

**HEBER VALLEY
TOURISM & ECONOMIC DEVELOPMENT**

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

December 31, 2016



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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Honorable Governing Board Members
Heber Valley Tourism and Economic Development

June 30, 2017

We have audited the financial statements of the governmental activities and major fund of the Heber Valley Tourism and Economic Development (HVTED) for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 21, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the HVTED. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the HVTED's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by HVTED are described in Note 1 to the financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the

financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town's financial statements was:

Management's estimate of the capital assets' useful life is based on the historical life of similar assets. We evaluated the key factors and assumptions used to develop the capital assets' useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Utah State Legal Compliance Findings – Current Year

2016-1 General Compliance – Fund Balance

Finding: State law prohibits an interlocal government entity to have a maximum unrestricted general fund balance greater than 100% of the current year's property tax or 25% of the total general fund revenues. We noted that HVTED is over the maximum amount by \$163,897.

Recommendation: We recommend that HVTED management review the requirements for maximum unrestricted fund balance and make the necessary changes to ensure compliance with the requirements.

Response: HVTED will review the requirements and make the necessary changes.

2016-2 General Compliance – Budgetary Compliance

Finding: The State of Utah requires every governmental entity to establish a budget for each fiscal year. The State of Utah also requires the budget to contain the following information:

- Actual revenues and expenditures from the last completed fiscal period
- Estimated total revenues and expenditures for the current fiscal period
- Estimates of revenues and expenditures for the budget year

We noted that budget did not contain the required information.

Recommendation: We recommend that HVTED review the requirements for budget presentation and add the required information to the budget.

Response: HVTED will review the requirements and make the necessary changes.

2016-3 General Compliance – Open and Public Meeting

Finding: The State of Utah requires every governmental entity to post the agenda for each board meeting at least 24 hours before to the Utah Public Notice Website. We noted that HVTED had not posted agendas for each board meeting.

Recommendation: We recommend that HVTED post all board meeting agendas to the Utah Public Notice Website to ensure proper notice.

Response: HVTED will review the requirements and make the necessary changes.

Utah State Legal Compliance Findings – Prior Year

2015-1 General Compliance – Cash Management

Finding: HVTED is required to file a Deposit and Investment Report Form with the Money Management Council on or before January 31 and July 31 of each year which contains information about the deposits and investments of HVTED during the preceding six months ending December 31 and June 30 respectively. Upon review and questioning of management, it was determined that HVTED is not in compliance with filing this report.

Recommendation: We recommend that HVTED management review the requirements necessary for filing the Deposit and Investment Report Form and file the required report by the deadlines set by the Money Management Council.

Response: The issue has been resolved.

2015-2 General Compliance – Budgetary Compliance

Finding: The State of Utah requires every governmental entity to establish a budget for each fiscal year. Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. We noted HVTED had expenditures in excess of appropriations as follows:

General Fund
Community Development \$9,883

Recommendation: We recommend that HVTED take into account all revenues and expenditures expected to be incurred during the period for their budget and keep expenditures within the approved budget. This includes amortizable amounts from prepaid expenditures and also debt forgiven.

Auditor's Note: The issue has been resolved.

Other Matters for Your Consideration

Separation of Duties: Inherent staff limitations placed on small entities makes it difficult to provide for these separations in a cost effective manner. Because in so many instances it is not feasible to provide for these separations, the governing board should continue to constantly be aware of the need for administrative review of transactions and activities of HVTED.

This information is intended solely for the use of the Board of Directors and management of the HVTED and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants