

**Utah Communications Authority**  
**COMPILED FINANCIAL STATEMENTS**  
**June 30, 2016**

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Accountant's Compilation Report

Executive Committee and Audit Committee  
Utah Communications Authority  
West Valley City, Utah



Management is responsible for the accompanying financial statements of the business-type activities, each major fund of the Utah Communications Authority (UCA), Utah, as of and for the twelve-month period ended June 30, 2016, which collectively comprise UCA's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about UCA's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent in respect to the Utah Communications Authority.

*Heber, Erickson, Bowman, LLC*

Salt Lake City, Utah  
August 22, 2016

Utah Communications Authority  
Statement of Net Position  
June 30, 2016

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**ASSETS**

**Current Assets**

Cash	\$ 19,563,112
Accounts Receivable	2,703,613
Inventory	138,025
Prepaid Expenses	36,571

**Total Current Assets** 22,441,321

**Non-Current Assets**

Prepaid Expenses	205,402
Net Pension Asset	196

**Capital Assets**

Construction-In-Progress	1,214,372
Office Equipment	243,826
Land	16,571
Leasehold Improvements	221,523
Buildings/Towers	7,728,344
Operating Equipment	48,300,152
Software	177,884
Vehicles	1,075,987
Accumulated Depreciation	(45,258,529)
Net Capital Assets	<u>13,720,130</u>

**Total Non-Current Assets** 13,925,728

**Total Assets** 36,367,049

**Deferred Outflows of Resources**

Deferred Outflows of Resources Relating to Pensions	<u>180,177</u>
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**Total Deferred Outflows of Resources** 180,177

**Total Assets and Deferred Outflows of Resources** \$ 36,547,226

Unaudited

Utah Communications Authority  
Statement of Net Position (Continued)  
June 30, 2016

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**Liabilities**

**Current Liabilities**

Accounts Payable	\$	417,418
Payroll Liabilities		81,148
Unearned Income		158,518
Capital Lease Obligations		33,151
Compensated Absences		48,443
<b>Total Current Liabilities</b>		<u>952,564</u>

**Long-Term Liabilities**

Unearned Income		111,803
Capital Lease Obligations		93,156
Note Payable		855,545
Compensated Absences		452,009
Post-Employment Benefits		188,115
Net Pension Liability		869,207
<b>Total Non-Current Liabilities</b>		<u>2,569,835</u>

<b>Total Liabilities</b>		<u>3,522,399</u>
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**Deferred Inflows of Resources**

Deferred inflows of resources related to pensions		<u>81,063</u>
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<b>Total Deferred Inflows of Resources</b>		81,063
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**Net Position**

Net investment in capital assets		12,524,392
Unrestricted		<u>20,419,372</u>

<b>Total Net Position</b>		<u>32,943,764</u>
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<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	\$	<u><u>36,547,226</u></u>
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Unaudited

Utah Communications Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Twelve Month Period Ended June 30, 2016

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	<u>June 2016</u>	<u>July 2015 - June 2016</u>
<b>Operating Revenues</b>		
Maintenance Fees	\$ 6,387	\$ 94,152
Microwave Circuit Fees	91,071	1,142,178
Radio Service Fees	486,375	6,629,547
Rental Income	60,713	407,738
Shop Fees	61,627	204,784
Omni-link Maintenance Fees	0	650,000
Statewide Interoperability Coordination Fees	0	110,000
Restricted Account Receipts	1,360,971	1,733,531
Other	1,291	3,380
	<u>2,068,435</u>	<u>10,975,310</u>
<b>Gross Revenues</b>		
	<u>(28,051)</u>	<u>(123,493)</u>
<b>Cost of Goods Sold</b>		
	<u>2,040,384</u>	<u>10,851,817</u>
<b>Total Operating Revenues</b>		
<b>Operating Expenses</b>		
Administrative Costs	8,531	261,654
Depreciation Expense	281,830	3,381,669
Insurance	2,905	94,111
Maintenance	246,918	949,293
Outside Services	37,090	824,134
Payroll Expenses	214,289	2,764,860
Professional Fees	89,438	446,801
Rents and Leases	26,411	478,680
Travel	6,805	54,499
Utilities	43,286	522,652
Restricted Account Grant Disbursements	82,086	981,196
	<u>1,039,589</u>	<u>10,759,549</u>
<b>Total Operating Expenses</b>		
<b>Net Operating Loss</b>	<u>1,000,795</u>	<u>92,268</u>

Unaudited

Utah Communications Authority  
 Statements of Revenues, Expenses, and Changes in Net Position (Continued)  
 For the Twelve Month Period Ended June 30, 2016

