

**Utah Communications Authority**  
**COMPILED FINANCIAL STATEMENTS**  
**May 31, 2016**

C O N T E N T S

	Page
ACCOUNTANT'S COMPILATION REPORT .....	3
STATEMENT OF NET POSITION .....	4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION.....	6
STATEMENT OF CASH FLOWS .....	8
BUDGET TO ACTUAL .....	10

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 eleven-month period ended May 31, 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.

  
Salt Lake City, Utah  
July 20, 2016

Utah Communications Authority  
Statement of Net Position  
May 31, 2016

Page 4

**ASSETS**

**Current Assets**

Cash	\$ 25,849,603
Accounts Receivable	2,056,511
Inventory	161,193
Prepaid Expenses	36,569

**Total Current Assets** 28,103,876

**Non-Current Assets**

Prepaid Expenses	208,450
Net Pension Asset	196

**Capital Assets**

Construction-In-Progress	1,159,360
Office Equipment	243,826
Land	16,571
Leasehold Improvements	221,523
Buildings/Towers	7,722,190
Operating Equipment	48,300,152
Software	177,884
Vehicles	1,075,987
Accumulated Depreciation	(44,976,701)
Net Capital Assets	<u>13,940,792</u>

**Total Non-Current Assets** 14,149,438

**Total Assets** 42,253,314

**Deferred Outflows of Resources**

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

**Total Deferred Outflows of Resources** 180,177

**Total Assets and Deferred Outflows of Resources** \$ 42,433,491

Unaudited

**Liabilities**

**Current Liabilities**

Accounts Payable	\$	688,129
Payroll Liabilities		145,878
Unearned Income		165,400
Capital Lease Obligations		33,151
Compensated Absences		65,948
<b>Total Current Liabilities</b>		<u>1,312,392</u>

**Long-Term Liabilities**

Unearned Income		124,391
State Appropriations		13,168,933
Capital Lease Obligations		93,156
Note Payable		855,545
Compensated Absences		422,120
Post-Employment Benefits		241,223
Net Pension Liability		869,207
<b>Total Non-Current Liabilities</b>		<u>15,774,575</u>

<b>Total Liabilities</b>		<u>17,086,967</u>
--------------------------	--	-------------------

**Deferred Inflows of Resources**

Deferred inflows of resources related to pensions		<u>81,063</u>
---	--	---------------

<b>Total Deferred Inflows of Resources</b>		81,063
--	--	--------

**Net Position**

Net investment in capital assets		12,745,054
Unrestricted		<u>12,520,407</u>

<b>Total Net Position</b>		<u>25,265,461</u>
---------------------------	--	-------------------

<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	\$	<u><u>42,433,491</u></u>
---	----	--------------------------

Unaudited

Utah Communications Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
For the One and Eleven Month Periods Ended May 31, 2016

	<u>May 2016</u>	<u>July 2015 - May 2016</u>
<b>Operating Revenues</b>		
Maintenance Fees	\$ 6,387	\$ 87,765
Microwave Circuit Fees	83,884	1,051,107
Radio Service Fees	537,800	6,143,172
Rental Income	14,197	347,025
Shop Fees	40,663	143,157
Omni-link Maintenance Fees	0	650,000
Statewide Interoperability Coordination Fees	0	110,000
Restricted Account Receipts	0	372,560
Other	1,804	2,089
	<u>684,735</u>	<u>8,906,875</u>
<b>Gross Revenues</b>		
	<u>(20,937)</u>	<u>(95,442)</u>
<b>Cost of Goods Sold</b>		
	<u>663,798</u>	<u>8,811,433</u>
<b>Total Operating Revenues</b>		
<b>Operating Expenses</b>		
Administrative Costs	19,205	253,123
Depreciation Expense	294,349	3,099,839
Insurance	0	91,206
Maintenance	37,319	702,375
Outside Services	270,389	787,044
Payroll Expenses	208,748	2,550,571
Professional Fees	66,899	357,363
Rents and Leases	54,457	452,269
Travel	2,483	47,694
Utilities	48,453	479,366
Restricted Account Grant Disbursements	74,700	899,110
	<u>1,077,002</u>	<u>9,719,960</u>
<b>Total Operating Expenses</b>		
<b>Net Operating Loss</b>	<u>(413,204)</u>	<u>(908,527)</u>

Utah Communications Authority  
Statements of Revenues, Expenses, and Changes in Net Position (Continued)  
For the One and Eleven Month Periods Ended May 31, 2016

