



## **Mountainland Association of Governments Executive Council Meeting**

**Midway Community Center  
160 West Main  
Midway, UT**

**October 25, 2018  
7:00 p.m.**

1. ACTION: Approve the May 24, 2018 meetings minutes - *Attached*
2. Public Comment
3. ACTION: Annual Audit Report- *Squire & Company*
4. MAG Department and Budget Update
  - a. Aging and Family Services – *Heidi DeMarco*
  - b. Community Development – *Michelle Carroll*
  - c. Regional Transportation Planning – *Shawn Seager*
5. MAG Pre-Disaster Mitigation Plan Update: Funding Application - *Shauna Mecham*
6. Upcoming 2020 Census - *Sergio Martinez*
7. Other Business
  - a. Next meeting: February 28, 2019, Kamas City Hall

**Executive Council Christmas Social  
December 13, 5:30 p.m.  
Dinner at Soldier Hollow & Midway Ice Castles**

*Pursuant to the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify  
Melanie Haws at 801-229-3834 at least 24 hours prior to the meeting*

Meeting minutes are recorded. A hard copy of the attendees, a brief summary, and all motions made during a meeting will be approved at the next meeting. A recording of the meeting is available upon request and on [https://mountainland.org/articles/minutes/Executive\\_Council](https://mountainland.org/articles/minutes/Executive_Council)

### AGENDA ITEM # 3

<b>DATE:</b>	October 18, 2018
<b>SUBJECT:</b>	Annual Audit Report
<b>PREPARED BY:</b>	Steve Johnson
<b>BACKGROUND:</b>	<p>Squire &amp; Company has audited the financial statements of the governmental activities, the general fund, and the proprietary fund information for the year ending June 30, 2018.</p> <p>Please note on page 2 of the DRAFT Annual Audit Report gives a clean opinion.</p> <p>If you have questions, please contact: Steve Johnson 801-229-3830 sjohnson@mountainalnd.org</p>
<b>RECOMMENDATION:</b>	None
<b>SUGGESTED MOTION:</b>	I move to approve the Annual Audit Report as presented.
<b>CONTACT PERSON:</b>	Steve Johnson 801-229-3830 sjohnson@mountainalnd.org
<b>ATTACHMENTS:</b>	DRAFT Annual Audit Report

**MOUNTAINLAND ASSOCIATION  
OF GOVERNMENTS**

**Financial Statements**

Year Ended June 30, 2018

DRAFT

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**

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## Independent Auditor's Report

Executive Council  
Mountainland Association of Governments

### **Report on the Basic Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the general fund (a major fund), and the proprietary fund information of Mountainland Association of Governments (the Association) as of and for the year ended June 30, 2018, and the related notes to the basic financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund (a major fund), and the proprietary fund information of Mountainland Association of Governments as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund 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, the schedules of the Association's proportionate share of the net pension liability (asset) – Utah Retirement Systems, the schedules of Association contributions – Utah Retirement Systems, and the related notes to the required supplementary information 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 required supplementary 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 Association's basic financial statements. The other information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other information has 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 it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Orem, Utah  
October 31, 2018

## Management's Discussion and Analysis

This section of Mountainland Association of Governments' (the Association) annual financial report presents management's discussion and analysis of the Association's financial performance during the year ended June 30, 2018. Please read it in conjunction with the Association's financial statements, which follow this section.

### Financial Highlights

- The Association's assets and deferred outflows exceeded liabilities and deferred inflows by \$2,565,951 at the close of the most recent fiscal year.
- During the year, expenses were \$68,803 more than the \$13,236,606 generated in revenues for governmental activities.
- Funding from operating grants and contributions totaled \$12,810,030 for the current year, an increase of \$2,383,832 from the prior year. Funding is primarily to provide regional planning and adult and aging services for participants and member cities and counties within the Mountainland Region of Utah.
- The *general fund* reported an unassigned fund balance of \$1,071,314 at June 30, 2018.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Association's basic financial statements. The Association's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the assets, liabilities, and deferred inflows/outflows of resources of the Association, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Association is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the Association changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements of the Association are reported as governmental activities. (The Association has no business-type activities.) Governmental activities include administration, regional planning, and aging and adult services. State and federal grants finance most of these activities.

**Fund financial statements** – A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Association, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Association can be divided into two categories: governmental funds and proprietary funds.

- Governmental fund – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of

spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Association's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Association's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Association maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, which is considered to be a major fund.

The Association adopts an annual appropriated budget for its *general fund*. A budgetary comparison statement has been provided for the *general fund* to demonstrate compliance with this budget.

- Proprietary fund – The Association maintains one proprietary fund type. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The Association used one internal service fund (which accounts for certain employee benefits); it is included within *governmental activities* in the government-wide financial statements.

**Notes to the basic financial statements** – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents other information that can be found after the notes to the basic financial statements. The other information compares financial information for several years.

### **Government-wide Financial Analysis**

**Net position** – As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Association, assets and deferred outflows exceeded liabilities and deferred inflows by \$2,565,951 at the close of the most recent fiscal year.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS' Net Position**

June 30, 2018 and 2017

	<b>Governmental Activities</b>		<b>Total Change</b>
	<b>2018</b>	<b>2017</b>	<b>2018-2017</b>
Current and other assets	\$ 23,141,089	\$ 13,980,438	\$ 9,160,651
Capital assets, net of accumulated depreciation	875,541	939,729	(64,188)
Total assets	24,016,630	14,920,167	9,096,463
Deferred outflows of resources	912,896	844,692	68,204
Current and other liabilities	20,125,752	10,972,789	9,152,963
Long-term liabilities	1,448,166	1,955,737	(507,571)
Total liabilities	21,573,918	12,928,526	8,645,392
Deferred inflows of resources	789,657	201,579	588,078
Net position:			
Investment in capital assets	875,541	939,729	(64,188)
Restricted for revolving loans	905,954	867,589	38,365
Unrestricted	784,456	827,436	(42,980)
Total net position	<u>\$ 2,565,951</u>	<u>\$ 2,634,754</u>	<u>\$ (68,803)</u>

- Net position of the Association's governmental activities decreased 2.6% to \$2,565,951. However, \$875,541 of the net position is invested in capital assets (building, computer and other equipment, and transportation equipment). The Association uses these capital assets to provide program services for participants and member cities and counties; consequently, these assets are *not* available for spending. An additional amount of \$905,954 is restricted for revolving loans and is *not* available for spending.
- *Unrestricted* net position decreased \$42,980 to a balance of \$784,456 at June 30, 2018. This balance may be used to meet Association obligations to employees and creditors and to honor next year's budget.