	<u>June 2016</u>	<u>July 2015 - June 2016</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	16,339	134,362
Interest expense	(1,394)	(19,692)
Federal Grants	-	142,741
Other income	430	176,711
State Appropriations	6,662,133	7,500,000
<b>Total Non-Operating Revenues (Expenses)</b>	<u>6,677,508</u>	<u>7,934,122</u>
<b>Change in Net Position</b>	7,678,303	8,026,390
<b>Net Position - Beginning of Year</b>	<u>25,265,461</u>	<u>24,917,374</u>
<b>Net Position - End of Year</b>	<u>\$ 32,943,764</u>	<u>\$ 32,943,764</u>

Unaudited

Utah Communications Authority  
 Statements of Cash Flows  
 For the Twelve Month Period Ended June 30, 2016

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	June 2016	July 2015 - June 2016
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and other sources	\$ 1,317,674	\$ 9,280,880
Receipts from State 911 Programs	91,071	1,252,178
Payments to suppliers	(740,815)	(3,522,561)
State 911 Program Grants	(82,086)	(981,196)
Payments for employee services and benefits	(319,743)	(2,943,691)
<b>Net Cash From Operating Activities</b>	<u>266,101</u>	<u>3,085,610</u>
<b>Cash Flows From Non-Capital Financing Activities</b>		
Receipts from state appropriations	-	13,833,523
Credit card repayments	430	176,711
State appropriation returned	(6,506,800)	(6,506,800)
Receipts from federal grants	-	172,360
<b>Net Cash Provided By Non-Capital Financing Activities</b>	<u>(6,506,370)</u>	<u>7,675,794</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Principal paid on financing	-	(213,886)
Principal paid on capital lease obligations	-	(31,025)
Acquisition and construction of capital assets	(61,167)	(937,259)
Interest paid	(1,394)	(22,319)
<b>Net Cash Used In Capital and Related Financing Activities</b>	<u>(62,561)</u>	<u>(1,204,489)</u>

Unaudited

Utah Communications Authority  
 Statements of Cash Flows (Continued)  
 For the Twelve Month Period Ended June 30, 2016

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	<u>June 2016</u>	<u>July 2015 - June 2016</u>
<b>Cash Flows From Investing Activities</b>		
Receipts of interest from investments	16,339	134,361
<b>Net Cash From Investing Activities</b>	<u>16,339</u>	<u>134,361</u>
<b>Net Increase in Cash</b>	(6,286,491)	9,691,276
<b>Cash, Beginning of Year</b>	<u>25,849,603</u>	<u>9,871,836</u>
<b>Cash, End of Year</b>	<u>\$ 19,563,112</u>	<u>\$ 19,563,112</u>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Net Operating Loss	\$ 1,000,795	\$ 92,268
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	281,830	3,381,669
Post employment forfeitures	(53,108)	(53,108)
(Increase) decrease in assets:		
Customer accounts receivable	(647,102)	(28,539)
Inventory	23,168	(51,120)
Prepaid items	3,046	83,145
Increase (decrease) in liabilities:		
Accounts payable	(277,594)	200,731
Accrued liabilities	(52,346)	(125,723)
Unearned income	(12,588)	(413,713)
<b>Net Cash Used In Operating Activities</b>	<u>\$ 266,101</u>	<u>\$ 3,085,610</u>

Unaudited

Utah Communications Authority  
 Budget to Actual  
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
<b>Revenue:</b>			
Maintenance Fees	\$ 94,500	\$ 94,152	\$ (348)
Microwave Circuit Fees	1,185,000	1,142,178	(42,822)
Radio Service Fees	6,584,416	6,629,547	45,131
Rentals Income	256,000	407,738	151,738
Shop Fees	268,000	204,784	(63,216)
Ominlink Support Fees	650,000	650,000	-
Statewide Interoperability Coordination Fees	110,000	110,000	-
Utah Appropriation	1,500,000	7,500,000	6,000,000
911 Restricted Account Receipts	7,922,597	1,733,531	(6,189,066)
Other	8,500	3,380	(5,120)
<b>Total Revenue</b>	<u>18,579,013</u>	<u>18,475,310</u>	<u>(103,703)</u>
<b>Cost of Good Sold</b>	<u>182,000</u>	<u>123,493</u>	<u>58,507</u>
<b>Administrative Costs</b>			
Communications:			
Internet	35,000	27,173	7,827
Cellular Phone Service	30,000	28,405	1,595
Cable TV Service	1,500	(4)	1,504
Telephone and Long-Distance	62,400	56,955	5,445
Bank Fees	1,000	2,787	(1,787)
Office Supplies	20,000	34,124	(14,124)
Miscellaneous Expenses:			
Dues/Subscriptions	1,000	2,985	(1,985)
Meetings	2,500	4,550	(2,050)
Printing/Reproduction	1,000	-	1,000
Gifts	500	593	(93)
Recruiting	500	21,532	(21,032)
Other			
Office Equipment < \$1000	26,000	248	25,752
Office Furniture < \$1000	2,000	-	2,000
Software < \$1000	1,500	8,262	(6,762)
Postage and Freight	5,500	7,618	(2,118)
Web Site	500	2,820	(2,320)
Training	5,000	18,150	(13,150)
<b>Total Administrative Costs</b>	<u>195,900</u>	<u>216,198</u>	<u>(20,298)</u>

