatch Front Regional Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by the Council are accounted for in two governmental funds: the general fund and the special projects fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, for accounting and reporting purposes, government fund numbers are determined with a different approach. At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types is necessary to understand how the numbers differ. Such reconciliation is provided on pages 12 and 14 of this report. The Council has two major funds which are the General Fund and the Special Projects Fund. The General Fund is used for administrative activities of the Council. The Special Projects Fund is used to account for regional planning activities. To demonstrate legal compliance, statements comparing budget-to actual numbers for both funds are included in the financial statements.

Financial Analysis

The Council's fund balance may serve over time, as a useful indicator of an organization's financial position. In the case of the Council, assets exceeded liabilities by \$374,437 at the close of the fiscal year ended June 30, 2018. Net assets are comprised of current assets and capital assets (property and equipment). Currently, the Council's capital assets net of related debt and depreciation is \$202,061. The Council records depreciation on the building using a straight-line method over a seventeen-year period. The remaining fixed assets, including leasehold improvements and furniture and equipment, have a value net of depreciation of \$40,113 with no related debt. The Council uses these capital assets for day to day operations; consequently, these assets are not available for future spending.

The Council's net position increased by \$313,387 during the fiscal year due to lower expenditures.



Key elements of the increase in net assets are as follows:

	<u>2018</u>	<u>2017</u>
Revenue		
Federal sources	\$ 3,877,430	\$ 3,573,438
State sources	386,029	1,465,686
Local sources	915,656	927,841
Other	230,159	-
Interest income	12,941	15,856
Total revenue	<u>\$ 5,422,215</u>	<u>\$ 5,982,821</u>
Expenses		
Program	\$ 5,108,828	\$ 6,065,270
Interest	-	5,747
Total expenses	<u>\$ 5,108,828</u>	<u>\$ 6,071,017</u>
Increase in net position	\$ 313,387	\$ (88,196)
Net position, beginning	61,050	149,246
Net position, ending	<u>\$ 374,437</u>	<u>\$ 61,050</u>

The Council has two funds that are deemed major funds. The general fund is the fund that pays for the administration of the Council and activities not accounted for in the special projects fund. The special projects fund accounts for the major projects of the Council. At the end of June 2018, the general fund showed an increase of \$247,875 and the special projects fund showed an increase of \$192,154.

Use of Reserved Funds

The Council has funds with various restrictions. When an expense is incurred which meets the requirements to release the restriction, such restricted funds are first used to satisfy the expense followed by any unrestricted funds needed to satisfy the expense. The Council has reserved a portion of its cash for compensated absences.

Cash unrestricted	\$ 295,714
Restricted cash	725,106

Budgetary Highlights

The Council approved its fiscal year 2018 budget on May 26, 2017. During the year the 2018 budget was amended to include \$2,112,847 in additional funding for projects such as GPI demographic data support, Oquirrh connection feasibility study, Transportation and Land Use Connection Program, and to account for funds carried forward from the previous year that was estimated at the time the budget was adopted. Several of these projects are multi-year in nature and are anticipated to be completed within the next two years.

Capital Assets

The Council's investment in property and equipment as of June 30, 2018, amounts to \$202,061, net of accumulated depreciation. This investment includes land, buildings, furniture, equipment, and related improvements. The total decrease in the Council's investment in property and equipment for the current fiscal year was 26%. During the year the Council purchased furniture and equipment and leasehold improvements in the amount of \$16,032. The Council uses the straight-line method of depreciation over the estimated useful life of the assets.

Property and Equipment (Net of Depreciation)

	<u>2018</u>	<u>2017</u>
Land	\$ 105,888	\$ 105,889
Buildings	56,059	112,118
Improvements	14,415	17,185
Furniture and equipment	<u>25,699</u>	<u>38,089</u>
Total	<u>\$ 202,061</u>	<u>\$ 273,281</u>

Requests for Information

This financial report is designed to provide a general overview of the Council's finances for all those with an interest. Questions regarding any of the information provided in this report or requests for additional information should be addressed to:

Wasatch Front Regional Council
295 North Jimmy Doolittle Road
Salt Lake City, Utah 84116
Attention: Loveit Baumgardner, Chief Financial Officer

WASATCH FRONT REGIONAL COUNCIL

Statement of Net Position

June 30, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 295,714
Cash - restricted	725,106
Accounts receivable	791,201
Prepaid expenses	30,012
Total current assets	<u>1,842,033</u>

NON-CURRENT ASSETS (Net of depreciation)

Pension asset	
Capital assets	
Land	105,888
Building	56,059
Leasehold improvements	14,415
Furniture and equipment	25,699
Total capital assets	<u>202,061</u>

Total assets 2,044,094

Deferred outflows of resources

Deferred outflows relating to pensions 705,644

Total assets and deferred outflows of resources \$ 2,749,738

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 254,961
Unearned revenue	435,106
Compensated Absences (due within one year)	60,000
Total current liabilities	<u>750,067</u>

Noncurrent Liabilities

Pension Liability	817,034
Compensated absences (due after one year)	269,475
Total noncurrent liabilities	<u>1,086,509</u>

Total liabilities 1,836,576

Deferred Inflows of resources

Deferred inflows relating to pensions 538,725

Total deferred inflows of resources 538,725

NET POSITION

Investment in capital assets, net of related debt	202,061
Restricted net position	290,000
Unrestricted net position	<u>(117,624)</u>

Total net position 374,437

Total liabilities, deferred inflows, and net position \$ 2,749,738

The accompanying notes are an integral part of this statement.

WASATCH FRONT REGIONAL COUNCIL

Statement of Activities For the Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position				
<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Primary Government</u>
		<u>Operating Grants and Contributions</u>	<u>Other Grants and Contributions</u>	<u>Government Activities</u>
PRIMARY GOVERNMENT				
Government activities				
General government	\$ 5,108,828	\$ 5,409,273	\$ -	\$ 300,445
Total government activities	5,108,828	5,409,273	-	300,445
Total primary government	\$ 5,108,828	\$ 5,409,273	\$ -	\$ 300,445
General revenue				
Investment earnings				12,941
Total general revenue				12,941
Changes in net assets				313,386
NET POSITION, JULY 1				61,051
NET POSITION, JUNE 30				\$ 374,437

The accompanying notes are an integral part of this statement.