**Changes in net position** – The Association's total net position decreased by \$68,803 during the current year. The key elements of the decrease in the Association's net position for the year ended June 30, 2018 are as follows:

- The Association's total revenues increased by 21.2% to \$13,236,606. Federal and state grants make up 72.5% of the Association's revenues; local revenue generates 7.1% of the Association's revenues; the remainder of revenues (20.4%) is from matching contributions of in-kind services and facilities for programs administered by the Association.
- The total cost of all programs and services increased by 23.1% to \$13,223,622. This increase was mostly attributable to an increase in reimbursable costs related to regional planning during the year.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS' Change in Net Position**  
Years Ended June 30, 2018 and 2017

	<b>Governmental Activities</b>		<b>Total Change</b>
	<b>2018</b>	<b>2017</b>	<b>2018-2017</b>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 236,290	\$ 248,010	\$ (11,720)
Operating grants and contributions	12,810,030	10,426,198	2,383,832
General revenues:			
Local and miscellaneous	190,286	246,797	(56,511)
Total revenues	13,236,606	10,921,005	2,315,601
<b>Expenses:</b>			
Administrative	221,979	50,167	171,812
Regional planning	6,374,815	3,825,878	2,548,937
Aging and adult services	6,708,615	6,863,459	(154,844)
Total expenses	13,305,409	10,739,504	2,565,905
<b>Change in net position</b>	(68,803)	181,501	(250,304)
<b>Net position, beginning</b>	2,634,754	2,453,253	181,501
<b>Net position, ending</b>	\$ 2,565,951	\$ 2,634,754	\$ (68,803)

### Financial Analysis of the Association's Funds

As noted earlier, the Association uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental fund** – The focus of the Association's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Association's financing requirements. As the Association completed the year, its governmental fund (the *general fund*) reported fund balances of \$2,611,544, which was \$7,395 less than the previous year.

Governmental funds report the differences between their assets and liabilities as fund balances, which are divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes revolving loans and prepaids and deposits that are not expected to be converted to cash. *Restricted* includes net fund resources of the Association that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. The unrestricted fund balance is, in turn, subdivided between assigned and unassigned portions. *Assigned* balances in the *general fund* are those that do not meet the requirements of restricted but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2018, the Association's fund balances in the *general fund* totaled \$2,611,544 (\$912,066 in nonspendable, \$628,164 in assigned, and \$1,071,314 in unassigned fund balances).

### General Fund Budgetary Highlights

Actual expenditures were \$7,116,708 less than final budgeted amounts. Actual revenues were \$7,124,103 less than budgeted. Variances primarily result from expenditure-driven federal and state grants and related local revenue that are included in the budgets at their full amounts. Such grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

## Capital Assets

A summary of capital assets at June 30, 2018 and 2017 is outlined below:

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS' Capital Assets**  
(Net of accumulated depreciation)  
June 30, 2018 and 2017

	<b>Governmental Activities</b>		<b>Total Change</b>
	<b>2018</b>	<b>2017</b>	<b>2018-2017</b>
Building	\$ 672,163	\$ 704,171	\$ (32,008)
Computer and other equipment	15,444	21,159	(5,715)
Transportation equipment	187,934	214,399	(26,465)
Total capital assets	<u>\$ 875,541</u>	<u>\$ 939,729</u>	<u>\$ (64,188)</u>

Additional information on the Association's capital assets can be found in Note 3 to the basic financial statements.

### Requests for Information

This financial report is designed to provide our citizens, taxpayers, participants, member cities and counties, and creditors a general overview of the Association's finances and to demonstrate the Association's accountability for the funding it receives. If you have any questions about this report or need additional financial information, please contact Mountainland Association of Governments, Executive Director, 586 East 800 North, Stratford Park, Orem, Utah 84097.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Statement of Net Position**  
June 30, 2018

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 21,468,191
Intergovernmental receivables:	
Federal	795,697
State	248,321
Local	46,755
Loans receivable, net of allowance of \$185,845	576,013
Prepays and deposits	6,112
Capital assets, net of accumulated depreciation:	
Building	672,163
Equipment	203,378
Total assets	24,016,630
<b>Deferred outflows of resources related to pensions</b>	912,896
<b>Liabilities:</b>	
Accounts, wages, and contracts payable	693,305
Unearned revenue:	
State	19,399,915
Local	32,532
Long-term liabilities:	
Portion due or payable within one year	282,655
Portion due or payable after one year	1,165,511
Total liabilities	21,573,918
<b>Deferred inflows of resources related to pensions</b>	789,657
<b>Net position:</b>	
Investment in capital assets	875,541
Restricted for revolving loans	905,954
Unrestricted	784,456
Total net position	\$ 2,565,951

The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Statement of Activities**  
Year Ended June 30, 2018

<u>Activities and Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
				<u>Total</u> <u>Governmental</u> <u>Activities</u>
<b>Governmental activities:</b>				
Administrative	\$ 221,979	\$ 3,534	\$ -	\$ (218,445)
Regional planning	6,374,815	113,477	6,243,752	(17,586)
Aging and adult services	6,708,615	119,279	6,566,278	(23,058)
Total	<u>\$ 13,305,409</u>	<u>\$ 236,290</u>	<u>\$ 12,810,030</u>	(259,089)
<b>General revenues:</b>				
Local and miscellaneous				<u>190,286</u>
Change in net position				(68,803)
<b>Net position, beginning of year</b>				<u>2,634,754</u>
<b>Net position, end of year</b>				<u>\$ 2,565,951</u>

The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Balance Sheet**  
**Governmental Fund**  
June 30, 2018

	<i>General Fund</i>
<b>Assets:</b>	
Cash and investments	\$ 21,064,398
Intergovernmental receivables:	
Federal	795,697
State	248,321
Local	46,755
Loans receivable, net of allowance of \$185,845	576,013
Prepays and deposits	6,112
Total assets	\$ 22,737,296
<b>Liabilities and fund balances:</b>	
Liabilities:	
Accounts, wages, and contracts payable	\$ 693,305
Unearned revenue:	
State	19,399,915
Local	32,532
Total liabilities	20,125,752
Fund balances:	
Nonspendable:	
Revolving loans	905,954
Prepays and deposits	6,112
Assigned to:	
Facilities	87,395
Aging and adult services	521,617
Worksite wellness	19,152
Unassigned	1,071,314
Total fund balances	2,611,544
Total liabilities and fund balances	\$ 22,737,296

