

**CENTRAL WASATCH COMMISSION  
BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORTS  
YEAR ENDED JUNE 30, 2018**

# CENTRAL WASATCH COMMISSION

## TABLE OF CONTENTS

JUNE 30, 2018

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	<u>Starting on Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
STATEMENT OF NET POSITION	6
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9
<b>GOVERNMENT AUDITING STANDARDS REPORT</b>	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	14
<b>STATE COMPLIANCE REPORT</b>	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE <i>STATE COMPLIANCE AUDIT GUIDE</i>	16

**INDEPENDENT AUDITOR'S REPORT**

Honorable Chair  
Members of the Commission  
Central Wasatch Commission

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, of Central Wasatch Commission (CWC) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CWC's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities of Central Wasatch Commission 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 on pages 3-5 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated October 31, 2018, on my consideration of CWC's internal control over financial reporting and on my 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 my 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 CWC's internal control over financial reporting and compliance.



Greg Ogden,  
Certified Public Accountant  
October 31, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Central Wasatch Commission (CWC), we offer readers of CWC's financial statements this narrative overview and analysis of the financial activities of CWC for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the financial statements which follow this section.

Central Wasatch Commission was created with an interlocal agreement on May 30, 2017.

### FINANCIAL HIGHLIGHTS

- The assets of Central Wasatch Commission exceeded its liabilities at June 30, 2018 by \$1,656,274.
- The total unrestricted net position of Central Wasatch Commission increased by \$1,656,274 during the year ended June 30, 2018.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Central Wasatch Commission's basic financial statements. The CWC's basic financial statements consist of two components: 1) financial statements and 2) notes to the financial statements.

CWC uses proprietary fund accounting to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. Therefore, the financial statements are designed to provide readers with a broad overview of CWC's finances in a manner similar to a private-sector business.

- *The Statement of Net Position* presents information on all of CWC's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CWC is improving or deteriorating.
- *The Statement of Revenues, Expenses, and Change in Net Position* presents information showing how CWC's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.
- *The Statement of Cash Flows* shows what effect CWC's operating activities, investing activities, and financing activities had on cash flows. Cash is vital to all

organizations, and this statement helps the reader understand how CWC received and used cash during the fiscal year being reported.

## NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a more complete understanding of the data provided in the financial statements. The notes are an integral part of the financial statements.

## FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of CWC, assets exceed liabilities by \$1,656,274.

Central Wasatch Commission's assets, liabilities, and net position are shown below as of June 30:

	CWC Activities	
	2018	2017
Current and Other Assets	1,677,896	-
Current Liabilities	21,622	-
Net position		
Unrestricted	1,656,274	-
Total net position	1,656,274	-

Central Wasatch Commissions changes in net position are shown below for the year ended June 30:

	CWC Activities	
	2018	2017
Operating Revenues	1,730,020	-
Operating Expenses	78,654	-
Operating Income (Loss)	1,651,366	-
Nonoperating Revenues (Expenses)	4,908	-
Change in Net position	1,656,274	-
Net position Beginning	-	-
Net position Ending	1,656,274	-

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets – Central Wasatch Commission had no investment in capital assets as of June 30, 2018.

Debt Administration – Central Wasatch Commission had no debt outstanding as of June 30, 2018.

### **BUDGETARY HIGHLIGHTS**

The original budget was for revenues of \$1,860,000 and expenses of \$864,822. The budgeted expenses remained unchanged throughout the year and the budgeted revenues were increased to \$1,865,000.

### **NEXT YEAR'S BUDGET**

CWC's budget for the fiscal year ending June 30, 2019 includes revenues of \$1,185,000 and expenses of \$1,243,370.

### **REQUESTS FOR INFORMATION**

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

Finance Director, 7620 Racquet Club Drive, Suite B, Cottonwood Heights, UT 84121



## **BASIC FINANCIAL STATEMENTS**

**CENTRAL WASATCH COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

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**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	1,012,896
Accounts Receivable		<u>665,000</u>

TOTAL CURRENT ASSETS		<u>1,677,896</u>
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TOTAL ASSETS		<u>1,677,896</u>
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**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable		<u>21,622</u>
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TOTAL CURRENT LIABILITIES		<u>21,622</u>
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TOTAL LIABILITIES		<u>21,622</u>
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**NET POSITION**

Unrestricted		<u>1,656,274</u>
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TOTAL NET POSITION	\$	<u>1,656,274</u>
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See the accompanying notes to the financial statements and accountant's report