WASATCH FRONT REGIONAL COUNCIL

Balance Sheet Governmental Funds June 30, 2018

	<u>General</u>	<u>Special Projects</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
ASSETS			
Cash	\$ 53,242	\$ 242,472	\$ 295,714
Cash - restricted	290,000	435,106	725,106
Accounts receivable	-	791,201	791,201
Prepaid expenses	-	30,012	30,012
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 343,242</u>	<u>\$ 1,498,791</u>	<u>\$ 1,842,033</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ -	\$ 254,961	\$ 254,961
Unearned revenue	-	435,106	435,106
Total liabilities	<hr/>	<hr/>	<hr/>
	-	690,067	690,067
FUND BALANCES			
Assigned - compensated absences	-	329,475	329,475
Assigned - special projects	-	479,249	479,249
Restricted	290,000	-	290,000
Unassigned	53,242	-	53,242
Total fund balances	<hr/>	<hr/>	<hr/>
	343,242	808,724	1,151,966
Total liabilities and fund balances	<u>\$ 343,242</u>	<u>\$ 1,498,791</u>	<u>\$ 1,842,033</u>

The accompanying notes are an integral part of this statement.

WASATCH FRONT REGIONAL COUNCIL
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
June 30, 2018

Total fund balance		\$ 1,151,966
Total net assets reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 105,889	
Building	952,993	
Leasehold improvements	44,262	
Furniture and equipment	319,257	
Less accumulated depreciation	<u>(1,220,340)</u>	
Total capital assets	<u>202,061</u>	202,061
Liability for compensated absences is not recognized at the fund level but is recognized for the government wide statement of net assets.		(329,475)
Pension liability is not recognized on the funds statement but is recorded on the government wide statement.		(817,034)
Deferred outflows is not recognized on the funds statement but is recorded on the government wide statement.		705,643
Deferred inflows is not recognized on the funds statement but is recorded on the government wide statement.		<u>(538,724)</u>
Total net assets of governmental activities		<u>\$ 374,437</u>

The accompanying notes are an integral part of this statement.

WASATCH FRONT REGIONAL COUNCIL
Statement of Revenue, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2018

	General	Special Projects	Totals
REVENUE			
Federal sources	\$ -	\$ 3,877,430	\$ 3,877,430
State sources	-	386,029	386,029
Local sources	-	915,656	915,656
Other	200,030	30,129	230,159
Interest	12,941	-	12,941
Total revenue	<u>212,971</u>	<u>5,209,244</u>	<u>5,422,215</u>
EXPENDITURES			
Administration	1,585	-	1,585
Planning	-	4,964,569	4,964,569
Capital outlay	16,032	-	16,032
Total expenditures	<u>17,617</u>	<u>4,964,569</u>	<u>4,982,186</u>
Revenue and other sources (under) over expenditures and other uses	<u>195,354</u>	<u>244,675</u>	<u>440,029</u>
Other sources			
Transfers	52,521	(52,521)	-
Total other sources	<u>52,521</u>	<u>(52,521)</u>	<u>-</u>
Total revenue under (over) expenditures and other sources	247,875	192,154	440,029
FUND BALANCE, JULY 1	<u>95,367</u>	<u>616,570</u>	<u>711,937</u>
FUND BALANCE, JUNE 30	<u>\$ 343,242</u>	<u>\$ 808,724</u>	<u>\$ 1,151,966</u>

The accompanying notes are an integral part of this statement.

WASATCH FRONT REGIONAL COUNCIL
Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Funds Balances - Governmental Funds to the Statement of Activities
June 30, 2018

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 440,029
The change in net assets reported for governmental activities in the statement of activities is different because: Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$16,032) is less than depreciation expense (\$87,252).	(71,220)
The increase in compensated absences is reported in the statement of activities but the liability is not recorded at the fund level.	(76,729)
Pension expense is reduced by deferred outflows on the government wide statement.	<u>21,306</u>
Change in net position of governmental activities	<u><u>\$ 313,386</u></u>

The accompanying notes are an integral part of this statement.

**WASATCH FRONT REGIONAL COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Wasatch Front Regional Council (Council) is a voluntary organization comprised of representatives of local governments located along the Wasatch Front. The Council was organized in 1969 for the purpose of meeting at regular intervals to discuss and study community challenges of mutual interest and concern and to develop policy and action recommendations for ratification and implementation by the governments in the area served by the Council.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units according to the criteria set forth in Governmental Accounting Standards Board's (GASB) Statement No. 14 and concluded there are no entities that are considered to be component units of the Council, nor is the Council considered a component unit of any other entity.

The Council's programs are funded by Federal grants, state appropriations and grants, and various local contributions, primarily on a year-to-year basis.

Basis of Accounting and Measurement Focus - Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide statements are comprised of the statement of net position and the statement of activities. They contain information on all of the activities of the primary government. Most effects of inter-fund activities have been eliminated from these statements. The Statement of Net Position and the Statement of Activities are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenue is recorded when earned, and expenses are recorded at the time liabilities are incurred or the economic asset is used. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The statement of activities is presented to show the extent that program revenue of a given activity supports direct expense. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenue is grants or other contributions that are restricted to operations or a specific activity. General revenue is investment earnings.

The *Governmental Fund Balance Sheet*, and the *Statement of Governmental Fund Revenue, and Expenditures and Changes in Fund Balance* use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Expenditures related to principal and interest on the general long-term debt is paid as incurred and compensated absences are recorded only when payment is due.

The accounting policies of the Council conform to accounting principles generally accepted in the United States of America applicable to governmental units. The following is a summary of the more significant of such policies:

Short-Term Investments – Short-term investments are held by the Utah Public Treasurer's Investment Fund and are recorded at cost which approximates market value.