The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Reconciliation of the Balance Sheet of the Governmental Fund**  
**to the Statement of Net Position**

June 30, 2018

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**Total fund balances for the governmental fund** \$ 2,611,544

Total net position reported for governmental activities in the statement of net position are different because:

Capital assets used in the governmental fund are not financial resources and, therefore, are not reported in the fund. Those assets consist of:

Building, net of \$617,094 accumulated depreciation	\$ 672,163	
Equipment, net of \$300,612 accumulated depreciation	203,378	875,541

Net pension obligations, are not due and payable in the current period and, therefore, are not reported in the fund.	(1,044,373)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund.	123,239
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An internal service fund is used by management to charge the costs of compensated absences to the *general fund*. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position at year-end is zero.

<b>Total net position of governmental activities</b>	-
	\$ 2,565,951

The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund**  
Year Ended June 30, 2018

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	<i>General Fund</i>
<b>Revenues:</b>	
Federal	\$ 6,143,300
State	3,299,427
Local	920,765
Contributed services and facilities	2,636,824
Total revenues	13,000,316
 <b>Expenditures:</b>	
Administrative (unallocated)	194,568
Regional planning	6,246,865
Aging and adult services	6,566,278
Total expenditures	13,007,711
Deficiency of revenues under expenditures/net change in fund balances	(7,395)
 <b>Fund balances, beginning of year</b>	2,618,939
<b>Fund balances, end of year</b>	\$ 2,611,544

The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of the Governmental Fund to the Statement of Activities**  
Year Ended June 30, 2018

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**Net change in fund balances of total governmental fund** \$ (7,395)

Amounts reported for governmental activities in the statement of activities are different because:

The governmental fund reports capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for equipment and \$100,000 for building are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$	45,964	
Loss on disposal		(18,136)	
Depreciation expense		(92,016)	(64,188)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as a pension expense. 2,780

An internal service fund is used by management to charge the costs of compensated absence benefit services to the *general fund*. The net revenue of the internal service fund is reported with governmental activities. -

**Change in net position of governmental activities** \$ (68,803)

The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal	\$ 7,249,278	\$ 7,249,278	\$ 6,143,300	\$ (1,105,978)
State	10,667,528	10,667,528	3,299,427	(7,368,101)
Local	1,152,622	1,152,622	920,765	(231,857)
Contributed services and facilities	1,054,991	1,054,991	2,636,824	1,581,833
Total revenues	<u>20,124,419</u>	<u>20,124,419</u>	<u>13,000,316</u>	<u>(7,124,103)</u>
<b>Expenditures:</b>				
Administrative (unallocated)	162,539	171,539	194,568	(23,029)
Regional planning	13,900,014	12,490,004	6,246,865	6,243,139
Aging and adult services	6,061,866	7,462,876	6,566,278	896,598
Total expenditures	<u>20,124,419</u>	<u>20,124,419</u>	<u>13,007,711</u>	<u>7,116,708</u>
Deficiency of revenues under expenditures/net change in fund balances	-	-	(7,395)	(7,395)
<b>Fund balances, beginning of year</b>	<u>2,618,939</u>	<u>2,618,939</u>	<u>2,618,939</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u><u>\$ 2,618,939</u></u>	<u><u>\$ 2,618,939</u></u>	<u><u>\$ 2,611,544</u></u>	<u><u>\$ (7,395)</u></u>

The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
June 30, 2018

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	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets:</b>	
Cash and investments	\$ 403,793
<b>Liabilities:</b>	
Compensated absences payable	<u>403,793</u>
<b>Net position:</b>	
Restricted for employee benefits	<u><u>\$ -</u></u>

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The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
Year Ended June 30, 2018

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	<u>Governmental Activities - Internal Service Fund</u>
<b>Operating revenues:</b>	
Charges for services	\$ 236,290
<b>Operating expenses:</b>	
Compensated absences benefits	236,290
Change in net position	-
<b>Net position, beginning of year</b>	-
<b>Net position, end of year</b>	<u><u>\$ -</u></u>

DRAFT

The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Statement of Fund Cash Flows**  
**Proprietary Fund**  
Year Ended June 30, 2018

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Cash flows from operating activities:</b>	
Charges for services received from <i>general fund</i>	\$ 236,290
Cash paid for compensated absences	<u>(221,207)</u>
Net cash provided by operating activities	15,083
<b>Cash and cash equivalents, beginning of year</b>	<u>388,710</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 403,793</u></u>
Displayed on statements of fund net position as:	
Cash and investments	<u><u>\$ 403,793</u></u>
<b>Supplemental Information:</b>	
Cash and cash equivalents includes amounts in demand deposits and amounts in the Utah Public Treasurers' Investment Fund as well as short-term investments with a maturity date within three months of the date acquired by the Association.	
The Association had no noncash investing, noncapital financing, or capital and related financing activities.	
A reconciliation of net income to cash flows provided by operating activities follows:	
Net income	\$ -
Increase in compensated absences payable	<u>15,083</u>
Net cash provided by operating activities	<u><u>\$ 15,083</u></u>

The notes to the financial statements are an integral part of this statement.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Mountainland Association of Governments (the Association) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Association are described below.

**Reporting entity** – The Executive Council, comprised of county commissioners from Summit, Utah, and Wasatch counties and mayors of cities within those counties, is the governing authority for the Association. The Association is not a component unit of any other primary government. Blended component units are, in substance, part of the Association’s operations.

The Association was formed in 1971 as an interlocal agency and is a voluntary association of local governments in Summit, Utah, and Wasatch counties in the State of Utah. Resources of the Association are primarily federal, state, and local grants and contracts to provide services and administer programs in the following areas:

- Regional planning – transportation planning and construction, air and water quality planning, economic development planning and coordination, community development assistance, revolving loan program, and tourism promotion
- Aging and adult services – volunteer programs, social support services, support for senior citizens centers, transportation, congregate and home-delivered meals, and advocacy for the elderly

As required by GAAP, these financial statements present the Association and its component units, Mountainland Community Living Council, Inc. and Mountainland Foundation, Inc., legally separate organizations for which the Association is considered financially accountable. Mountainland Community Living Council, Inc. and Mountainland Foundation, Inc. are reported as blended component units within the governmental funds of the Association.

