

UTAH INLAND PORT AUTHORITY

Basic Financial Statements
and Compliance Reports

Year Ended June 30, 2020

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Independent Auditor's Report

Board of Directors
Utah Inland Port Authority

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Utah Inland Port Authority (Authority), a component unit of the State of Utah, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 and the general fund of the Utah Inland Port Authority, a component unit of the State of Utah, as of June 30, 2020, and the respective changes in financial position 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 Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
December 18, 2020

Management's Discussion and Analysis

As management of Utah Inland Port Authority (the Authority), we offer readers of the Authority's financial statements this narrative discussion, overview, and analysis of the financial activities of the Authority for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes.

FINANCIAL HIGHLIGHTS

- The Authority's net position for governmental activities increased by \$1.0 million during 2020 resulting in a net position of \$2.4 million at June 30, 2020.
- Revenues totaled \$3.4 million during the year ended June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise government-wide and fund financial statements and related notes to the basic financial statements.

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the assets and liabilities of the Authority, with the difference being 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 Authority is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the Authority 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., property taxes receivable).

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund of Authority is reported as a governmental fund.

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 Authority's near-term financing requirements.

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

The Authority adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 9 through 11 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 12 through 15 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Assets exceeded liabilities by \$2.4 million at the close of the most recent fiscal year.

A portion of the Authority’s net position reflects its net investment in capital assets. The remaining balance of net position is unrestricted. Unrestricted net position may be used to meet the Authority’s ongoing obligations and to honor next year’s budget.

UTAH INLAND PORT AUTHORITY Net Position June 30, 2020

	Governmental Activities
Current assets	\$ 2,711,203
Capital assets	17,494
Total assets	2,728,697
Current liabilities	306,004
Compensated absences	7,470
Total liabilities	313,474
Net position:	
Net investment in capital assets	17,494
Unrestricted	2,405,199
Total net position	\$ 2,422,693

Governmental Activities

The key elements of the increase in the Authority’s net position for the year ended June 30, 2020 are as follows:

- Revenues totaled \$3.4 million for the year ended June 30, 2020. The Authority received \$1.5 million in revenue from the State of Utah and \$1.9 in revenue from property tax differential.

- Expenses totaled \$2.4 million for the year ended June 30, 2020. The Authority’s primary expenses include purchased services (professional, technical, and contractual services) of \$1.3 million and personnel costs (salaries and benefits) of \$0.8 million.

**UTAH INLAND PORT AUTHORITY Changes in Net Position
Year Ended June 30, 2020**

	Governmental Activities
Revenues:	
State of Utah	\$ 1,500,000
Property tax differential	1,929,532
Contributed capital assets from State of Utah	17,494
Total revenues	3,447,026
Expenses:	
Personnel	782,525
Purchased services	1,292,488
Occupancy	135,052
Supplies and equipment	13,506
Other	30,973
Contribution to other governments	171,737
Total expenses	2,426,281
Changes in net position	1,020,745
Net position, beginning	1,401,948
Net position, ending	\$ 2,422,693

GOVERNMENTAL FUND FINANCIAL ANALYSIS

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

Governmental Fund

The focus of the Authority’s general fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority’s financing requirements. At June 30, 2020, the Authority’s general fund reported a fund balance of \$2.4 million. The following information on revenues and expenditures should be noted:

- Revenues totaled \$3.4 million for the year ended June 30, 2020. The Authority received \$1.5 million in revenue from the State of Utah and \$1.9 in revenue from property tax differential.
- Expenditures totaled \$2.4 million for the year.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into restricted and unrestricted portions. *Restricted* includes net fund resources of the Authority 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 committed, assigned, and unassigned portions. *Committed* balances in the general fund are those resources that the Board of Directors has established by formal action for specific purposes. *Assigned* balances in the general fund are resources that management intends to be used for specific purposes. *Unassigned* balances in the general fund are all other available net fund resources. At June 30, 2020, the Authority's governmental fund balances is \$2.4 million, all of which is unassigned fund balance.

CAPITAL ASSET ADMINISTRATION

Capital Assets

On June 30, 2020, the State of Utah contributed equipment to the Authority totaling \$17,494.

Additional information on the Authority's capital asset activity can be found in Note 3 to the basic financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the Board revised the Authority's budget. The original budget was amended to reflect an increase of \$0.7 million in property tax differential and a decrease of \$5.0 million in revenues from the State of Utah. The original budget was amended to show a \$4.6 million decrease in expenditures which included a \$5.1 million decrease in site improvements and infrastructure and a \$0.4 increase in purchased services.

With these adjustments, actual expenditures were slightly more than final budgeted amounts. Actual revenues were \$1.4 million more than final budgeted amounts. Actual property tax differential revenue received and the related contributions to other governments were respectively \$0.8 million and \$0.1 million more than was estimated in the final budget. Revenue from the State of Utah was \$0.5 million more than budgeted.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the Utah Inland Port Authority and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Operating Officer, Utah Inland Port Authority, 111 S. Main Street, Suite 575, Salt Lake City, Utah 84111.

Basic Financial Statements

Utah Inland Port Authority
Statement of Net Position
June 30, 2020

Assets:

Cash and investments	\$ 265,053
Due from State of Utah	500,059
Property tax differential receivable	1,929,532
Prepaid expenses	16,559
Capital assets, net	<u>17,494</u>
Total assets	2,728,697

Liabilities:

Accounts payable	254,807
Accrued expenses	35,648
Due to the State of Utah	8,079
Compensated absences:	
Portion due or payable within one year	3,735
Portion due or payable after one year	<u>3,735</u>
Total liabilities	306,004

Net position:

Net investment in capital assets	17,494
Unrestricted	<u>2,405,199</u>
Total net position	<u><u>\$ 2,422,693</u></u>

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

Utah Inland Port Authority
Statement of Activities
Year Ended June 30, 2020

Expenses:	
Personnel	\$ 782,525
Purchased services	1,292,488
Occupancy	135,052
Supplies and equipment	13,506
Other	30,973
Contributions to other governments	<u>171,737</u>
Total expenses	2,426,281
 General revenues:	
State of Utah	1,500,000
Property tax differential	1,929,532
Contributed capital assets from State of Utah	<u>17,494</u>
Total general revenues	<u>3,447,026</u>
Change in net position	1,020,745
 Net position - June 30, 2019	 <u>1,401,948</u>
Net position - June 30, 2020	 <u><u>\$ 2,422,693</u></u>

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

Utah Inland Port Authority
Balance Sheet
Governmental Fund
June 30, 2020

	<u>General Fund</u>
Assets:	
Cash and cash equivalents	\$ 265,053
Due from State of Utah	500,059
Property tax differential receivable	1,929,532
Prepaid items	16,559
Total assets	2,711,203
Liabilities:	
Accounts payable	254,807
Accrued expenditures	35,648
Due to the State of Utah	8,079
Total liabilities	298,534
Fund balances:	
Unassigned	\$ 2,412,669
 Reconciliation of the balance sheet of the governmental fund to the statement of net position	
Total fund balances	\$ 2,412,669
Total net position reported for governmental activities in the statement of net position is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, certain assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets increased net position in the current period.	17,494
Compensated absences are not due and payable in the current period and, therefore, are not reported in governmental funds.	(7,470)
Net position of governmental activities	\$ 2,422,693

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

Utah Inland Port Authority
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Fund
Year Ended June 30, 2020

	General Fund
Revenues:	
State of Utah	\$ 1,500,000
Property tax differential	1,929,532
Total revenues	3,429,532
Expenditures:	
Personnel	775,055
Purchased services	1,292,488
Occupancy	135,052
Supplies and equipment	13,506
Other	30,973
Contributions to other governments	171,737
Total expenditures	2,418,811
Excess revenues over expenditures / net change in fund balances	1,010,721
Fund balances - June 30, 2019	1,401,948
Fund balances - June 30, 2020	\$ 2,412,669

Reconciliation of the statement of revenues, expenditures, and change in fund balance of the governmental fund to the statement of activities

Net change in fund balances	\$ 1,010,721
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The change in net position for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, certain assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The net effect of transactions involving capital assets increased net position in the current period.

Contributed capital assets from State of Utah	17,494
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Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(7,470)
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Change in net position of governmental activities	\$ 1,020,745
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The notes to the basic financial statements are an integral part of this statement.