Capital Assets – The Council capitalizes all assets over \$1,000 and values the assets at historical

cost. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

Building and leasehold improvement	17 years
Furniture, fixtures and equipment	3-5 years

Unemployment Benefits – The Council, by agreement with the Utah State Department of Workforce Services, does not pay unemployment taxes. Instead, the Department of Workforce Services bills the Council directly for applicable unemployment benefits payable to former Council employees. Claims are recognized as an expense when the claim is filed.

Accrued Vacation Expense – The cost of employee vacations is recorded as an expenditure at the time it is earned by the employee and is charged to the programs on which the employee works.

Accrued Sick Leave – Sick leave benefits are vested and any unused benefits may be redeemed once annually as cash payments for any accrued hours over 80 hours or upon termination of employment.

Program Revenue – The Council reports program revenue, operating grants and contributions, and capital grants and contributions. General revenue includes all investment earnings.

Reconciliation of Government-Wide and Fund Statements – Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the assets, liabilities, revenue, and expenses or expenditures reported in the fund financial statements and the government-wide financial statements. As a result, there must be reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements.

Inter-fund Transactions – In the normal course of its operations, the Council has various transactions between funds. Transfers are recognized as operating transfers in and out, respectively, by the funds receiving and providing the transfer.

Minimum Fund Balance – Utah Code requires that a minimum fund balance of 5% of the total general fund revenue be maintained and not budgeted.

Revenue from Local Sources – Revenue from local sources is generally used to meet matching revenue requirements related to Federal grants and for other approved projects. Such revenue from local sources is recognized in the period in which the funds are received. This revenue and the related receivables are principally with local governmental entities represented by the Council.

Governmental Funds – Major individual funds are reported in separate columns in the governmental fund's statements. A fund is considered major if it is the general fund of the Council. Other funds are considered major if total assets, liabilities, revenue, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

Wasatch Front Regional Council has two major governmental funds; the general fund and the special projects fund. The general fund is the main operating fund and accounts for all the financial resources of the Council except those required to be accounted for in another fund. The special projects fund accounts for resources dedicated to regional planning projects.

Prepays – Payments made for goods and services that will benefit periods beyond June 30, 2018, are recorded as prepaid.

Unearned Revenue – Funds which are specifically restricted as to their use are recorded as revenue when the related costs are incurred. Such funds received in advance of costs incurred are recorded

as unearned revenue. Restricted sources are used before unrestricted sources.

Indirect Costs – Indirect costs are charged to the various programs on a monthly basis. Such costs are comprised of total overhead costs for the month and are allocated based on the total person-hours worked in each program.

Budget – Annual budgets are adopted by the Board of Council members. Budgets are submitted to the State of Utah. The budgets are adopted using *the modified accrual basis of accounting*.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Council to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimated maturities.

Deferred Inflows and Outflows

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, represent a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, Wasatch Front has only one deferred outflow relating to pensions.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement, deferred inflows of resources, represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Wasatch Front has only one deferred inflow related to pensions.

Pensions

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

NOTE 2—CASH AND INVESTMENTS

The Council maintains a cash and investment pool, which includes cash on hand, one cash account, and one investment account.

The Council's deposit and investment policy is to follow the Utah Money Management Act. The Council does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the Council is exposed.

Utah State law requires that the Council's funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize the risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the Council and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2018, the Council had the following deposits and investments:

<u>Deposit and Investment Type</u>	<u>Fair Value</u>
Cash on deposit	\$ 476,985
State Treasurer's investment pool	<u>715,476</u>
Total	<u>\$ 1,192,461</u>

The Council is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances. As of June 30, 2018, the Utah Public Treasurer's Investment Fund was unrated.

As of June 30, 2018, the Council had the following investments:

Investment Maturities (in Years)

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 10 Years</u>	<u>More Than 10 Years</u>
State of Utah Public Treasurer Investment fund	\$ 715,476 <u>-</u>	\$ 715,476 <u>-</u>	\$ - <u>-</u>	\$ - <u>-</u>
Total investments	<u>\$ 715,476</u>	<u>\$ 715,476</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk – Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

Interest Rate Risk – Interest rate risk is the risk that, changes in interest rates of debt investments, will adversely affect the fair value of an investment. The Council manages its exposure to declines in fair value by only investing in the PTIF.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Council's deposits may not be returned. As of June 30, 2018, \$250,000 of the Council's deposits were covered by federal insurance.

Custodial Credit Risk – Investments – In the case of investments, this is the risk that in the event of the failure of the counterparty, the Council will not be able to recover the value of its investments that are in the possession of an outside party. The Utah Public Treasurer's Investment Fund is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are uncollateralized, and are subject to the same market risks as any similar investment

in money market funds.

Components of cash and investments (including interest earning deposits) on June 30, 2018, are as follows:

Cash on hand	\$ 300
Cash in bank	305,044
Utah State Treasurer's investment pool	<u>715,476</u>
Total	<u>\$ 1,020,820</u>

Cash and investments are included in the accompanying statement of net assets as follows:

Cash	\$ 295,714
Restricted cash	<u>725,106</u>
Total	<u>\$ 1,020,820</u>

NOTE 3—ACCOUNTS RECEIVABLE

Accounts receivable from all sources as of June 30, 2018, consisted of the following:

There is no allowance for uncollectable accounts.