Page 7

	<u>May 2016</u>	<u>July 2015 - May 2016</u>
<b>Non-Operating Revenues (Expenses)</b>		
Interest income	19,395	118,023
Interest expense	(12,434)	(18,298)
Credit card repayments	135,350	176,281
Federal Grants	-	142,741
State Appropriations	-	837,867
	<u>142,311</u>	<u>1,256,614</u>
<b>Total Non-Operating Revenues (Expenses)</b>		
	142,311	1,256,614
<b>Change in Net Position</b>	(270,893)	348,087
<b>Net Position - Beginning of Year</b>	<u>25,536,354</u>	<u>24,917,374</u>
<b>Net Position - End of Year</b>	<u>\$ 25,265,461</u>	<u>\$ 25,265,461</u>

Unaudited

Utah Communications Authority  
 Statements of Cash Flows  
 For the One and Eleven Month Periods Ended May 31, 2016

Page 8

	<u>May 2016</u>	<u>July 2015 - May 2016</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and other sources	\$ 340,150	\$ 7,796,811
Receipts from State 911 Programs	83,884	1,161,107
Payments to suppliers	(910,118)	(2,788,627)
State 911 Program Grants	243,239	(899,110)
Payments for employee services and benefits	(175,575)	(2,623,948)
<b>Net Cash From Operating Activities</b>	<u>(418,420)</u>	<u>2,646,233</u>
<b>Cash Flows From Non-Capital Financing Activities</b>		
Receipts from state appropriations	-	14,006,800
Receipts from credit card repayments	135,350	176,281
Receipts from federal grants	-	172,360
<b>Net Cash Provided By Non-Capital Financing Activities</b>	<u>135,350</u>	<u>14,355,441</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Principal paid on financing	-	(213,886)
Principal paid on capital lease obligations	(7,949)	(31,025)
Acquisition and construction of capital assets	(108,955)	(876,093)
Interest paid	(12,434)	(20,925)
<b>Net Cash Used In Capital and Related Financing Activities</b>	<u>(129,338)</u>	<u>(1,141,929)</u>

Unaudited

Utah Communications Authority  
 Statements of Cash Flows (Continued)  
 For the One and Eleven Month Periods Ended May 31, 2016

Page 9

	<u>May 2016</u>	<u>July 2015 - May 2016</u>
<b>Cash Flows From Investing Activities</b>		
Receipts of interest from investments	19,395	118,022
<b>Net Cash From Investing Activities</b>	<u>19,395</u>	<u>118,022</u>
<b>Net Increase in Cash</b>	(393,013)	15,977,767
<b>Cash, Beginning of Year</b>	<u>26,242,616</u>	<u>9,871,836</u>
<b>Cash, End of Year</b>	<u>\$ 25,849,603</u>	<u>\$ 25,849,603</u>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Net Operating Loss	\$ (413,204)	\$ (908,527)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Depreciation	294,349	3,099,839
(Increase) decrease in assets:		
Customer accounts receivable	(241,230)	618,563
Inventory	16,145	(74,288)
Prepaid items	3,047	80,099
Increase (decrease) in liabilities:		
Accounts payable	(91,229)	471,444
Accrued liabilities	33,173	(73,377)
Unearned income	(19,471)	(567,520)
<b>Net Cash Used In Operating Activities</b>	<u>\$ (418,420)</u>	<u>\$ 2,646,233</u>

Unaudited

Utah Communications Authority  
 Budget to Actual  
 For the 11 Month Period Ended May 31, 2016

	Pro-Rated Budget 11 Months	Actual	Difference
<b>Revenue:</b>			
Maintenance Fees	\$ 86,625	\$ 87,765	\$ 1,140
Microwave Circuit Fees	1,086,250	1,051,107	(35,143)
Radio Service Fees	6,035,714	6,143,172	107,458
Rentals Income	234,667	347,025	112,358
Shop Fees	245,667	143,157	(102,510)
Ominlink Support Fees	595,833	650,000	54,167
Statewide Interoperability Coordination Fees	100,833	110,000	9,167
Utah Appropriation	1,375,000	837,867	(537,133)
911 Restricted Account Receipts	7,262,381	372,560	(6,889,821)
Other	7,792	2,089	(5,703)
<b>Total Revenue</b>	<u>17,030,762</u>	<u>9,744,742</u>	<u>(7,286,020)</u>
<b>Cost of Good Sold</b>	<u>166,833</u>	<u>95,442</u>	<u>71,391</u>
<b>Administrative Costs</b>			
Communications:			
Internet	32,083	26,856	5,227
Cellular Phone Service	27,500	26,051	1,449
Cable TV Service	1,375	(4)	1,379
Telephone and Long-Distance	57,200	56,955	245
Bank Fees	917	2,602	(1,685)
Office Supplies	18,333	33,461	(15,128)
Miscellaneous Expenses:			
Dues/Subscriptions	917	2,386	(1,469)
Meetings	2,292	4,550	(2,258)
Printing/Reproduction	917	-	917
Gifts	458	593	(135)
Recruiting	458	21,532	(21,074)
Other			
Office Equipment < \$1000	23,833	248	23,585
Office Furniture < \$1000	1,833	-	1,833
Software < \$1000	1,375	8,262	(6,887)
Postage and Freight	5,042	6,363	(1,321)
Web Site	458	2,755	(2,297)
Training	4,583	15,385	(10,802)
<b>Total Administrative Costs</b>	<u>179,575</u>	<u>207,995</u>	<u>(28,420)</u>