Unaudited

Utah Communications Authority  
 Budget to Actual  
 For the Year Ended June 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
<b>Insurance</b>			
Liability Insurance	12,000	9,208	2,792
Property Insurance	42,000	44,328	(2,328)
Auto Insurance	4,000	3,985	15
Workers Compensation Insurance	47,000	36,590	10,410
<b>Total Insurance</b>	<u>105,000</u>	<u>94,111</u>	<u>10,889</u>
<b>Maintenance/Repairs</b>			
Sites and Buildings			
150 System	90,000	39,254	50,746
800 System	265,000	47,623	217,377
Building Maintenance	5,000	1,500	3,500
Frequency Coordination	5,000	2,713	2,287
Microwave System	110,000	160,516	(50,516)
Office Equipment	3,200	5,995	(2,795)
Shop Supplies	15,000	29,662	(14,662)
Site Maintenance	165,000	191,490	(26,490)
Hardware			
Software Maintenance	30,000	30,001	(1)
Storage	12,000	8,675	3,325
Tools < \$5000	20,000	18,575	1,425
Trash Removal	4,500	4,654	(154)
Utah County Maint Agreement	174,000	90,727	83,273
Vehicles Expenses	125,000	97,104	27,896
<b>Total Maintenance</b>	<u>1,023,700</u>	<u>728,489</u>	<u>295,211</u>
<b>Outside Services</b>			
Consultants	125,000	49,927	75,073
System Study	1,500,000	680,312	819,688
Other	30,000	34,421	(4,421)
<b>Total Outside Services</b>	<u>1,655,000</u>	<u>764,660</u>	<u>890,340</u>
<b>Personnel Costs</b>			
Payroll and Benefits	2,733,914	2,731,496	2,418
Auto Allowance	15,600	13,635	1,965
<b>Total Personnel Costs</b>	<u>2,749,514</u>	<u>2,745,131</u>	<u>4,383</u>

Utah Communications Authority  
 Budget to Actual  
 For the Year Ended June 30, 2016

	Budget	Actual	Difference
<b>Professional Fees</b>			
Legal	75,000	275,216	(200,216)
Accounting	135,000	156,863	(21,863)
Auditing	15,000	14,722	278
<b>Total Professional Fees</b>	<u>225,000</u>	<u>446,801</u>	<u>(221,801)</u>
<b>Rents/Leases</b>			
Equipment Leases	28,000	26,935	1,065
Frequency Usage	8,000	8,000	-
Site/Towers/Offices	486,000	443,745	42,255
<b>Total Rents/Leases</b>	<u>522,000</u>	<u>478,680</u>	<u>43,320</u>
<b>Travel</b>	<u>50,000</u>	<u>54,499</u>	<u>(4,499)</u>
<b>Utilities</b>			
Power	220,000	207,759	12,241
Gas	5,000	4,459	541
Water	1,000	1,267	(267)
Microwave Circuit Charges	21,600	21,944	(344)
911 Connectivity	-	249,470	(249,470)
Omnalink Circuits	96,000	37,753	58,247
<b>Total Utilities</b>	<u>343,600</u>	<u>522,652</u>	<u>(179,052)</u>
<b>Interest Expense</b>			
Debt Service Interest	-	-	-
Capital Lease Interest	9,800	19,692	(9,892)
<b>Total Interest Expense</b>	<u>9,800</u>	<u>19,692</u>	<u>(9,892)</u>
<b>Total Budgeted Expenses</b>	<u>\$ 6,879,514</u>	<u>\$ 6,070,913</u>	<u>\$ 808,601</u>
<b>Other Expenses</b>			
State			
911 CAD Fund Grants		108,256	
E-911 Grants		841,831	
FirstNet Coordination		59,474	
		<u>1,009,561</u>	