UDOT Consolidated Planning Grant	\$ 555,748
Morgan RPO	9,395
Modeling Support	36,789
Transportation And Land Use Connection	119,308
Weber Davis STP	34,778
UDOT TLC SL	14,418
CIB	2,000
UDOT TLC WD	14,058
UTA Mobility Management	2,897
Other	<u>1,810</u>
Total	<u>\$ 791,201</u>

NOTE 4—PROPERTY AND EQUIPMENT

A summary of changes in property and equipment for the year ended June 30, 2018, is as follows:

	Balance June 30, 2017	Additions	Retirement	Balance June 30, 2018
Non-depreciated assets				
Land	\$ 105,888	\$ -	\$ -	\$ 105,888
Total non-depreciated assets	<u>105,888</u>	<u>-</u>	<u>-</u>	<u>105,888</u>
Depreciated assets				
Building	952,993	-	-	952,993
Leasehold improvements	44,262	-	-	44,262
Equipment, furniture, and fixtures	315,198	16,032	(11,972)	319,258
Total depreciated assets	<u>1,295,827</u>	<u>16,032</u>	<u>(11,972)</u>	<u>1,316,513</u>
Less accumulated depreciation				
Building	840,875	56,058	-	896,933
Leasehold improvements	27,077	2,769	-	29,846
Equipment, furniture, and fixtures	277,108	28,425	(11,972)	293,561
Total accumulated depreciation	<u>1,145,060</u>	<u>87,252</u>	<u>(11,972)</u>	<u>1,220,340</u>
Net property and equipment	<u>\$ 256,655</u>	<u>\$ (71,220)</u>	<u>\$ (23,944)</u>	<u>\$ 202,061</u>

Depreciation expense was \$87,252 for general government.

NOTE 5—LONG-TERM DEBT

A summary of changes in long-term debt for the year ended June 30, 2018, is as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Compensated absences					
Pension liability	\$ 1,186,281	\$ -	\$ (369,247)	\$ 817,034	\$ -
Sick leave	116,481	97,997	(87,086)	127,392	30,000
Vacation	136,264	124,950	(59,131)	202,083	30,000
Total	<u>1,439,026</u>	<u>222,947</u>	<u>(515,464)</u>	<u>1,146,509</u>	<u>60,000</u>
Total long-term liabilities	<u>\$ 1,439,026</u>	<u>\$ 222,947</u>	<u>\$ (515,464)</u>	<u>\$ 1,146,509</u>	<u>\$ 60,000</u>

NOTE 6—NET POSITION

The unrestricted net position of the special projects fund on June 30, 2018, was designated by the Council for future programs, local matching for Federally-funded projects and compensated absences.

NOTE 7—RISK MANAGEMENT

The Council 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 Council carries commercial insurance. The Council carries a Workers' Compensation Policy for which the premiums are based on past experience.

NOTE 8—RETIREMENT PLANS

General Information About the Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

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

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

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

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

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2018, are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of Service Required and/or Age Eligible For Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest of 3 years	30 Years any age 25 Years any age * 20 years age 60* 10 Years age 62* 4 Years age 65	2.0% Per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 Years any age 20 Years any age 60* 10 Years age 62* 4 Years age 65	1.5% Per year all years	Up to 2.5%

*With actuarial reductions

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

Contribution Rate summary

As a condition of participation in the Systems, employers and or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contributions rates as of June 30, 2018 are as follows:

	Employee Paid	Employer Contribution Rate	Employer Rate for 401(k) Plan
Contribution System			
111 Local Government Div Tier 2	N/A	15.11	1.56
Noncontributory System			
15 Local Government Div. Tier 1	N/A	18.47	N/A
Tier 2 DC Only	N/A	6.69	10.00
211 Local Government			

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

For fiscal year ended June 30, 2018, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory system	\$ 282,164	N/A
Tier 2 Public Employees System	76,192	-
Tier 2 DC Only System	5,922	N/A
	<hr/>	<hr/>
Total contributions	<u>\$ 364,278</u>	<u>-</u>

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

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

At June 30, 2018, we reported a net pension asset of \$0 and a net pension liability of \$817,034.

	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share Dec. 31, 2015	Change (Decrease)
Noncontributory System	\$ -	\$ 812,830	0.1855225%	0.1838020%	0.0017205%
Tier 2 Public		4,204	0.0476816%	0.0454080%	0.0065264%
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ -</u>	<u>\$ 817,034</u>			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017, and rolled forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2018, we recognized pension expense of \$342,510.

At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,288	\$ 53,681
Changes in assumptions	297,623	19,417
Net difference between projected and actual earnings on pension plan investments	176,315	465,626
Changes in proportion and differences between contributions and proportionate share of contributions	30,452	-
Contributions subsequent to the measurement date	182,965	-
Total	<u>\$ 705,643</u>	<u>\$ 538,724</u>

\$182,965 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year-end, but subsequent to the measurement date of December 31, 2016. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

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

<u>Year Ended December 31,</u>	Deferred Outflows (Inflows) of Resources
2018	\$ 55,734
2019	76,697
2020	(50,790)
2021	(101,236)
2022	(913)
Thereafter	4,462

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

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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on

Scale AA, a model developed by the Society of Actuaries.

As for the actuarial assumptions used on January 1, 2017, the valuation was based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Annual Return Arithmetic Basis</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Equity securities	40%	6.15%	2.46%
Debt securities	20%	40.00%	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%	0%
	<u>100%</u>		<u>4.75%</u>
Inflation			2.50%
Expected arithmetic nominal retrun			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 7.20%. 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 employees 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 currently active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95% from 7.20% from the prior measurement period.

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

<u>System</u>	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Non-contributory System	\$ 2,198,273	\$ 812,830	\$ (339,098)
Tier 2 Public Employees System	49,500	4,204	(30,725)
Total	<u>\$ 2,247,773</u>	<u>\$ 817,034</u>	<u>\$ (369,823)</u>

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

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as primary retirement plans. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Wasatch Front Regional Council participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
401(k) Plan			
Employer contributions	\$ 132,318	\$ 17,535	\$ 15,086
Employee contributions	52,034	48,287	52,913
457 Plan			
Employer contributions	-	-	-
Employee contributions	130,851	137,664	164,799

The increase in 401(k) Employer contributions from 2017 to 2018 is due to a change in vendors. In 2017 a portion of these funds were contributed to ICMA Retirement Corporation. In 2018 the Council ended those contributions to ICMA and instead made them to the employees' Utah State Retirement 401(k) accounts.

NOTE 9— ECONOMIC DEPENDENCY

The Council receives a substantial amount of its revenue from the U.S. Department of Transportation. This agency provides 68% of the Council's total revenue. Loss of this support could adversely affect the Council's activities.

NOTE 10— RESTRICTED CASH

The Council has restricted cash in the amount of \$725,106 for advanced grant payments and outside restrictions.

