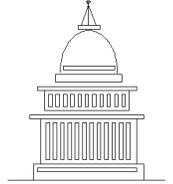




## Local Governmental Auditing and Accounting

# Newsletter



Published by the Office of the Utah State Auditor

### LOCAL GOVERNMENT DIVISION

#### **Kent Godfrey**

Division Director  
School Districts  
Charter Schools  
Counties  
Not-for-profit Entities  
(801) 538-1384  
kgodfrey@utah.gov

#### **Richard Moon**

Cities and Towns  
Community Development  
and Renewal Agencies  
(801) 538-1334  
richardmoon@utah.gov

#### **Ryan Roberts**

Local Districts  
(801) 538-1721  
ryanroberts@utah.gov



Our Web Address: [www.sao.utah.gov](http://www.sao.utah.gov)

February 2011

## *Changes in the State Auditor's Office*

During the last year a number of changes have affected the Utah State Auditor's Office and especially the Local Government Division within the Utah State Auditor's Office. The tough economic times have affected our budget and thus we have had to re-evaluate all our operations in order to do more with less. The current economic situation has still provided some with new opportunities. MacRay Curtis left our office last spring to join the CPA firm of Wisan, Smith, Racker and Prescott located in Salt Lake City. We also had a financial audit director leave our office for a position at the Utah State Department of Health. Both will be missed and we wish them luck in their new endeavors. With these changes, Van Christensen was promoted to a financial audit director within our office. He therefore is no longer working with local and special districts within the Local Government Division. Though not directly involved with local and special districts, Van is still around and has still been helping and assisting districts as his time has allowed. We wish Van continued success in his new job.

Changes in the Local Government Division have been made to offset the loss of both Mac and Van. Kent Godfrey who has been working with School Districts, Charter Schools, Non-profits, and Mental Health organizations has been promoted to Director of the Local Government Division. He will continue to work with these types of local governments but will now pick up the assignment to work more closely with counties. Ryan Roberts has accepted the assignment to work with local and special districts. Ryan has worked for the Utah State Auditor's for 9 years and most recently was an audit supervisor within the financial audit division of our office. Ryan grew up in southeastern Utah and is very excited to work with districts especially the ones in outlying areas. Ryan is a CPA and has a bachelor and masters degree in accounting from Utah State University.

Richard Moon is still working with Cities and Towns as well as Community Development and Renewal Agencies. Cindy Gantz scans all the local government reports received by our office. Cindy has other administrative duties with the State Auditor's Office but most of her time will be devoted to functions relating to the Local Government Division. Cindy has been instrumental in our office moving to electronic filing of financial, reports, budgets, and UT reports as-well-as implementing our new electronic forms for local governments to use.

In summary we have lost one FTE in the local government division; however we still plan on providing the same service we have done in the past. Our spring training schedule is included in this newsletter. We will still be providing our annual CPA training on May 6<sup>th</sup> for 4 hours of CPE. As a local government division, we are excited for 2011. Please feel free to contact us with any questions you might have.

## State Transparency Website

The deadline for Counties, Municipalities, and Local and Special Service Districts to post their financial information to the State's Transparency website is fast approaching. In accordance with Utah Code 63A-3-405 and Utah Transparency Advisory Board policy, as of May 15, 2011, all entities with a current annual budget (revenues or expenditures) greater than \$1,000,000 are required to post their financial information on the State's website at [transparent.utah.gov](http://transparent.utah.gov). The State's Division of Finance has developed a spreadsheet that will enable you to organize your financial data for uploading to the website. Finance staff are committed to working with each entity to help them map their data to the website file layout.

Beginning with the 2010 fiscal year data, your financial data (revenues and expenditures) is required to be uploaded to the website on a quarterly basis, within 1 month of the end of each quarter (i.e. due dates of April 30, July 31, October 31, and January 31). This data must be reported on the transaction level and is much more detailed than the data that is reflected on your annual financial statements. In addition, each year, within 3 months of the end of the fiscal year, all entities are required to provide employee information to the website. This employee information must include, among other things, total salary/wages, total benefits,

title, pay rate, and gender. Any questions regarding the transparency website requirements and for help in posting your financial data, contact one of the following individuals at the State Division of Finance.

