

Annual CPA Training
Office of the Utah State Auditor
May 12, 2016

LEGISLATIVE UPDATE



Office of the
Utah State Auditor

SB 164 LOCAL GOVERNMENT MODIFICATIONS



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SB 164 – Local Govt Modifications

- 2016 HB 164 – Repealed requirement for an independent audit of County transient room and tourism tax, recreation, cultural, convention, and airport facilities tax.



– Utah Code 17-31-5.5



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Example Report

WEBER COUNTY, UTAH
Schedule of Expenditures of Tourism Tax Revenues
For the Year Ended December 31, 2014

Transient Room Taxes (TRT):	
TRT revenue, current year	\$ 1,149,417
TRT unexp. balance from prior year	—
Total TRT available	1,149,417
TRT used for:	
Establishing and promoting:	
Tourism	240,000
Recreation	179,765
Film production	—
Conventions	577,500
	<u>997,265</u>
Acquiring, leasing, constructing, finishing, or operating:	
Convention meeting rooms	—
Exhibit halls	—
Visitor information centers	—
Museums	—
Related facilities - Golden Spike Events Center	152,152
	<u>152,152</u>
Total TRT Expenditures	1,149,417
TRT Not Expended	\$ —
Tourism, Recreation, Culture, and Convention Facilities Taxes (TRCC):	
	<u>Restroom Tax</u>
TRCC tax revenue, total	<u>\$ 2,919,583</u>
	<u>Car Rental Tax</u>
	<u>\$ 401,156</u>
	<u>Total</u>
	<u>\$ 3,320,739</u>
TRCC taxes used for:	
Financing tourism promotion:	
Development, operation, and maintenance of:	
Tourist facilities	—
Recreation facilities - Golden Spike Events Center	830,748
Recreation facilities - Ice Sheet	314,035
Convention facilities - Ogden Eccles Conference Center	2,088,835
	<u>3,233,618</u>
Total TRCC Expenditures	3,233,618
TRCC Taxes Not Expended	\$ —



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Audit Impact

- Step removed from the general provisions (Part 1) of the State Compliance Audit
- TRT and TRCC revenue considered as part of restricted revenue audit step
- County is still required to prepare report and submit to entities listed in statute.
 - GOED
 - Tourism tax advisory board
 - Office of the Legislative Fiscal Analyst



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SB 164 – Local Govt Modifications

Old Language

- "There shall be included as an item of appropriation in each fund for any budget period any existing deficit as of the close of the last completed fiscal period, not previously included in the budget of the current period, to the extent of at least 5% of the total revenue of the fund in its last completed fiscal year."

» UCA 10-6-117(3)(a)

New Language

- "If there is a deficit fund balance in a fund at the close of the last completed fiscal year, the governing body... shall include an item of appropriation for the deficit in the current budget of the fund equal to at least 5% of the total revenue of the fund in the last completed fiscal year."

» UCA 10-6-117(2)



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2015 Financial Statements		2016 Budget	
Revenue		Contribution to fund balance	
Charges for Services	15,650	Total Revenue	19,300
Interest income	450	% Contribution	5%
Sales of Inventory	3,200	Cont to fund bal	\$ 965
Total Revenues	\$ 19,300		
Expenditure			
Salaries and wages	9,250		
Operating expenses	9,850		
Capital Outlay	11,050		
Total Expenditures	\$ 30,150		
Net Income (loss)	\$ (10,850)		
Beginning Fund Balance	\$ 9,850		
Ending Fund Balance	\$ (1,000)		



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SB 164 – Local Govt Modifications

- Towns to prepare quarterly financial reports for town councils
- Budgets are submitted as presented to the public, in format prescribed by Auditor
- Consistency in budget adoption dates for entities going through truth-in-taxation



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2015 HB 362 TRANSPORTATION INFRASTRUCTURE FUNDING (PROPOSITION 1)



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2015 HB 362 – Proposition 1

- Accounting for local option sales tax for highways and public transit.
 - Tax approved by voters
 - Commission passes an ordinance levying tax
 - Notify Tax Commission
 - Statute defines distribution
- *Utah Code 59-12-2219*



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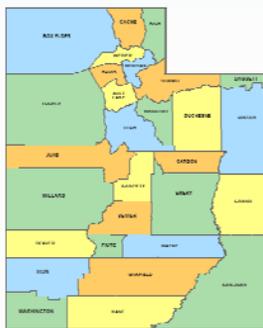
Participating Counties

April 1, 2016

- Carbon
- Davis
- Duchesne
- Grand
- Rich
- San Juan
- Sevier
- Weber

July 1, 2016

- Sanpete
- Tooele



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2015 HB 362 – Proposition 1

- County reports the entire amount as Sales Tax Revenue.
- tax.utah.gov/sales/distribution details monthly distributions to counties
- Expenditure –
 - “Contribution to Other Government” or similar descriptive term.
 - Expenditure for county portion of tax.



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2015 HB 362 – Proposition 1

- Receiving governments:
 - Revenue – “Contribution From Other Government” or similar descriptive term
 - Should not refer to revenue as “Tax Revenue”



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Audit Impact

F. RESTRICTED TAXES

Legal Ref.	Applicable to:*	AUDIT PROCEDURES	Performed by and Date	Workpaper Index
	C, M, D, IL	1. Determine the type and amount of restricted taxes and other related revenue (i.e. Liquor Tax Distribution and B&C Road Funding) received by the entity. See Chapter 1 Appendix 3 for a listing of possible restricted tax types and other related restricted revenue.		
	C, M, D, IL	2. If the total of all restricted taxes and other related revenue is significant to the entity (greater than 1/3 performance materiality), perform the following: a. Determine that the various restricted taxes/other related revenue are accounted for in separate restricted accounts. b. Select a representative sample of expenditures made from restricted sources and determine whether the expenditures were made only for purposes authorized by law.		
CONCLUSION (adequacy of the controls, significant deficiencies/material weaknesses, and management letter comments):			Performed by and Date	Workpaper Index



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HB 347 LOCAL AND SPECIAL SERVICE DISTRICT AMENDMENTS



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HB347 – Local and Special Service District Amendments

- Each member of a board of trustees of a local district **shall** within one year after taking office, complete the training...”

-UCA 17B-1-312



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SB 99 TRANSPARENCY FOR POLITICAL SUBDIVISIONS



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SB 99 – Transparency for Political Subdivisions

- District governing board contact information on Public Notice Website
 - Name
 - Phone number
 - Email address
 - Within 30 days of change



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SB 99 – Transparency for Political Subdivisions

- Transparency website
 - Removes \$1 million threshold
 - Fiscal Year-end entities (FY2017)
 - \$100,000 to \$1 million – January 1, 2017
 - Below \$100,000 – September 30, 2017
 - Calendar Year-end entities (FY2017)
 - \$100,000 to \$1 million – April 30, 2017
 - Below \$100,000 – July 1, 2017



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SB 99 - Implementation

- Division of Finance added 1 FTE
- Uniform Chart of Accounts
- Revenues/Expenditures – uploaded quarterly with UCOA
- Balance sheet information – uploaded annually from financial survey



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INTERIM STUDY



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Interim Study Item

- Governmental vs Nongovernmental nonprofit
- Governmental nonprofit – controlling interest of one or more governmental entities



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