Utah Inland Port Authority
Statement of Revenues, Expenditures, and Change in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State of Utah	\$ 6,000,000	\$ 1,000,000	\$ 1,500,000	\$ 500,000
Property tax differential	356,026	1,044,411	1,929,532	885,121
Interest earnings	10,000	-	-	-
Total revenues	<u>6,366,026</u>	<u>2,044,411</u>	<u>3,429,532</u>	<u>1,385,121</u>
Expenditures:				
Personnel	800,000	825,000	775,055	49,945
Purchased services	856,680	1,210,049	1,292,488	(82,439)
Occupancy	160,000	155,000	135,052	19,948
Supplies and equipment	90,000	57,500	13,506	43,994
Site improvements and infrastructure	5,076,820	-	-	-
Other	10,295	43,395	30,973	12,422
Contributions to other governments	46,137	104,441	171,737	(67,296)
Total expenditures	<u>7,039,932</u>	<u>2,395,385</u>	<u>2,418,811</u>	<u>(23,426)</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(673,906)	(350,974)	1,010,721	1,361,695
Fund Balances - June 30, 2019	<u>1,401,948</u>	<u>1,401,948</u>	<u>1,401,948</u>	<u>-</u>
Fund Balances - June 30, 2020	<u><u>\$ 728,042</u></u>	<u><u>\$ 1,050,974</u></u>	<u><u>\$ 2,412,669</u></u>	<u><u>\$ 1,361,695</u></u>

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

UTAH INLAND PORT AUTHORITY

Notes to the Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Utah Inland Port Authority (Authority) are in conformity with accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the more significant accounting policies applied by the Authority.

The Reporting Entity

The Authority was formed in 2018 as a political subdivision of the State of Utah and is a state corporation directed to maximize the long-term economic and other benefits of a robust logistics system while still maintaining a high quality of life. The Authority is a forward-thinking agency aiming to channel logistics in a way that benefits all of Utah by ensuring a safe, smart, and sustainable system statewide.

The Board of Directors is the primary governing authority for the Authority. The Board establishes policies, approves the budget, and appoints officials with responsibilities for administering all funding activities and fiscal matters of the Authority.

Utah Inland Port Authority is a component unit of the State of Utah.

Government-wide Financial Statements

The *statement of net position* and the *statement of activities* report information on all of the activities of the Authority.

Fund Financial Statements

The fund financial statements provide information about the Authority's general fund, a major governmental fund. It accounts for all financial resources of the Authority.

Cash and Investments

The Authority has cash and investments on account through the State of Utah. Cash and investment management in the State is administered by the State Treasurer in accordance with the State Money Management Act, Title 51 Chapter 7 of the *Utah Code* (see Note 3). The State maintains a cash and investment pool that is available for use by all its funds and fiduciary activities. Income from the investment of pooled cash is allocated based upon portion of the pool of each fund or fiduciary activity.

Investments with original maturities of less than three months from the date of acquisition are also considered cash equivalents.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and 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.

Governmental funds 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. The Authority considers revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. State appropriations are considered to be susceptible to accrual.

UTAH INLAND PORT AUTHORITY

Notes to the Basic Financial Statements

Other receipts become measurable and available when cash is received by the Authority and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is matured or paid.

Budgetary Basis of Accounting

The Authority operates within budget requirements as specified by Utah law. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America using the modified accrual basis of accounting for the general fund.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

Capital Assets

The Authority defines capital assets as assets with an initial, individual cost of \$5,000 and is reported in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition 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 extend the lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Depreciation is provided on capital assets using the straight-line method over its estimated useful life of 5 years.

Compensated Absences

The Authority's policy permits employees to accumulate earned but unused compensatory day and excess leave benefits, which are eligible for payment upon separation from the Authority. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of separation. The liability for compensated absences includes salary-related benefits, where applicable.

Net Position/Fund Balances

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

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 Authority is bound to honor them. The Authority first determines and reports nonspendable balances, then

UTAH INLAND PORT AUTHORITY
Notes to the Basic Financial Statements

restricted, then committed, and then assigned, with the remainder being reported as unassigned. All of the Authority's fund balance is unassigned at June 30, 2020.

Net Position/Fund Balance Flow Assumption

Sometimes the Authority 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 Authority's policy to consider restricted net position to have been depleted before unrestricted net position.