**Government-wide and fund financial statements** – The *government-wide financial statements* (the statement of net position and the statement of changes in net position) display information about the government (the Association). These statements include the financial activities of the overall government. Adjustments have been made to eliminate the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Association’s governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function is included in its direct expenses. Depreciation expense for “shared” capital assets (for example, a building is used primarily for most activities of the Association) is ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include 1) charges for services offered by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues are presented as general revenues.

The *fund financial statements* provide information about the Association’s funds. Separate statements for each fund category (governmental and proprietary) are presented.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

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Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses result from transactions directly associated with the fund's principal services.

The Association reports the following major governmental fund:

- The *general fund* is the Association's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Association reports the following fund type:

- The *employee benefits internal service fund (proprietary fund)* accounts for the accumulation of resources to pay for accrued vacation and sick leave for eligible employees of the Association.

**Measurement focus, basis of accounting, and financial statement presentation** – The *government-wide financial statements* are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Association receives value without directly giving equal value in exchange, include grants and contributions. Revenue from grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the Association considers revenues available if they are collected within sixty days after year-end. Expenditures generally are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund.

Under the terms of grant agreements, the Association funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. The Association primarily applies cost-reimbursement grant resources first to such programs, followed by categorical block grants, and then by general revenues.

**Budgetary data** – The Association operates within the budget requirements for special districts as specified by Utah state law. Budgets are presented on the modified accrual basis of accounting for the governmental fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance commitment. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- Each year the executive director and staff submit to the Executive Council a proposed budget for each fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. The Association primarily works with budgets for each grant that it receives.
- The Executive Council approves the budget and submits a copy to the state auditor.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

- As determined by the state auditor and state statutes, no expenditures are to be made in excess of amounts budgeted for each department (function).

Expenditure-driven grants are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding fiscal year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

**Cash and investments** – The cash balances of the funds are pooled and invested by the Association for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. Investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are recorded in the *general fund*.

**Loans receivable** – The Association has loans receivable at June 30, 2018 of \$761,858 and an allowance for doubtful accounts of \$185,845.

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

**Capital assets** – Capital assets, which include building, computer and other equipment, and transportation equipment, are reported in the government-wide financial statements. The Association defines capital assets as assets with an initial, individual cost of more than \$5,000 for equipment and \$100,000 for buildings. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized. Buildings and equipment of the Association are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building	40
Computer equipment	3
Transportation equipment	5
Other equipment	3 to 5

**Unearned revenue** – Unearned revenue is recorded when cash or other assets are received prior to when claim on those resources is obtained.

**Compensated absences** – Permanent employees earn vacation and sick leave in amounts varying with tenure. Upon separation from employment, each employee shall receive payment for all unused accrued vacation leave up to but not to exceed 240 hours. Upon separation from employment, each employee may receive up to 25% plus 1% for each year of service of unused sick leave. Upon separation of employment, each employee shall receive payment for all unused compensatory leave up to but not to exceed 40 hours. Unpaid vacation, sick, and compensatory leave is accounted for in the Association's *employee benefits internal service fund*.

**Pensions** – For purposes of measuring the net pension liability (asset), 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 (URS) and additions to/deductions from URS's fiduciary net

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

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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. Pension plan investments are reported at fair value.

**Deferred outflows/inflows of resources** – In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Association has one item that qualifies for reporting in this category. Deferred outflows of resources related to pensions includes a) changes of assumptions in the measurement of the net pension liability (asset), b) net difference between projected and actual earnings on pension plan investments, c) changes in proportion and differences between Association contributions and proportionate share of contributions, and d) Association contributions subsequent to the measurement date of December 31, 2017.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Association has one item that qualifies for reporting in this category. Deferred inflows of resources related to pensions includes a) differences between expected and actual experience, b) changes of assumptions in the measurement of the net pension liability (asset), c) net difference between projected and actual earnings on pension plan investments, and d) changes in proportion and differences between Association contributions and proportionate share of contributions.

**Net position/fund balances** – The residual of all other elements presented in a statement of net position is net position on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is fund balance.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the Association is bound to honor them. The Association first determines and reports nonspendable balances, then restricted, then committed, and so forth.

Fund balance classifications are summarized as follows:

- **Nonspendable** – This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to revolving loans, including cash balances to be loaned and loans receivable, and prepaids and deposits are classified as nonspendable.
- **Assigned** – This category includes fund balance amounts that the Association intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the Association's steering committee. The Association has assigned general fund resources that are to be used for facilities, aging and adult services, and Mountainland economic development.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

- Unassigned – Residual balances in the general fund are classified as unassigned.

**Net position/fund balance flow assumption** – Sometimes the Association will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

- Net position – It is the Association’s policy to consider restricted net position to have been depleted before unrestricted net position.
- Fund balance – It is the Association’s policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**2. DEPOSITS AND INVESTMENTS**

The Association follows the requirements of the Utah Money Management Act (the Act) (Section 51, Chapter 7 of the Utah Code) in handling its depository and investing transactions. Association funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the Association to invest in the Utah Public Treasurers’ Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker’s acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The State Money Management Council requires semi-annual reporting of all cash balances and investments. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The Association considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits and investments at June 30, 2018 appear in the financial statements as summarized below:

Carrying amount of deposits	\$ 344,515
Carrying amount of investments	21,123,676
	<u>\$ 21,468,191</u>
Cash and investments - governmental fund ( <i>general fund</i> )	\$ 21,064,398
Cash and investments - proprietary fund ( <i>employee benefits internal service fund</i> )	403,793
	<u>403,793</u>
Total cash and investments	<u>\$ 21,468,191</u>

**Deposits** – The Association’s carrying amount of bank deposits at June 30, 2018, is \$344,515 and the bank balance is \$578,849, of which \$250,000 is covered by federal depository insurance. No deposits are collateralized, nor are they required to be by state statute.