NOTE 11 – NEWLY ISSUED ACCOUNTING STANDARDS

The GASB has issued the following statements that will apply to government reporting in future years:

GASB 83 Certain Asset Retirement Obligations

GASB 84 Fiduciary Activities

GASB 85 Omnibus 2018

GASB 86 Certain Debt Extinguishment Issues

GASB 87 Leases

GASB 88 Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements.

GASB 89 Accounting for Interest Cost Incurred Before the End of a Construction Period

GASB 90 Majority Equity Interest an Amendment of GASB Statements No 14 and No 61

The statements should not have a material effect on the financial statements.

NOTE 12— FUND BALANCE

These financial statements include the provisions of GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statement. Fund balances are classified as follows:

Non-spendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Council.

Assigned – Amounts that are designated by the Council for a specific purpose but are not spendable until specific conditions are met.

Unassigned – All amounts not included in the other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 11). Restricted funds are used first as appropriate. Assigned funds are used when specific conditions are met such as a request for reimbursement to Department of Workforce Services for a claim for unemployment compensation. Decreases to the fund balance first reduce Unassigned Fund Balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

NOTE 13— LEASES

The Council signed a contract in October of 2017 to lease a new office space which is being remodeled and the entity will locate their offices in the new building during the later part of 2018. The lease term is for sixty-three months ending in 2028. The rent paid for the year ending June 30, 2018, was \$105,702. The yearly rent expense for the next five years is as follows:

<u>Year ending</u>	<u>Amount</u>
June 30, 2019	\$ 286,632
June 30, 2020	292,382
June 30, 2021	304,868
June 30, 2022	314,072
June 30, 2023	323,946

The lease can be terminated by the provisions of the lease agreement and may be extended after the lease term.

NOTE 14-TRANSFERS

The Council transferred \$52,521 from the special projects fund to the general fund for buildings maintenance needs.

REQUIRED SUPPLEMENTARY INFORMATION

WASATCH FRONT REGIONAL COUNCIL
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	
REVENUE				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Local sources	-	-	-	-
Other	200,000	200,000	200,030	30
Interest	10,438	10,438	12,941	2,503
Total revenue	210,438	210,438	212,971	2,533
EXPENDITURES				
Operating expenses	1,541	1,541	1,585	44
Capital outlay	45,000	270,000	16,032	(253,968)
Total expenditures	46,541	271,541	17,617	(253,924)
Excess of revenue over expenditures (usage of fund balance)	163,897	(61,103)	195,354	256,457
Other sources				
Transfers in	78,256	87,252	52,521	-
Transfers out	-	-	-	-
Net change in fund balance	242,153	26,149	247,875	256,457
FUND BALANCE, JULY 1	95,367	95,367	95,367	-
FUND BALANCE, JUNE 30	\$ 337,520	\$ 121,516	\$ 343,242	\$ 256,457

The accompanying notes are an integral part of this statement.

Wasatch Front Regional Council
Budgetary Comparison Schedule
Special Projects Fund
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	
REVENUE				
Federal sources	\$ 4,439,629	\$ 4,407,954	\$ 3,877,430	\$ (530,524) ^a
State sources	531,914	516,914	386,029	(130,885)
Local sources	1,250,632	1,519,471	915,656	(603,815)
Other	-	-	30,129	30,129
Total revenue	<u>6,222,175</u>	<u>6,444,339</u>	<u>5,209,244</u>	<u>(1,235,095)</u>
EXPENDITURES				
Planning	6,162,076	6,357,087	4,964,569	(1,392,518)
Total expenditures	<u>6,162,076</u>	<u>6,357,087</u>	<u>4,964,569</u>	<u>(1,392,518)</u>
Excess of revenue over expenditures (usage of fund balance)	<u>60,099</u>	<u>87,252</u>	<u>244,675</u>	<u>157,423</u>
Other sources				
Transfers out	(78,256)	(87,252)	(52,521)	(34,731)
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(18,157)	-	192,154	157,423
FUND BALANCE, JULY 1	<u>616,570</u>	<u>616,570</u>	<u>616,570</u>	<u>-</u>
FUND BALANCE, JUNE 30	<u>\$ 598,413</u>	<u>\$ 616,570</u>	<u>\$ 808,724</u>	<u>\$ 157,423</u>

Footnote revenue variance

a - When new projects are added the entire contract is included in the budget year in which it was received. However many projects are multi-year projects. Amounts not spent at the end of the fiscal year are carried forward and re-budgeted in subsequent years until the project is complete.

Wasatch Front Regional Council
Schedule of Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
December 31, 2018
Last 10 Fiscal Years*

	<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>
Proportion of the net pension liability (asset)		
2015	0.1707007%	0.0407256%
2016	0.1774581%	0.0430644%
2017	0.1838020%	0.0542080%
2018	0.1855225%	0.0476816%
Proportionate share of the net pension liability (asset)		
2015	\$ 741,223	\$ (1,234)
2016	1,004,144	(94)
2017	1,180,234	6,047
2018	812,830	4,204
Covered employee payroll		
2015	\$ 1,402,300	\$ 199,888
2016	1,449,896	278,274
2017	1,507,181	444,548
2018	1,516,557	466,787
Proportionate share of the net pension liability (asset as a percentage of its covered employee payroll)		
2015	52.9%	-0.06%
2016	69.3%	-0.03%
2017	78.3%	1.36%
2018	53.6%	0.90%
Plan fiduciary net pension as a percentage of the total pension liability		
2015	90.2%	103.5%
2016	87.8%	100.2%
2017	87.3%	95.1%
2018	91.9%	97.4%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history proportionate share of the Net Pension Liability (Asset) in their RSI. This schedule will be built prospectively. The schedule above is only for the current year.

The accompanying notes are an integral part of this statement.