Fund Balance – It is the Authority'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.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Authority's cash and cash equivalents are held by the State of Utah. The Authority (and the State) complies with the State Money Management Act (*Utah Code* Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling its depository and investing transactions. Authority funds are deposited in qualified depositories as defined by the Act.

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 Authority considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits

Amounts held in a financial institution may be in excess of federal depository insurance limits. No deposits are collateralized, nor is it required by state statute.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk other than to comply with the Act.

Investments

Investments are recorded at fair value.

The Act also defines the types of securities allowed as appropriate investments for the Authority and the conditions for making investment transactions. The Act authorizes the Authority to invest in the State of Utah Public Treasurers' Investment Fund (the 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.

Credit Risk – Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Authority's policy for limiting the credit risk of investments is to comply with the Act.

UTAH INLAND PORT AUTHORITY
Notes to the Basic Financial Statements

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority’s policy for managing interest rate risk is to comply with the Act.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Authority’s policy for reducing this risk of loss is to comply with the Act and the rules of the Council.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority’s investment policy is to follow the Act and the rules of the Council.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets being depreciated:				
Equipment	\$ -	\$ 17,494	\$ -	\$ 17,494
Accumulated depreciation for:				
Equipment	-	-	-	-
Total capital assets being depreciated, net	<u>\$ -</u>	<u>\$ 17,494</u>	<u>\$ -</u>	<u>\$ 17,494</u>

NOTE 4 – COMPENSATED ABSENCES

Compensated absences activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ -</u>	<u>\$ 9,547</u>	<u>\$ (2,077)</u>	<u>\$ 7,470</u>	<u>\$ 3,735</u>

NOTE 5 – PROPERTY TAX DIFFERENTIAL

In accordance with *Utah Code* Title 11, Chapter 58 the Authority is entitled to receive the difference between the amount of property tax revenues generated each tax year by all taxing entities from a project area, using the current assessed value of property; and the amount of property tax revenues that would be generated from the same area using the base taxable value of the property; excluding property tax revenues generated from certain levies as defined by the code. Each year this property tax differential collected is forwarded directly by the county to the Authority. During the year ended June 30, 2020, the Authority recognized \$1,929,532 for property tax differential revenue related to the 2019 tax year.

UTAH INLAND PORT AUTHORITY
Notes to the Basic Financial Statements

NOTE 6 – COMMITMENTS

The Authority has entered into a lease agreement for facilities that expires November 30, 2025. The total monthly cost for this lease is \$15,368 and increases by 3% each year. Expenditures under this lease totaled \$125,104 for the year ended June 30, 2020. Future minimum payments under this facility lease are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ 193,284
2022	199,080
2023	205,056
2024	211,212
2025	217,548
2026	93,380

NOTE 7 – LITIGATION

The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable. The Authority's counsel estimates that the Authority's potential obligation resulting from such claims or litigation would not materially affect the financial statements of the Authority.

Compliance Reports



Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Utah Inland Port Authority

We have audited, in accordance with the 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, the financial statements of the governmental activities and the general fund of Utah Inland Port Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah

December 18, 2020



Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Board of Directors
Utah Inland Port Authority

Report on Compliance

We have audited the compliance of Utah Inland Port Authority (the Authority) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2020:

Budgetary Compliance
Open and Public Meetings Act

Management's Responsibility

Management is responsible for compliance with the state compliance requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance based on our audit of the state compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the Authority's compliance with those requirements.

Opinion on Each State Compliance Requirement Tested

In our opinion, Utah Inland Port Authority complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described below. Our opinion on compliance is not modified with respect to these matters.

Budgetary Compliance – Utah Code Title 11, Chapter 58 requires that expenditures not be in excess of the total budgeted appropriation. For the year ended June 30, 2020, the Authority exceeded budgeted expenditures.

Views of responsible officials – The Authority estimated the property tax differential revenue and related contributions to other governments for the final budget and the actual amounts came in higher causing expenditures to exceed the budgeted expenditures. The Authority will review its policies and internal controls and ensure timely action is taken when noncompliance is identified.

The Authority's response to the noncompliance findings identified in our audit is described above. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
December 18, 2020