Darrell Swenson (functional)

dwenson@utah.gov  
801-538-3059

Mary Lee Hickey (technical)

mhickey@utah.gov  
801-538-3273

Brenda Lee (Project Manager)

brendalee@utah.gov  
801-538-3102

In addition, we will be providing training on the Transparency requirements at our regional training in March/April and will have a member of the Utah Transparency Advisory Board with us to answer any questions that you may have.

## GASB No. 54 is here!

Not to beat a dead horse but the long awaited GASB Statement No. 54 is here and is in effect for the 2011 financial report. Not long after the GASB Statement was issued in February of 2009, Richard Moon introduced the new Statement in our 2009 Regional Seminars. The next year, Van Christensen, included the GASB 54 information in his GASB Update portion of the State Auditor's 2010 Regional Seminars. We have noted that many local government entities as well as the State of Utah have early implemented this standard in their FY 2010 financial statements, but this year, GASB Statement No. 54 is in effect and is required for periods beginning after June 15, 2010. So, by way of review, we offer the following summary of some of the major changes that GASB 54 requires:

Fund balance is now reported in five major classifications:

**Non-spendable:** The non-spendable fund balance classification includes amount that cannot be spent because (a) they are not in spendable form, that is they are not expected to be converted to

cash (ie, inventories, prepaid amounts, etc.), or (b) they are legally or contractually required to be maintained intact.

**Restricted:** Fund balances should be reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Amounts should be reported as restricted if the restrictions are legally enforceable (ie., the government could be compelled to use the resources for the specified purposes).

**Committed:** Committed fund balances include amounts that can only be used for specific purposes based on constraints imposed by formal action of the government's highest level of decision-making authority (for example: legislation, resolution or ordinance).

**Assigned:** Assigned fund balances include amounts

that are constrained by the government's intent to be used for specific purposes. The intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has delegated the authority to assign amounts. Residual amounts in the special revenue fund, the debt service fund, and the capital projects funds that are not restricted or committed are reported as assigned.

**Unassigned:** Unassigned fund balance is the residual classification for the general fund. Normally, unassigned fund balances would only be reported in the general fund since other governmental funds are used to report amount that have constraints on their use. However, this designation is also used in other governmental funds to report a negative unassigned fund balance (i.e., expenditures incurred for specific purposes in excess of the amounts restricted, committed, or assigned to those purposes).

### New Governmental Fund Type Definitions

Statement 54 also modifies the definitions of the governmental fund types to provide more consistency among governmental entities' financial reports. Of particular note is the definition of special revenue and capital projects funds.

The new definition for **special revenue funds** states that these "funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* requires that one or more specific restricted or committed revenue sources should be the foundation for a special revenue fund." If the government no longer expects that a substantial portion of the inflows into a special revenue fund will be derived from restricted or committed revenue sources, they should discontinue to report a special revenue fund, and instead, report the fund's remaining resources in the general fund.

Governments should disclose in the notes to the financial statements the purpose for each major special revenue fund—identifying the revenues and other resources reported in each of those funds.

**Capital Projects funds** are used "to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets." Capital Project funds will continue to exclude those types of capital-related outflows financed by the proprietary funds or for assets that will be held in trust for individuals or other governments.

### New Disclosures Required in the Notes to the Financial Statements

Governments should disclose the following about their

fund balance classification policies and procedures:

For committed fund balance: (1) the government's highest level of decision-making authority and (2) the formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment

For assigned fund balance: (1) the body or official authorized to assign amounts to a specific purpose and (2) the policy established by the governing body pursuant to which that authorization is given

The government's policy regarding order of spending, or in other words whether the government considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. Governmental entities are also required to disclose whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classification could be used.

We hope that this summary helps clarify the major points of GASB Statement No. 54 and that your entity will take the steps necessary to fully implement its provisions in your financial statements this year. It is probably a good idea to refer to the actual Statement (see [www.gasb.org](http://www.gasb.org)) and you are welcome to call our office with questions. Also, don't be surprised if we cover this area one more time in our upcoming Regional Seminars this Spring!