WASATCH FRONT REGIONAL COUNCIL
Schedule of Required Supplementary Information
Schedule of Contributions
Utah Retirement Systems

	<u>As of Fiscal Yea Ended June 30</u>	<u>Actuarial Determined Contributions</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
Noncontributory system	2015	\$ 252,255	\$ 252,255	\$ -	\$ 1,365,759	18.47%
	2016	275,203	275,203	-	1,489,997	18.47%
	2017	282,809	282,809	-	1,531,176	18.47%
	2018	282,164	282,164	-	1,527,690	18.47%
Tier 2 Public employees system *	2015	33,858	33,858	-	226,625	14.94%
	2016	52,322	52,322	-	350,920	14.91%
	2017	72,155	72,155	-	483,938	14.91%
	2018	76,192	76,192	-	504,252	15.11%
Tier 2 Public Employees DC only system *	2015	6,728	6,728	-	100,120	6.72%
	2016	5,914	5,914	-	88,400	6.69%
	2017	5,968	5,968	-	89,203	6.69%
	2018	5,922	5,922	-	88,511	6.69%

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

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

The accompanying notes are an integral part of this statement.

WASATCH FRONT REGIONAL COUNCIL

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2018

Changes of Assumptions

As a result of an experience study conducted as of December, 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumptions changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumptions from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.80% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max) and the adoption of an undated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

SUPPLEMENTARY INFORMATION



KARREN | HENDRIX | STAGG | ALLEN
COMPANY

Certified Public Accountants

111 East Broadway • Suite 250 • Salt Lake City, Utah 84111
Phone 801.521.7620 • Fax 801.521.7641
Website www.khsa.biz

Rebecca M. Allred, NCG
Robin W. Bastar, CPA
Lois M. Brandriet, PhD
APRN, GCNS-BC, NCG
Stephen R. Capson, CPA
Scott J. Hanni, CPA
Danny L. Hendrix, CPA
B. Joe Merkley, CPA
Tim C. Rees, CPA
Jeffrey N. Ririe, CPA
G. John Runia, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE

Members of the Council and Andrew Gruber
Wasatch Front Regional Council
Salt Lake Council, Utah

Report on Compliance

We have audited the Wasatch Front Regional Council's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide, issued by the Office of the state Auditor, that could have a direct and material effect on Wasatch Front Regional Council* for the year ended June 30, 2018.

State compliance requirements were tested for the year ended June 30, 2018, in the following areas:

- | | |
|-------------------------------------|------------------------------------|
| Cash Management | Fund Balance |
| Budgetary Compliance | Utah Retirement Systems Compliance |
| Restricted Cash and Related Revenue | Treasure Bond |
| | Open and Public Meetings Act |

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on *Wasatch Front Regional Council'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 *Wasatch Front Regional Council'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 *Wasatch Front Regional Council's* compliance with those requirements.

Opinion on Compliance

In our opinion, Wasatch Front Regional Council complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Wasatch Front Regional Council is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wasatch Front Regional Council's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the State Compliance Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wasatch Front Regional Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to 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.

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.



Karren Hendrix Stagg Allen and Company
Salt Lake City, Utah
September 13, 2018



KARREN | HENDRIX | STAGG | ALLEN
COMPANY

Certified Public Accountants

111 East Broadway • Suite 250 • Salt Lake City, Utah 84111
Phone 801.521.7620 • Fax 801.521.7641
Website www.khsa.biz

Rebecca M. Allred, NCG
Robin W. Bastar, CPA
Lois M. Brandriet, PhD
APRN, GCNS-BC, NCG
Stephen R. Capson, CPA
Scott J. Hanni, CPA
Danny L. Hendrix, CPA
B. Joe Merkley, CPA
Tim C. Rees, CPA
Jeffrey N. Ririe, CPA
G. John Runia, CPA

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

Members of the Council and Andrew Gruber
Wasatch Front Regional Council
Salt Lake Council, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wasatch Front Regional Council, Utah, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Wasatch Front Regional Council's basic financial statements and have issued our report thereon dated September 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wasatch Front Regional Council's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wasatch Front Regional Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wasatch Front Regional Council'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 over financial reporting 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 Wasatch Front Regional Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions, laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Karren, Hendrix, Stagg, Allen & Company". The signature is written in a cursive, flowing style.

Karren, Hendrix, Stagg, Allen & Company
Salt Lake City, Utah
September 13, 2018



KARREN | HENDRIX | STAGG | ALLEN
COMPANY

Certified Public Accountants

111 East Broadway • Suite 250 • Salt Lake City, Utah 84111
Phone 801.521.7620 • Fax 801.521.7641
Website www.khsa.biz

Rebecca M. Allred, NCG
Robin W. Bastar, CPA
Lois M. Brandriet, PhD
APRN, GCNS-BC, NCG
Stephen R. Capson, CPA
Scott J. Hanni, CPA
Danny L. Hendrix, CPA
B. Joe Merkley, CPA
Tim C. Rees, CPA
Jeffrey N. Ririe, CPA
G. John Runia, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE REQUIREMENTS

Members of the Council and Andrew Gruber
Wasatch Front Regional Council
Salt Lake Council, Utah

Report on Compliance for Each Major Federal Program

We have audited the Wasatch Front Regional Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Wasatch Front Regional Council's major federal programs for the year ended June 30, 2018. Wasatch Front Regional Council's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Wasatch Front Regional Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards and the Uniform Guidance required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the type of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Wasatch Front Regional Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Wasatch Front Regional Council's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Wasatch Front Regional Council, Utah is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Wasatch Front Regional Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wasatch Front Regional Council's internal control over compliance.