**Investments** – At year-end, the Association’s investment balances of \$21,123,676 were held in the PTIF. The PTIF investment portfolio has an average maturity of less than 90 days; the PTIF is not rated.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

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- Credit risk – Credit quality can be a depiction of potential variable cash flows and credit risk. The Association does not have a formal investment policy that limits its investment choices in regard to credit quality ratings in addition to the provisions of the Act.
- Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Association will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Association does not have a formal investment policy for custodial credit risk in regard to the custody of the Association’s investments in addition to the provisions of the Act.
- Concentration of credit risk – The Association places no limit on the amount it may invest in any one issuer. All of the Association’s investments are invested with the Utah State Treasurer in the PTIF.

**3. FAIR VALUE MEASUREMENTS**

The Association categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Association has the following recurring fair value measurements as of June 30, 2018:

- Public Treasurers’ Investment Fund position of \$21,123,676, the unit of account is each share held, and the value of the position is the fair value of the pool’s share price multiplied by the number of shares held (Level 2 inputs).

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Building	\$ 1,289,257	\$ -	\$ -	\$ 1,289,257
Computer equipment	40,334	-	-	40,334
Other equipment	43,352	-	-	43,352
Transportation equipment	568,077	45,964	(193,737)	420,304
Total capital assets, being depreciated	1,941,020	45,964	(193,737)	1,793,247
Accumulated depreciation for:				
Building	(585,086)	(32,008)	-	(617,094)
Computer equipment	(30,302)	(2,006)	-	(32,308)
Other equipment	(32,225)	(3,709)	-	(35,934)
Transportation equipment	(353,678)	(54,293)	175,601	(232,370)
Total accumulated depreciation	(1,001,291)	(92,016)	175,601	(917,706)
Net capital assets, being depreciated / net governmental activity capital assets	\$ 939,729	\$ (46,052)	\$ (18,136)	\$ 875,541

For the year ended June 30, 2018, depreciation expense was charged to functions of the Association as follows:

<b>Governmental activities:</b>	
Administrative	\$ 5,783
Regional planning	15,808
Aging and adult services	70,425
Total depreciation expense, governmental activities	\$ 92,016

**5. RETIREMENT PLANS**

**Utah Retirement Systems Plans**

**Description of plans** – Eligible employees of the Association are provided with the following plans through the Utah Retirement Systems (the URS) administered by the URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System)
- Public Employees Contributory Retirement System (Tier 1 Contributory System)
- Tier 2 Hybrid Public Employees Contributory Retirement System (Tier 2 Contributory System)

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

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Defined Contribution Plans (individual account plans):

- 401(k) Plan (includes the Tier 2 Defined Contribution Plan)
- 457 Plan and other individual plans

Association employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the Association as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the Association as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms to the Utah State Retirement Board, whose members are appointed by the Governor. The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at [www.urs.org](http://www.urs.org).

The Tier 2 systems 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 systems, are members of the Tier 2 systems.

**Benefits provided** – The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits in the defined benefit pension plans are determined from 1.25% to 2.00% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

**Contributions** – As a condition of participation in the plans, 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.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

For the year ended June 30, 2018, Association required contribution rates for the plans were as follows:

	<b>Defined Benefit Plans Rates</b>				<b>Totals</b>
	<b>Association Contribution</b>	<b>Amortization of UAAL *</b>	<b>Paid by Association for Employee</b>	<b>Association Rates for 401(k) Plan</b>	
Tier 1 Noncontributory System	11.86%	6.61%	-	-	18.47%
Tier 1 Contributory System	6.09%	8.37%	6.00%	-	20.46%
Tier 2 Contributory System **	8.50%	6.61%	-	1.58%	16.69%
Tier 2 Defined Contribution Plan **	0.08%	6.61%	-	10.00%	16.69%

\* The Association is also required to contribute additional amounts based on covered-employee payroll to finance the unfunded actuarial accrued liability (UAAL) of Tier 1 plans.

\*\* The Association includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.

Employees can make additional contributions to defined contribution plans subject to limitations.

For the year ended June 30, 2018, Association and employee contributions to the plans were as follows:

	<b>Association Contributions</b>	<b>Employee Contributions</b>
Tier 1 Noncontributory System	\$ 349,553	\$ -
Tier 1 Contributory System	17,383	-
Tier 2 Contributory System *	60,520	-
401(k) Plan	44,727	16,027
457 Plan and other individual plans	-	13,000

\* Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions** – At June 30, 2018, the Association reported a net pension asset of zero and a net pension liability of \$1,044,373 for the following plans:

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 993,794
Tier 1 Contributory System	-	47,275
Tier 2 Contributory System	-	3,304
Total	<u>\$ -</u>	<u>\$ 1,044,373</u>

The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability was determined by an actuarial valuation as of January 1, 2017, rolled-forward using generally accepted actuarial procedures. The Association's proportion of the net pension liability (asset) is equal to the ratio of the Association's actual contributions compared to the total of all employer contributions during the plan year. The following presents the Association's proportion (percentage) of the collective net pension liability (asset) at December 31, 2017 and the change in its proportion since the prior measurement date for each plan:

	<u>Proportionate Share</u>	
	<u>2017</u>	<u>Change</u>
Tier 1 Noncontributory System	0.2268262%	-0.0076866%
Tier 1 Contributory System	0.5809550%	-0.1057949%
Tier 2 Contributory System	0.0374848%	-0.0018242%

For the year ended June 30, 2018, the Association recognized pension expense of \$437,642 for the defined benefit pension plans and pension expense of \$44,727 for the defined contribution plans. At June 30, 2018, the Association reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,292	\$ 63,914
Changes of assumptions	361,414	23,554
Net difference between projected and actual earnings on pension plan investments	274,693	702,189
Changes in proportion and differences between contributions and proportionate share of contributions	38,740	-
Association contributions subsequent to the measurement date	<u>215,757</u>	<u>-</u>
Total	<u>\$ 912,896</u>	<u>\$ 789,657</u>

The \$215,757 reported as deferred outflows of resources related to pensions resulting from Association contributions subsequent to the measurement date of December 31, 2017 will be recognized as a reduction

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

of the net pension liability in the year ending June 30, 2018. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2018	\$ 61,329
2019	87,574
2020	(91,701)
2021	(152,700)
2022	(686)
Thereafter	3,666

**Actuarial assumptions** – The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 mortality tables or were developed from actual experience, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include adjustments for inflation, salary increases, payroll growth, post retirement mortality, preretirement mortality, and certain demographics to more closely reflect actual experience.

The long-term expected rate of return on defined benefit 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:

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

<u>Asset Class</u>	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.90%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Total	<u>100%</u>		<u>4.75%</u>
Inflation			<u>2.50%</u>
Expected arithmetic nominal return			<u>7.25%</u>

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

**Discount rate** – The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was not changed from the prior measurement date.

**Sensitivity of the Association’s proportionate share of the net pension liability (asset) to changes in the discount rate** – The following presents the Association’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.95%, as well as what the Association’s proportionate share of the net pension liability (asset) 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:

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

	<b>1% Decrease (5.95%)</b>	<b>Discount Rate (6.95%)</b>	<b>1% Increase (7.95%)</b>
Association's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 2,687,684	\$ 993,794	\$ (414,593)
Tier 1 Contributory System	320,527	47,275	(181,935)
Tier 2 Contributory System	38,914	3,304	(24,155)
Total	<u>\$ 3,047,125</u>	<u>\$ 1,044,373</u>	<u>\$ (620,683)</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.

**Payables to the pension plans** – At June 30, 2018, the Association reported payables of \$41,330 for contributions to defined benefit pension plans and defined contribution plans.

**Other Retirement Plans**

**Money purchase plan** – The Association has also adopted a 401(k) money purchase pension plan with annual vesting of 100% which is available to all employees. The Association has elected to make annual contributions to the plan at a rate from 7.5% to 15.43% of wages paid to employees. Participants can also make deductible and nondeductible voluntary contributions to the plan. The Association contributed \$438,999 to the money purchase pension plan during the year ended June 30, 2018. As of and for the year ended June 30, 2018, the Association has a liability to the plan of \$35,014. A financial institution holds plan assets.

**6. RISK MANAGEMENT**

The Association maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$5 million per occurrence through policies administered by the Utah Local Governments Trust (the Fund). The Association also insures its building and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$500 deductible; other liability is limited to the lesser of \$5 million or the statutory limit. The Fund is a public agency insurance mutual operated for the benefit of the State and local governments within the State. The Association pays annual premiums to the Fund; the Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants’ pay experience-rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Basic Financial Statements**  
*Continued*

Unemployment compensation is maintained through Utah Department of Workforce Services; settled claims for the past three years have been insignificant. Utah Local Governments Trust covers all Association employees for workers' compensation.

**7. LONG-TERM OBLIGATIONS**

Long-term liabilities include obligations for compensated absences (vacation, sick, and compensatory leave) and net pension liability. Long-term liability activity for the year ended June 30, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 388,710	\$ 236,290	\$ (221,207)	\$ 403,793	\$ 282,655
Net pension liability	1,567,027	(82,232)	(440,422)	1,044,373	-
Total long-term liabilities	<u>\$ 1,955,737</u>	<u>\$ 154,058</u>	<u>\$ (661,629)</u>	<u>\$ 1,448,166</u>	<u>\$ 282,655</u>

**8. GRANTS**

The Association receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the Association's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund*. Based on prior experience, Association administration believes such disallowance, if any, would be immaterial.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Schedules of the Association's Proportionate Share of the Net Pension Liability (Asset) –**  
**Utah Retirement Systems**  
**Last Four Plan (Calendar) Years \***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Tier 1 Noncontributory System:</b>				
Association's proportion of the net pension liability (asset)	0.2268262%	0.2191396%	0.2139885%	0.2121856%
Association's proportionate share of the net pension liability (asset)	\$ 993,794	\$ 1,407,144	\$ 1,210,851	\$ 921,243
Association's covered-employee payroll	\$ 1,994,120	\$ 1,982,118	\$ 1,863,736	\$ 1,876,808
Association's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.8%	71.0%	65.0%	49.1%
Plan fiduciary net position as a percentage of the total pension liability	91.9%	87.3%	87.8%	90.2%
<b>Tier 1 Contributory System:</b>				
Association's proportion of the net pension liability (asset)	0.5809550%	0.4751601%	0.2600327%	0.1863622%
Association's proportionate share of the net pension liability (asset)	\$ 47,275	\$ 155,905	\$ 182,765	\$ 53,755
Association's covered-employee payroll	\$ 117,885	\$ 114,010	\$ 110,797	\$ 99,624
Association's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	40.1%	136.7%	165.0%	54.0%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	92.9%	85.7%	94.0%
<b>Tier 2 Contributory System:</b>				
Association's proportion of the net pension liability (asset)	0.0374848%	0.0356606%	0.0488088%	0.4094040%
Association's proportionate share of the net pension liability (asset)	\$ 3,305	\$ 3,978	\$ (107)	\$ (1,281)
Association's covered-employee payroll	\$ 366,764	\$ 292,447	\$ 315,271	\$ 201,017
Association's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.9%	1.4%	0.0%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	97.4%	95.1%	100.2%	103.5%

\* These schedules only present information for the 2014 and subsequent measurement periods of the plans; prior-year information is not available.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Schedules of Association Contributions –**  
**Utah Retirement Systems**  
**Last Four Fiscal Years \***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Tier 1 Noncontributory System:</b>				
Contractually required contribution	\$ 349,553	\$ 348,700	\$ 335,523	\$ 323,085
Contributions in relation to the contractually required contribution	<u>(349,553)</u>	<u>(348,700)</u>	<u>(335,523)</u>	<u>(323,085)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Association's covered payroll	\$ 1,921,885	\$ 2,004,487	\$ 1,924,720	\$ 1,851,080
Contributions as a percentage of covered-employee payroll	18.2%	17.4%	17.4%	17.5%
<b>Tier 1 Contributory System:</b>				
Contractually required contribution	\$ 17,383	\$ 16,706	\$ 16,248	\$ 15,228
Contributions in relation to the contractually required contribution	<u>(17,383)</u>	<u>(16,706)</u>	<u>(16,248)</u>	<u>(15,228)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Association's covered payroll	\$ 120,213	\$ 115,531	\$ 112,367	\$ 105,310
Contributions as a percentage of covered-employee payroll	14.5%	14.5%	14.5%	14.5%
<b>Tier 2 Contributory System:</b>				
Contractually required contribution	\$ 60,520	\$ 48,514	\$ 42,384	\$ 41,856
Contributions in relation to the contractually required contribution	<u>(60,520)</u>	<u>(48,514)</u>	<u>(42,384)</u>	<u>(41,856)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Association's covered payroll	\$ 400,530	\$ 325,377	\$ 284,266	\$ 280,160
Contributions as a percentage of covered-employee payroll	15.1%	14.9%	14.9%	14.9%
<b>Tier 2 Defined Contribution Plan:</b>				
Contractually required contribution	\$ 13,115	\$ 11,588	\$ 8,846	\$ 3,866
Contributions in relation to the contractually required contribution	<u>(13,115)</u>	<u>(11,588)</u>	<u>(8,846)</u>	<u>(3,866)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Association's covered payroll	\$ 196,036	\$ 173,216	\$ 132,229	\$ 57,523
Contributions as a percentage of covered payroll	6.7%	6.7%	6.7%	6.7%

\* These schedules only present information for the Association's 2015 and subsequent reporting periods; prior-year information is not available.