# CENTRAL WASATCH COMMISSION

## STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2018

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### OPERATING REVENUES

Member Dues \$ 1,730,020

TOTAL OPERATING REVENUES 1,730,020

### OPERATING EXPENSES

Salaries, Wages and Benefits 10,111

Professional Services 57,497

Operation and Maintenance 11,046

TOTAL OPERATING EXPENSES 78,654

OPERATING INCOME (LOSS) 1,651,366

### NON-OPERATING REVENUES (EXPENSES)

Interest Income 4,908

In-Kind Contributions 300,000

Attorney Fees Paid In-Kind (100,000)

Bus Services Provided In-Kind (200,000)

TOTAL NON-OPERATING REVENUES  
(EXPENSES) 4,908

CHANGE IN NET POSITION 1,656,274

TOTAL NET POSITION AT BEGINNING  
OF YEAR -

TOTAL NET POSITION AT END OF YEAR \$ 1,656,274

See the accompanying notes to the financial statements and accountant's report

**CENTRAL WASATCH COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Members	\$ 1,065,020
Payments to Suppliers	(51,562)
Payments to Employees	<u>(5,470)</u>

<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>1,007,988</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Income	<u>4,908</u>
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<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>4,908</u>
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<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,012,896
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<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>-</u>
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,012,896</u>
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**RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 1,651,366
Changes in Assets and Liabilities	
Accounts Receivable	(665,000)
Accounts Payable	16,981
Wages Payable	<u>4,641</u>

<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 1,007,988</u>
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See the accompanying notes to the financial statements and accountant's report

# CENTRAL WASATCH COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS

### JUNE 30, 2018

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#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Central Wasatch Commission (CWC) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Boards (GASB). The following is a summary of the more significant of CWC's accounting policies.

##### Financial Reporting Entity

Central Wasatch Commission is a separate legal entity and political subdivision of the State of Utah. It was formed by an interlocal agreement dated May 30, 2017, pursuant to the provisions of the Utah Interlocal Co-Operational Act. At June 30, 2018, CWC's membership consisted of four municipalities, two counties, one town, the State of Utah, the Metropolitan Water District of Salt Lake and Sandy, and the Utah Transit Authority (the Members). The area of focus is between I-80 and the Salt Lake County line south of Little Cottonwood Canyon. The Commission seeks to engage the public, build consensus, and coordinate the actions in the Central Wasatch Mountains. CWC's purposes include the following: 1) engage the public and collaborating with stakeholders; 2) seek transportation solutions focused on transit, walking, and biking; 3) develop visitor amenities and trails and focusing on canyon stewardship, and; 4) watershed protection.

The following governmental entities were CWC members at June 30, 2018:

Cottonwood Heights City	Sandy City
Draper City	State of Utah
Metropolitan Water District of Salt Lake and Sandy	Summit County
Salt Lake City	Town of Alta
Salt Lake County	Utah Department of Transportation

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of CWC consists of all funds, departments, boards, and agencies that are not legally separate from CWC.

##### Basis of Presentation

CWC's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and change in net position, and a statement of cash flows.

The statement of net position presents the financial position of the business-type activities of CWC at year-end.

*Fund Accounting* – CWC uses a proprietary fund to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts.

*Proprietary Funds* – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

## NOTE 1 – (CONTINUED)

### Measurement Focus

Proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and liabilities associated with the operation of these funds are included on the statements of net position. The statement of revenues, expenses, and change in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how CWC finances and meets the cash flow needs of its proprietary activities.

### Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Proprietary funds use the accrual basis of accounting at all reporting levels. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place.

*Revenues – Exchange Transactions* – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

*Revenues – Non-exchange Transactions* – Non-exchange transactions, in which CWC receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which CWC must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to CWC on a reimbursement basis.

*Expenses/Expenditures* – On the accrual basis of accounting, expenses are recognized at the time they are incurred, if measurable.

### Assets, Liabilities and Fund Equity

#### Cash, cash equivalents, and investments

Cash and cash equivalents include cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. CWC's investment policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund (Fund) and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The Fund operates in accordance with state laws and regulations. The reported value of CWC's cash in the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less, when purchased, meet this definition.

## NOTE 1 – (CONTINUED)

### Restricted assets

Cash which is restricted to a particular use due to statutory, budgetary or bonding requirements is classified as “restricted cash” on the statement of net position and on the balance sheets. Restricted cash would be spent first and then unrestricted resources would be used when the restricted funds are depleted. CWC had no restricted assets at June 30, 2018.

### Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. CWC has no deferred outflows of resources.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. CWC has no deferred inflows of resources.

### Fund equity

*Net Position Flow Assumptions* – CWC has established a flow assumption policy to use restricted net position first before using unrestricted net position.

*Net Position* – The net position represents the difference between assets and liabilities. The net position component, net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. The net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The balance of the net position is reported as unrestricted.

### Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. All other revenues and expenses are classified as non-operating including investment earnings, interest expense, and the gain or loss on the disposition of capital assets.

### Contributions of Capital

Contributions of capital reported in proprietary fund financial statements arise from outside contributions of capital assets (e.g. member cities), and grants or outside contributions of resources restricted to capital acquisition and construction.

### Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from estimates.

## **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **Budgetary Information**

Prior to the first regularly scheduled meetings of the Board in May, the Board submits a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenses and proposed sources of revenues.

Between May 1 and June 22, the Board members review and adjust the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution.

Under Utah State law, CWC's budget establishes maximum legal authorization for expenses during the fiscal year. Expenses are not to exceed the budgeted amounts, including revisions, except as allowed by the code for certain events.

Annual budgets for the proprietary fund are legally adopted by CWC and prepared on the accrual method of accounting.

## **NOTE 3 – CASH AND INVESTMENTS**

CWC maintains cash and investment accounts. Cash accounts are not collateralized nor are they required to be by State statute. Investments are stated at cost or amortized cost, which approximates fair value.

Cash deposits and investments for CWC are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7) (The Act) and by rules of the Utah Money Management Council (the Council). Following are discussions of CWC's exposure to various risks related to its cash management activities.

### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that in the event of a bank failure, CWC's deposits may not be recovered. CWC's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of CWC to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2018, all of CWC's bank balances were insured.

### **Credit Risk**

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. CWC's policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.



### NOTE 3 – (CONTINUED)

CWC 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 subjected 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.

The following are CWC’s investments at June 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>
State of Utah Public Treasurer’s Investment Fund (PTIF)	<u>\$ 754,908</u>

The deposits and investments described above are included on the statement of net position as per the following reconciliation:

Deposits	\$ 257,988
Investments	<u>754,908</u>
Total	<u>\$ 1,012,896</u>
Cash and Cash Equivalents	<u>\$ 1,012,896</u>
Total	<u>\$ 1,012,896</u>

### NOTE 4 - ECONOMIC DEPENDENCY

CWC depends upon the continued financial support of Members. The Members have committed to remit funds sufficient to cover the operating expenses of CWC.

### NOTE 5 – RISK MANAGEMENT

CWC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. CWC has not yet obtained liability insurance and therefore, currently retains all risks. No claims have been paid in the current or prior three years.

### NOTE 6 – SUBSEQUENT EVENTS

In preparing these financial statements, CWC has evaluated events and transactions for potential recognition or disclosure through October 31, 2018, the date the financial statements were available to be issued.

**GOVERNMENT AUDITING STANDARDS REPORT**

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*

Honorable Chair  
Members of the Commission  
Central Wasatch Commission

I 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 business-type activities of Central Wasatch Commission (CWC), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CWC's basic financial statements and have issued my report thereon dated October 31, 2018.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered CWC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CWC's internal control. Accordingly, I do not express an opinion on the effectiveness of CWC'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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 CWC's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Greg Ogden  
Certified Public Accountant  
October 31, 2018

## **STATE COMPLIANCE REPORT**

**GREG OGDEN, CPA  
1761 EAST 850 SOUTH  
SPRINGVILLE, UT 84663  
(801) 489-8408**

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE**

Honorable Chair  
Members of the Commission  
Central Wasatch Commission

***REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS***

I have audited Central Wasatch Commission's (CWC) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, which could have a direct and material effect on CWC for the year ended June 30, 2018.

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

Budgetary Compliance  
Fund Balance  
Open and Public Meetings Act  
Public Treasurer's Bond  
Cash Management

**Management's Responsibility**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on CWC's compliance based on my audit of the state compliance requirements referred to above. I conducted my audit 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about CWC's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each state compliance requirement referred to above. However, my audit does not provide a legal determination of CWC's compliance with those requirements.

### Opinion on Compliance

In my opinion, Central Wasatch Commission complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2018.

### Other Matters

The results of my auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

### **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of CWC is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing my audit of compliance, I considered CWC'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, I do not express an opinion on the effectiveness of CWC's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Purpose of Report

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



Greg Ogden,  
Certified Public Accountant  
October 31, 2018