# 2011 LOCAL GOVERNMENT ANNUAL REGIONAL TRAINING SESSIONS

**DATE:**

Tuesday  
March 22, 2011  
9 am – 1 pm

Thursday  
March 24, 2011  
9 am – 1 pm

Thursday  
March 31, 2011  
9 am – 1 pm

Wednesday  
April 13, 2011  
9 am – 1 pm

Monday  
April 18, 2011  
1 pm - 5 pm

Tuesday  
April 19, 2011  
9 am – 1 pm

Wednesday  
April 27, 2011  
9 am – 1 pm

Thursday  
April 28, 2011  
9 am – 1 pm

**LOCATION:**

**South Ogden**  
So. Ogden Municipal Center  
3950 Adams – Council Room

**Logan**  
Bridgerland ATC  
1301 N. 600 W.  
Rooms 805/808 (Enter East Doors)

**Salt Lake City**  
State Capitol, Room 445

**Orem**  
56 North State St..  
City Offices—Council Chambers.

**Richfield**  
250 North Main  
Auditorium

**St. George**  
175 East 200 North  
Council Chambers

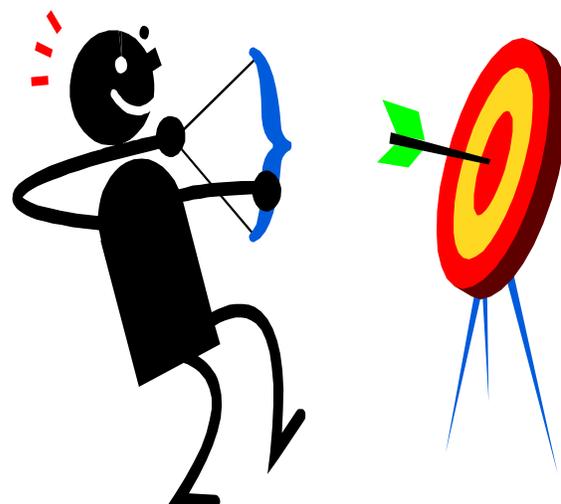
**Price**  
185 East Main  
1<sup>st</sup> Floor -Room 106

**Vernal**  
147 East Main St.  
South Conference Room

The Local Government Division of the Utah State Auditor’s Office sponsors annual training every Spring for local government officials. Below is a description of the seminars. We invite everyone to attend.

The Regional Training Seminars will be held at eight locations spread throughout the State. The seminars are intended for municipalities, counties, special districts, school districts and private non-profits working with governments. We invite mayors, council members, clerks, recorders, treasurers, board members, commissioners, county auditors, and school business officials to attend. This year, as in the past, we will be discussing current financial issues that affect budgeting and accounting officials from local governments. We will discuss the requirements of new governmental accounting standards. We will also have an update on the effects of the 2011 legislative session on local governmental entities, a presentation on current issues from the Utah State Tax Commission, and information on other critical issues. We will also hold a budget training session for new budget officers.

At the left is a list of times and locations. The seminar will last 3 hours. For those who choose to attend the hands-on budget training, it will take another 45 minutes or until you have your questions answered. We hope to see you there!



# ANNOUNCEMENT FOR ALL CPAs

The State Auditor's Office announces its annual training for auditors of local governments. It will be held:

Thursday May 5, 2011

12:30 pm to 4:15 pm

Larry Miller Campus of  
Salt Lake Community College

The cost is \$75 for the half day of training (4 hours of governmental CPE.) We will be providing a lunch for all participants. Please note that this will be held the day before the UACPA Governmental Update on May 6, 2011. Watch for registration materials coming in the mail.

See You There!



See inside for details of our  
***Annual Regional Training Seminars***  
coming to a city near you,  
and our  
***Annual Governmental Auditing Update***  
for all CPAs auditing  
local governments in Utah

Utah State Auditor's Office  
E310 State Capitol Complex  
P.O. Box 142310  
Salt Lake City, UT 84114-2310