**MOUNTAINLAND ASSOCIATION OF GOVERNMENTS**  
**Notes to Required Supplementary Information**

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**A. CHANGES IN ASSUMPTIONS-UTAH RETIEMENT SYSTEMS**

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%.

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The rate of salary increases assumption for most groups was modified.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- The post retirement mortality assumption for female educators showed an improvement.
- Minor adjustments to the preretirement mortality assumption were made.
- Certain demographic assumptions were changed that generally resulted in a) an increase in members anticipated to terminate employment prior to retirement, b) a slight decrease in members expected to become disabled, and c) a slight increase in the expected age of retirement.

**B. SCHEDULE OF ASSOCIATION CONTRIBUTIONS-UTAH RETIREMENT SYSTEMS**

Contributions as a percentage of covered-employee payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

## AGENDA ITEM # 4a

<b>DATE:</b>	October 18, 2018
<b>SUBJECT:</b>	Aging and Family Services Update
<b>PREPARED BY:</b>	Heidi DeMarco
<b>BACKGROUND:</b>	<p>An update will be given on the programs of the Aging &amp; Family Services Department, including:</p> <ul style="list-style-type: none"><li>• Love your Later Life Initiative</li><li>• Thrive in Place Initiative, including addition of the Weatherization Assistance Program</li><li>• Budget Status</li><li>• Clients being Served</li><li>• Activities to Date</li></ul> <p>To discuss specific items of concern please contact Heidi before the meeting so she can adjust her presentation to address any questions you have.</p>
<b>RECOMMENDATION:</b>	Information Only
<b>SUGGESTED MOTION:</b>	Information Only
<b>CONTACT PERSON:</b>	Heidi DeMarco 801-229-3806 or 801-319-7252 hdemarco@mountainland.org
<b>ATTACHMENTS:</b>	None

## AGENDA ITEM # 4B

<b>DATE:</b>	October 18, 2018
<b>SUBJECT:</b>	Community Development Update
<b>PREPARED BY:</b>	Michelle Carroll
<b>BACKGROUND:</b>	<p>A general update regarding the status of the following:</p> <ul style="list-style-type: none"><li>• Revolving Loan Fund (RLF)</li><li>• Utah County Community Development Block Grant</li><li>• Summit / Wasatch Counties Community Development Block Grant</li><li>• Economic Development</li></ul> <p>To discuss specific items of concern please contact Michelle before the meeting so she can adjust her presentation to include any questions you have.</p>
<b>RECOMMENDATION:</b>	Information Only
<b>SUGGESTED MOTION:</b>	Information Only
<b>CONTACT PERSON:</b>	Michelle Carroll 801-229-3833 mcarroll@mountainland.org
<b>ATTACHMENTS:</b>	None

## AGENDA ITEM # 4C

<b>DATE:</b>	October 17, 2018
<b>SUBJECT:</b>	Regional Transportation Planning Department Update
<b>PREPARED BY:</b>	Shawn Seager
<b>BACKGROUND:</b>	Year to date update and budget expended so far on:  Metropolitan Planning Organization (MPO) \$2.1M Total Staff Budget - 23% Spent YTD  Rural Planning Organization (RPO) \$20K Total Staff Budget - 33% Spent YTD  Local Planning Assistance (LPA) \$74K Total Staff Budget - 23% Spent YTD
<b>RECOMMENDATION:</b>	Information Only
<b>SUGGESTED MOTION:</b>	Information Only
<b>CONTACT PERSON:</b>	Shawn Seager 801-824-1066 sseager@mountainland.org
<b>ATTACHMENTS:</b>	Will be provided at meeting

## AGENDA ITEM # 5

<b>DATE:</b>	October 18, 2018
<b>SUBJECT:</b>	MAG Pre-Disaster Hazard Mitigation Plan Update: Funding Application
<b>PREPARED BY:</b>	Shauna Mecham
<b>BACKGROUND:</b>	<p>This plan fulfills federal, state, and local hazard mitigation planning responsibilities to promote pre-disaster mitigation measures that minimize loss of life, suffering, and property damage. It enhances awareness of the threats each Utah jurisdiction faces and what can be done to reduce vulnerability.</p> <p>The plan is updated on a five-year cycle. Though the last update was approved in May 2017, it takes time to apply for and receive planning grants, develop and coordinate a plan with all jurisdictions, and have all participants adopt said plan. For that reason, the Utah Department of Emergency Management has recommended that we apply for funding now. The cost share is 75% Federal, 25% Non-Federal.</p>
<b>RECOMMENDATION:</b>	None
<b>SUGGESTED MOTION:</b>	I move that the Executive Council authorize MAG's Executive Director to enter into an agreement for the Pre-Disaster Hazard Mitigation Plan
<b>CONTACT PERSON:</b>	Shauna Mecham 801-229-3838 smecham@mountainalnd.org
<b>ATTACHMENTS:</b>	None

# The 2020 Census at a Glance



The U.S. Constitution requires that each decade we take a count—or a census—of America’s population. The 2020 Census goal is to count everyone once, only once, and in the right place.

The census provides vital information for you and your community.

- It determines how many representatives each state gets in Congress.
- Communities rely on census statistics to plan for a variety of resident needs including new roads, schools, and emergency services.
- Businesses use census data to help provide more local jobs and places to shop.

Each year, the federal government distributes hundreds of billions of dollars to states and communities based on U.S. Census Bureau data.

In 2020, we will introduce new technology to make it easier than ever to respond to the census. For the first time, you will be able to respond online, by phone, or by mail. We will use data that the public has already provided to cut down on household visits. And, we are building a more accurate address list and automating our field operations—all while keeping your information confidential and safe.