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

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

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



Karren Hendrix Stagg Allen and Company
Salt Lake City, Utah
September 13, 2018

WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

U.S. Department	Description	Federal CFDA Number	State Grant Number	2017-2018 Expenditures (Accrual Basis)
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Federal Highway Administration	Consolidate Planning Grant (through Utah Department of Transportation)	20.205	18-8035	\$ 2,996,020
Federal Highway Administration	Pass through from UDOT for Model Development	20.205		70,602
Federal Highway Administration	Consolidated Planning Grant (through UDOT, through Mountainlands AOG)	20.205		52,617
Federal Highway Administration	STP Funds passed through UDOT Transportation and Land Use Connection Program Salt Lake County	20.205	14-8915	332,431
Federal Highway Administration	STP Funds passed through UDOT Transportation and Land Use Connection Program Weber and Davis Counties	20.205	14-8969	222,922
Federal Highway Administration	Consolidated Planning Grant (through UDOT) for point of the Mountain Project.	20.205	UT13-051GL	40,000
Federal Highway Administration	Consolidated Planning Grant passed through UDOT through Mountainlands AOF for point of the Mountain Project	20.205	UT13-051GL	40,000
Total Federal Highway Administration				<u>3,754,591</u>
Federal Transit Administration	Mobility Management Study (through Utah Transit Authority)	20.513	18-2580	2,898
Total Federal Transit Administration				<u>2,898</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				<u>3,757,489</u>
<u>U.S. Department of Commerce</u>				
Department of Economic Development	Support for planning organizations	11.302	ED160EN3020587	70,000
TOTAL DEPARTMENT OF COMMERCE				<u>70,000</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Community Development Block Grant	Small city CDBG assistance from the State Department of Workforce Services passed through Tooele County, B-17-DC-49-0001	14.228	18-0227	49,940
Total U.S. Department of Housing and Urban Development				<u>49,940</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u><u>\$ 3,877,431</u></u>

The accompanying notes are an integral part of this statement.

WASATCH FRONT REGIONAL COUNCIL
NOTES TO FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - PURPOSE OF THE SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards is a supplementary schedule to the Council's financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of the Council, it is not intended to, and does not present financial position, changes in fund balances, or the current funds, revenue, expenditures, and other changes of the Council.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards.

Federal Awards

Pursuant to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* assistance is defined by a federal agency, either directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriation. Accordingly, non-monetary federal assistance, including federal surplus property, would be included in federal awards, if applicable, and therefore, would be reported on the schedule in federal awards. Federal awards include direct federal cash assistance to individuals.

Type A and Type B Programs

The Single Audit Act Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* establish the levels of expenditures or expenses to be used in defining Type A and Type B federal award programs. Type A programs, for the Council, are those programs which exceed \$750,000 in federal expenditures, distributions, or issuances for the fiscal year ended June 30, 2018.

Reporting Entity

The reporting entity is fully described in Note 1 of the Council financial statements. The schedule includes all federal award programs administered by the Council for the year ended June 30, 2018.

Basis of Accounting

The expenditures in the schedule are recognized as incurred based on the modified accrual basis of accounting and the cost accounting principles contained in the Uniform Guidance, Cost Principles for State and Local Governments. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

Matching Costs

The schedule does not include matching expenditures.

10% De Minimis Indirect Cost Rate

The entity did not choose to use the 10% minimis cost rate.

Direct and Indirect Flow-Through Federal Assistance

Some of the Council's Federal awards are received directly from the granting federal agency. However, the majority of federal awards as identified on the schedule are passed through a separate entity prior to receipt by the Council.

Sub-recipients

The Council does not pass through to any sub-recipients.

**WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Wasatch Front Regional Council were disclosed by the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the accompanying schedule.
5. The auditors' report on compliance for the major federal award program of Wasatch Front Regional Council expresses an unqualified opinion.
6. There are no audit findings relating to the federal award programs that are required to be reported.
7. The program tested as a major program was Federal Highway Administration, CFDA Number 20.205.
8. The threshold used for distinguishing Types A and B programs was \$750,000.
9. Wasatch Front Regional Council was determined to be a low-risk auditee as defined by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDING AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT

None

**WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PRIOR YEAR**

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDING AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT

None

**WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018**

DESCRIPTION	CPG GRANT	TRANSIT SUPPORT	TOOELE VALLEY RPO	LOCAL GOVT SERVICE	MOBILITY MGMT
REVENUE					
Federal sources:	\$ 2,996,020	\$ -	\$ -	\$ -	2,897.28
Total federal sources	<u>2,996,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,897.28</u>
State sources:					
State funds	140,000	-	-	-	-
Total state sources	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Local sources:					
Cities and counties	34,500	-	6,820	10,142	-
Transfer between funds					
Other	43,059	109,739	-	-	-
Total local sources	<u>77,559</u>	<u>109,739</u>	<u>6,820</u>	<u>10,142</u>	<u>-</u>
TOTAL REVENUE	<u>3,213,580</u>	<u>109,739</u>	<u>6,820</u>	<u>10,142</u>	<u>2,897.28</u>
EXPENDITURES					
Salaries and employee benefits	2,299,314	82,518	5,593	203	2,395.83
Contractual services	149,417	-	-	-	-
Equipment - purchase	-	-	-	-	-
Equipment - rental	19,219	-	-	-	-
Equipment - repair/maintenance	-	-	-	-	-
Rent - building	-	-	-	-	-
Rent - building operating exp	-	-	-	-	-
Travel	43,785	-	-	4,383	-
Training	28,382	-	-	-	-
Publications	7,614	-	-	-	-
Supplies & software	31,051	-	-	5,341	-
Telephone & data	-	-	-	-	-
Accounting	-	-	-	-	-
Dues and subscriptions	14,687	-	-	-	-
Insurance	-	-	-	-	-
Legal	-	-	-	68	-
Miscellaneous	-	-	-	-	-
Bank charges and other	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
Indirect cost	620,110	27,222	1,228	147	501.45
TOTAL EXPENDITURES	<u>3,213,580</u>	<u>109,739</u>	<u>6,820</u>	<u>10,142</u>	<u>2,897.28</u>
OTHER REVENUE/(EXPENSE)					
Interest income	-	-	-	-	-
TOTAL OTHER REV/(EXP)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00</u>

**WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018**

DESCRIPTION	CIB \$2K GRANT	ECONOMIC DEVELOPMENT	CDBG TOOELE	TLC SL	TLC WD
REVENUE					
Federal sources:	\$ -	\$ 70,000	\$ 49,940	\$ 412,431	\$ 222,922
Total federal sources	<u>-</u>	<u>70,000</u>	<u>49,940</u>	<u>412,431</u>	<u>222,922</u>
State sources:					
State funds	2,000	-	-	106,063	128,571
Total state sources	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>106,063</u>	<u>128,571</u>
Local sources:					
Cities and counties	-	70,000	-	363,070	105,382
Transfer between funds					
Other	-	-	-	50,352	24,109
Total local sources	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>413,423</u>	<u>129,491</u>
TOTAL REVENUE	<u>2,000</u>	<u>140,000</u>	<u>49,940</u>	<u>931,916</u>	<u>480,984</u>
EXPENDITURES					
Salaries and employee benefits	1,298	91,710	30,304	137,944	79,943
Contractual services	-	13,056	-	730,397	359,844
Equipment - purchase	-	-	-	-	-
Equipment - rental	-	-	-	-	-
Equipment - repair/maintenance	-	-	-	-	-
Rent - building	-	-	-	-	-
Rent - building operating exp	-	-	-	-	-
Travel	-	1,242	2,674	2,977	2,233
Training	-	4,773	855	3,018	2,263
Publications	-	-	513	212	159
Supplies & software	-	1,296	10	954	716
Telephone & data	-	-	-	-	-
Accounting	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-
Insurance	-	-	-	-	-
Legal	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Bank charges and other	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
Indirect cost	702	27,923	15,584	56,414	35,827
TOTAL EXPENDITURES	<u>2,000</u>	<u>140,000</u>	<u>49,940</u>	<u>931,916</u>	<u>480,984</u>
OTHER REVENUE/(EXPENSE)					
Interest income	-	-	-	-	-
TOTAL OTHER REV/(EXP)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ (0)</u>

**WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018**

DESCRIPTION	TLC TOOELE	MORGAN RPO	DAVIS COUNTY RANKING	LEGISLATIVE CONSULTANT	MAG MODEL DEVELOPMENT
REVENUE					
Federal sources:	\$ -	\$ -	\$ -	\$ -	\$ 52,617
Total federal sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,617</u>
State sources:					
State funds	-	9,395	-	-	-
Total state sources	<u>-</u>	<u>9,395</u>	<u>-</u>	<u>-</u>	<u>-</u>
Local sources:					
Cities and counties	37,205	-	10,000	50,000	-
Transfer between funds					
Other	-	-	-	-	-
Total local sources	<u>37,205</u>	<u>-</u>	<u>10,000</u>	<u>50,000</u>	<u>-</u>
TOTAL REVENUE	<u>37,205</u>	<u>9,395</u>	<u>10,000</u>	<u>50,000</u>	<u>52,617</u>
EXPENDITURES					
Salaries and employee benefits	-	6,748	8,388	-	21,237
Contractual services	37,205	-	-	50,000	26,142
Equipment - purchase	-	-	-	-	-
Equipment - rental	-	-	-	-	-
Equipment - repair/maintenance	-	-	-	-	-
Rent - building	-	-	-	-	-
Rent - building operating exp	-	-	-	-	-
Travel	-	289	-	-	-
Training	-	-	-	-	-
Publications	-	-	-	-	-
Supplies & software	-	-	-	-	-
Telephone & data	-	-	-	-	-
Accounting	-	-	-	-	-
Dues and subscriptions	-	-	-	-	-
Insurance	-	-	-	-	-
Legal	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Bank charges and other	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
Indirect cost	-	2,357	1,612	-	5,238
TOTAL EXPENDITURES	<u>37,205</u>	<u>9,395</u>	<u>10,000</u>	<u>50,000</u>	<u>52,617</u>
OTHER REVENUE/(EXPENSE)					
Interest income	-	-	-	-	-
TOTAL OTHER REV/(EXP)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WASATCH FRONT REGIONAL COUNCIL
SCHEDULE OF REVENUES AND EXPENDITURES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018**

DESCRIPTION	UDOT MODEL DEVELOPMENT	GPI DECISION SUPPORT	INDIRECT	ALLOCABLE SPECIAL PROJ/ GENERAL FUND	TOTAL
REVENUE					
Federal sources:	\$ 70,602	\$ -	\$ -	\$ -	\$ 3,877,430
Total federal sources	<u>70,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,877,430</u>
State sources:					
State funds	-	-	-	-	386,029
Total state sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,029</u>
Local sources:					
Cities and counties	-	-	-	-	687,119
Transfer between funds					-
Other	-	1,277	-	30	228,567
Total local sources	<u>-</u>	<u>1,277</u>	<u>-</u>	<u>30</u>	<u>915,686</u>
TOTAL REVENUE	<u>70,602</u>	<u>1,277</u>	<u>-</u>	<u>30</u>	<u>5,179,144</u>
EXPENDITURES					
Salaries and employee benefits	56,633	1,019	465,583	-	3,290,831
Contractual services	-	-	34,776	-	1,400,837
Equipment - purchase	-	-	-	16,032	16,032
Equipment - rental	-	-	9,205	(28,424)	-
Equipment - repair/maintenance	-	-	19,424	-	19,424
Rent - building	-	-	105,702	(58,827)	46,875
Rent - building operating exp	-	-	55,575	-	55,575
Travel	-	-	5,047	-	62,630
Training	-	-	1,695	-	40,987
Publications	-	-	-	-	8,497
Supplies & software	-	-	24,472	-	63,840
Telephone & data	-	-	34,918	-	34,918
Accounting	-	-	16,377	-	16,377
Dues and subscriptions	-	-	75	-	14,762
Insurance	-	-	16,499	-	16,499
Legal	-	-	19,743	-	19,810
Miscellaneous	-	-	-	-	-
Bank charges and other	-	-	-	1,585	1,585
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
Indirect cost	13,969	258	(809,092)	-	-
TOTAL EXPENDITURES	<u>70,602</u>	<u>1,277</u>	<u>-</u>	<u>(69,635)</u>	<u>5,109,479</u>
OTHER REVENUE/(EXPENSE)					
Interest income	-	-	-	12,941	12,941
TOTAL OTHER REV/(EXP)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,941</u>	<u>12,941</u>
Excess of revenue over (under) expenditures	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 82,606</u>	<u>\$ 82,606</u>