Utah Communications Authority  
 Budget to Actual  
 For the 11 Month Period Ended May 31, 2016

	Pro-Rated Budget 11 Months	Actual	Difference
<b>Insurance</b>			
Liability Insurance	11,000	9,208	1,792
Property Insurance	38,500	44,328	(5,828)
Auto Insurance	3,667	3,985	(318)
Workers Compensation Insurance	43,083	33,685	9,398
<b>Total Insurance</b>	<u>96,250</u>	<u>91,206</u>	<u>5,044</u>
<b>Maintenance/Repairs</b>			
Sites and Buildings			
150 System	82,500	38,910	43,590
800 System	242,917	45,558	197,359
Building Maintenance	4,583	1,375	3,208
Frequency Coordination	4,583	3,330	1,253
Microwave System	100,833	150,177	(49,344)
Office Equipment	2,933	5,995	(3,062)
Shop Supplies	13,750	27,609	(13,859)
Site Maintenance	151,250	186,084	(34,834)
Hardware			
Software Maintenance	27,500	29,210	(1,710)
Storage	11,000	8,675	2,325
Tools < \$5000	18,333	18,504	(171)
Trash Removal	4,125	4,257	(132)
Utah County Maint Agreement	159,500	90,727	68,773
Vehicles Expenses	114,583	91,960	22,623
<b>Toal Maintenance</b>	<u>938,392</u>	<u>702,371</u>	<u>236,021</u>
<b>Outside Services</b>			
Consultants	114,583	44,927	69,656
System Study	1,375,000	663,709	711,291
Other	27,500	19,501	7,999
<b>Total Outside Services</b>	<u>1,517,083</u>	<u>728,137</u>	<u>788,946</u>
<b>Personnel Costs</b>			
Payroll and Benefits	2,506,088	2,513,242	(7,154)
Auto Allowance	14,300	12,335	1,965
<b>Total Personnel Costs</b>	<u>2,520,388</u>	<u>2,525,577</u>	<u>(5,189)</u>

Utah Communications Authority  
 Budget to Actual  
 For the 11 Month Period Ended May 31, 2016

	Pro-Rated Budget 11 Months	Actual	Difference
<b>Professional Fees</b>			
Legal	68,750	199,978	(131,228)
Accounting	123,750	142,663	(18,913)
Auditing	13,750	14,722	(972)
<b>Total Professional Fees</b>	<u>206,250</u>	<u>357,363</u>	<u>(151,113)</u>
<b>Rents/Leases</b>			
Equipment Leases	25,667	20,082	5,585
Frequency Usage	7,333	7,333	0
Site/Towers/Offices	445,500	424,854	20,646
<b>Total Rents/Leases</b>	<u>478,500</u>	<u>452,269</u>	<u>26,231</u>
<b>Travel</b>	<u>50,000</u>	<u>47,694</u>	<u>2,306</u>
<b>Utilities</b>			
Power	201,667	187,565	14,102
Gas	4,583	4,391	192
Water	917	1,267	(350)
Microwave Circuit Charges	19,800	21,386	(1,586)
911 Connectivity	-	230,121	(230,121)
Omnalink Circuits	88,000	34,636	53,364
<b>Total Utilities</b>	<u>314,967</u>	<u>479,366</u>	<u>(164,399)</u>
<b>Interest Expense</b>			
Debt Service Interest	-	-	-
Capital Lease Interest	8,983	18,298	(9,315)
<b>Total Interest Expense</b>	<u>8,983</u>	<u>18,298</u>	<u>(9,315)</u>
<b>Total Budgeted Expenses</b>	<u>\$ 6,310,388</u>	<u>\$ 5,610,276</u>	<u>\$ 700,112</u>
<b>Other Expenses</b>			
State			
911 CAD Fund Grants		97,141	
E-911 Grants		801,544	
FirstNet Coordination		58,907	
		<u>957,592</u>	