*The Census Bureau is the leading source of statistical information about the nation’s people. We provide snapshots on population size and growth and detailed portraits of our changing communities.*



U.S. Department of Commerce  
Economics and Statistics Administration  
U.S. CENSUS BUREAU  
[census.gov](https://www.census.gov)

## Foundation of a Successful Census



### Establish Where To Count

- Using aerial imagery and in-field work to identify new homes and buildings
- Partner with U.S. Postal Service
- Local governments input through the Boundary Annexation Survey and Local Update of Census Addresses
- Comprehensive review of all addresses



### Motivate People To Respond

- Partner with community leaders and trusted voices
- Use tailored messages
- Encourage self-response



### Count The Population

- Respond online, by phone, or by mail
- Visit households that do not respond
- Online forms in multiple languages
- Mailed Individual Census ID is not required for online response



### Release Census Results

- Deliver apportionment counts to the President by December 31, 2020
- Release counts for redistricting by April 1, 2021
- Make it easier for the public to access data





## Become a 2020 Census Partner

Your partnership sends a strong message to your community about the importance of the census and the benefits of being counted. By partnering with the Census Bureau, you can help:

- Assure people that it is important—and safe—to respond to the census.
- Ensure accurate census data, which guide funding decisions for your community and affect your community's representation in Congress.
- Spread the word about temporary census jobs in your community.



## Get Involved: What Can You Do Now?

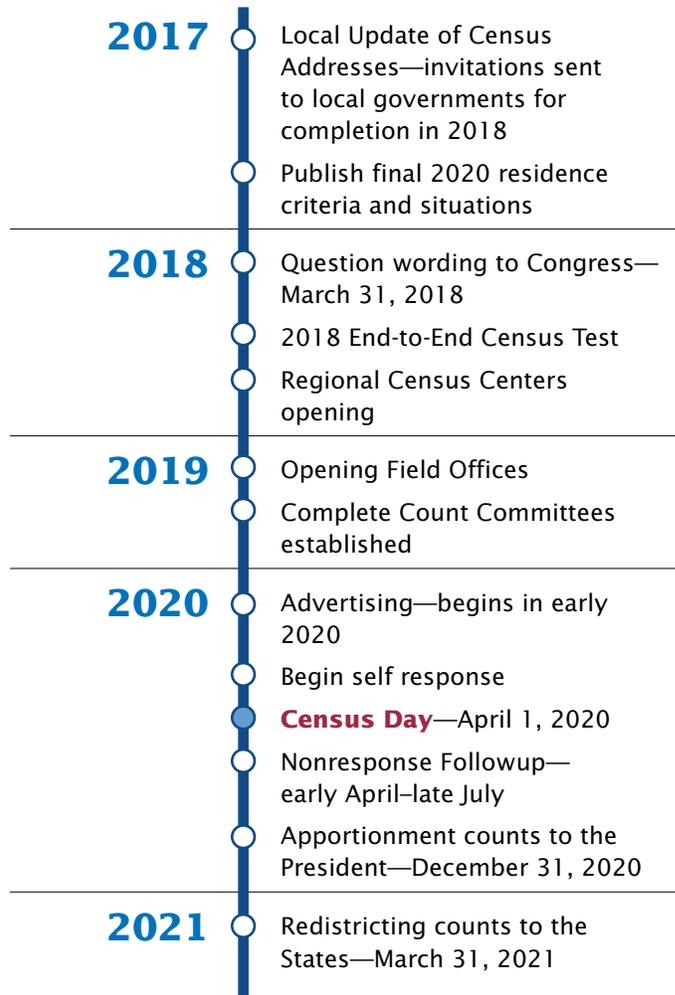
- Create or join a Complete Count Committee and partner with other trusted voices and influential leaders in your area who are committed to increasing census participation. Encourage your peers to get involved too.
- Raise awareness by including census information in newsletters, social media posts, podcasts, mailings, and on Web sites.
- Help recruit census workers when jobs become available.



## You can make a difference

As an influential community, business, or organization leader, you can raise awareness and encourage participation.

## Key Dates



**For more information, go to**  
*[census.gov](https://www.census.gov)*

**To get involved in your community, contact us!**

## 2020 Census Key Dates

### Community Involvement - Offices - Data Collection Operations

January 2018 through September 2019	Engage & Educate Local Leaders, Partners & Communities	
April 2019 through January 2020	Promote Participation in the Census Locally	
January 2019 & February 2019	Early Area Census Offices Open (these offices run the Address Canvass Operation)	
June 2019 through August 2019	Area Census Offices Open (ACOs)	
August 2019 through October 2019	Address Canvass Operation in Select areas (~30% of country, high growth & change areas and not part of hand delivery, see below)	
March 2020 through June 2020	Call To Action for Residents to Respond (starting March 23)	
February 2020 through June 2020	Group Quarters Operations (Count of Residents in Shelters, Dorms, Nursing Homes, Transitory Locations, Prisons, Military Bases, RV Parks, etc. Local governments & Census identify & plan these operations)	
Mid-March 2020	Residents Invited to Respond	
<b>Individual Housing Units (HUs) Invited by either:</b>		
<u>Mail</u> (to USPS Mailable Addresses)      or <u>Hand Delivery</u> (to Rural/PO Box, non-USPS HU delivery)		
1. Letter Mailed	1. List Housing Units (operation is called Update Leave)	
2. Reminder Postcard	2. Leave Questionnaire (Spanish in certain areas) &	
3. Then Paper Questionnaire	Letter w/other Response Options (internet & phone)	
<b>Options to Self-Respond (all residents will have these 3 options &amp; decide what is best for them)</b>		
Internet	Telephone	Paper
March 23, 2020	Self-Response Begins & Continues through July 2020	
APRIL 1, 2020	<b>Census Day – Reference Date = where you live on April 1</b>	
Mid-April 2020	Early Non-Response Follow-up (primarily areas around Colleges/Universities where the population leaves before early May)	
May 2020 through July 2020	Non Response Follow-up (NRFU) to HUs that do not self-respond (HUs can continue to self-respond during this time)	
Late August 2020 through September 2020	Area Census Offices Close	
August 2020 through December 2020	Quality Evaluation (re-contact of select HUs)	
December 31, 2020	Deliver Counts to the President	