COUNTY SERVICES SUPPORT, INC.

Financial Statements
and
Independent Auditors' Report

December 31, 2018 and 2017

HBME

CERTIFIED PUBLIC ACCOUNTANTS

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HBME, LLC
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COUNTY SERVICES SUPPORT, INC.

Table of Contents

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
County Services Support, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of County Services Support, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 auditors consider 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County Services Support, Inc. as of December 31, 2018 and 2017, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HBME, LLC

June 24, 2019

COUNTY SERVICES SUPPORT, INC.
Statements of Financial Position
December 31, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 313,178	$ 61,291
Accounts receivable	-	24,250
Total current assets	313,178	85,541
Total assets	$ 313,178	$ 85,541
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 206,950	$ 4,182
Total current liabilities	206,950	4,182
Long-term liabilities:	-	-
Total liabilities	206,950	4,182
Net assets:		
Without donor restrictions:		
Undesignated	33,753	63,874
Designated by Board for operating reserves	72,475	17,485
Total net assets	106,228	81,359
Total liabilities and net assets	$ 313,178	$ 85,541

The accompanying notes are an integral part of these financial statements.

COUNTY SERVICES SUPPORT, INC.
Statements of Activities
For the Years Ended December 31, 2018 and 2017

	2018	2017
Net Assets Without Donor Restrictions		
Revenues, support, and gains:		
Management administrative fees	$ 1,203,721	$ 1,249,193
Centrally assessed revenue	30,500	30,000
Interest income	19,873	1,952
Total revenues, support, and gains	1,254,094	1,281,145
Expenses:		
Program services:		
CAMA project	1,102,614	1,163,787
Supporting services:		
General and administration	126,611	64,877
Total expenses	1,229,225	1,228,664
Change in net assets	24,869	52,481
Net assets, beginning of year	81,359	28,878
Net assets, end of year	$ 106,228	$ 81,359

The accompanying notes are an integral part of these financial statements.

COUNTY SERVICES SUPPORT, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	Supporting Services	
	CAMA Project	General & Administration	Total Expenses
Salaries and benefits	$ 1,082,114	$ 46,140	$ 1,128,254
Administrative services	-	45,000	45,000
Accounting fees	-	17,110	17,110
Technical and web support	-	7,600	7,600
Travel expenses	15,514	-	15,514
Office and board expenses	1,010	10,761	11,771
Marketing expenses	3,976	-	3,976
Total expenses	$ 1,102,614	$ 126,611	$ 1,229,225

The accompanying notes are an integral part of these financial statements.

COUNTY SERVICES SUPPORT, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2017

	Program Services	Supporting Services	
	CAMA Project	General & Administration	Total Expenses
Salaries and benefits	$ 1,153,286	$ 3,000	$ 1,156,286
Administrative services	-	44,910	44,910
Accounting fees	-	15,100	15,100
Travel expenses	8,573	-	8,573
Office and board expenses	1,928	1,867	3,795
Total expenses	$ 1,163,787	$ 64,877	$ 1,228,664

The accompanying notes are an integral part of these financial statements.

COUNTY SERVICES SUPPORT, INC.
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 24,869	$ 52,481
Adjustments to reconcile net change in assets to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	24,250	(24,250)
Accounts payable and accrued expenses	202,768	1,876
Deferred revenue	-	(135,625)
Net cash provided (used) by operating activities	251,887	(105,518)
Cash flows from investing activities:	-	-
Cash flows from financing activities:	-	-
Net increase (decrease) in cash and cash equivalents	251,887	(105,518)
Cash and cash equivalents, beginning of year	61,291	166,809
Cash and cash equivalents, end of year	$ 313,178	$ 61,291
Supplemental disclosure:		
Interest paid	$ -	$ -
Income taxes	-	-

The accompanying notes are an integral part of these financial statements.

COUNTY SERVICES SUPPORT, INC.
Notes to the Financial Statements
December 31, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Creation and Purposes

County Services Support, Inc. (“the Corporation”), a Utah nonprofit, was established and incorporated on March 21, 2016 to provide administrative, educational, and other support services to counties in Utah. The Corporation operates to help the counties of Utah achieve good local governance, which in turn is a benefit to taxpayers and members of the public who benefit from the services Utah counties provide.

The purpose of the Corporation, as set forth in its Articles of Incorporation and Bylaws, are:

To promote, educate and provide a broad spectrum of education, administrative and support services to counties of Utah in order to harmonize and advance the interests of all local county taxpayers, constituents and receivers of county services; to conduct educational programs, workshops, forums and institutes regarding good county governance and the services that help bring about good county governance. These purposes are achieved by:

1. Providing an administrative and educational structure to support counties in delivering services required by law and to pool resources for counties to provide such services;

2. Providing on-demand education services to county elected officials through on-line and in-person training sessions;

3. Represent the interests of Utah counties to agencies of state and federal government;

Governance

The Board of Directors has general supervision over the affairs of the Corporation and formulates the policies of the Corporation and directs its activities. The Board is composed of five Directors, including the Chair, Vice-Chair, and three other members. At least three Directors shall be officials of, and currently employed by, a Utah county, and at least one Director shall be on the executive staff of Utah Association of Counties (UAC). The Directors shall be elected, by a majority vote, at the annual meeting of the Directors, and shall serve a term of three years, but nor more than two consecutive terms, subject to the conditions mentioned above.

The officers of the Corporation consist of the Board Chair, Vice-Chair, Chief Executive Officer (CEO), Secretary, and Treasurer. The Chair and Vice-Chair are appointed annually by the Board at its annual meeting. The CEO, Secretary, and Treasurer are appointed by the Board for terms determined by the Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governance (Continued)

The CEO is responsible for the day-to-day operations of the Corporation. He oversees the staff of the Corporation and is responsible for enacting the policies of the Board.

The Board may establish committees to undertake projects and advise the Board, but these are based on Board voted appointments. Each committee must have at least one Board Director.

Operating Information

The Corporation is operated solely for the benefit of the Counties and not for the private benefit of any individual or group. No part of the Corporation's income or funds is used for a private purpose or inures to a private interest. These funds are used exclusively to pay the expenses of the Corporation. No board member of the Corporation receives any compensation for services performed on behalf of the Corporation. The Corporation's activities are financed primarily through the management fees of contracting governmental entities.

B. Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and follow U.S. generally accepted accounting principles for nonprofit organizations. These principles require that the resources of the Corporation be classified into groups or funds in accordance with activities or objectives specified for revenues. Classification of net assets is based upon the existence of donor-imposed restrictions in accordance with FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*.

- Net assets without donor restrictions represent expendable funds available for operations which are not otherwise limited by donor or grantor restrictions or where the donor-imposed restriction has expired. The Corporation's board may designate assets without restrictions for specific operational purposes from time to time.

- Net assets with donor restrictions consist of contributed funds subject to specific donor or grantor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Corporation may spend the funds. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both and are reported in the statement of activities as net assets released from restrictions.

The Corporation does not have any net assets with donor restrictions as of December 31, 2018 and 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Recognition of Donor Restricted Contributions

The Corporation accounts for contributions, donated services, materials and facilities in accordance with the provisions of ASC Topic 958, *Accounting for Contributions Received and Contributions Made.*

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash and Cash Equivalents

The Corporation considers all cash and highly liquid investments with a maturity of 90 days or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

F. Receivables

Accounts receivable are recorded at the invoiced amount and may or may not bear interest. Accounts receivable are due from customers within 30 days and accounts which are outstanding longer than this are considered past due.

Management, considering current information and events regarding the borrowers' ability to repay their obligations, considers an account to be uncollectible when it is probable that the Corporation will be unable to collect all amounts due according to the contractual terms of the agreement. The Corporation does not accrue interest when a contract is considered to be uncollectible. When a contract is considered to be uncollectible, losses are included in the allowance for doubtful accounts through a charge to bad debt expense.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables (Continued)

The allowance for doubtful accounts is the Corporation's best estimate of the amount of probable credit losses in the existing receivables. The allowance is based on past due balances and specified amounts individually identified for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted, the potential for recovery is considered remote, and the Board approves it. The Corporation considers all accounts receivable to be collectible, so no allowance for doubtful accounts has been recorded for December 31, 2018 and 2017.

G. Paid-Time Off Payable

The Corporation policy allows its staff to accumulate unused paid time off up to a maximum of 192 hours. Employees terminating employment are paid 100% of unused paid time off. Retiring employees may choose to be paid 100% of unused paid time off or they may apply the balance towards payment of health insurance premiums. The Corporation, as of December 31, 2018 and 2017, has no employees eligible for this benefit.

H. Revenue Recognition and Deferred Revenue

Revenue is recognized in the financial statements in the period services are provided. Revenues billed or received in advance of the period services are provided are recorded as deferred revenue.

I. Budgetary Accounting

For management and control purposes, the Corporation adopts and maintains a budget each year.

J. Income Tax Status

The Corporation is exempt from income tax as an organization described in Section 501(c)(4) of the Internal Revenue Code. The Corporation remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purpose for which the Corporation was granted exemption status. The Corporation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In the opinion of management, the Corporation does not have any unrelated business income subject to taxation. The Corporation is subject to tax examinations by tax authorities for years after 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Financial Instruments and Credit Risk

The Corporation manages deposit concentration risk by placing cash and investments (cash equivalents) with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments. To date, the Corporation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of our mission.

L. Fair Value Measurements

The following methods and assumptions were used by the Corporation in estimating its fair value disclosures:

- Cash and cash equivalents, receivables, and liabilities: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

M. Functional Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Expenses are charged directly to program or administration categories based on specific identification. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administration costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Corporation.

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consisted only of cash and cash equivalents at December 31, 2018.

As part of our liquidity management plan, our policy is to structure the financial assets to be available as the general expenditures, liabilities, and other obligations come due. The Corporation invests cash in excess of daily requirements with the State of Utah Public Treasurer's Investment Fund (PTIF) (see note 3). Although the Corporation does not intend to spend from these investments other than amounts appropriated for general expenditure as part of its annual approved budget, amounts from these investments could be made available if necessary. The Board designates a portion of any operating surplus to its operating reserves, which was $72,475 and $17,485, respectively, as of December 31, 2018 and 2017.

3. DEPOSITS AND FAIR VALUE MEASUREMENTS AND DISCLOSURES

Cash and cash equivalents are composed of bank deposits and cash held in the PTIF.

At December 31, 2018 and 2017, the carrying amounts of cash held in a financial institution located in Salt Lake City, Utah, were $42,485 and $9,239, and the bank balances were $45,178 and $13,237, respectively. There were no uninsured balances (including outstanding checks) not covered by federal depository insurance for 2018 and 2017.

The Corporation invests in the PTIF, which is a voluntary external Investment Pool managed by the Utah State Treasurer's Office and is audited by the Utah State Auditor. The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The maximum weighted average life of the portfolio does not exceed 90 days. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

3. DEPOSITS AND FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, the investments are valued at fair value and participants are informed of the fair value valuation factor. Additional information is available at the Utah State Treasurers' Office.

ASC 820 requires fair value measurements to be classified and disclosed in one of three categories:

Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges.

Level 2: Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. The prices for the financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3: Financial instruments that are not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instruments. The prices are determined using significant unobservable inputs or valuation techniques.

Fair value is determined based on quoted market prices. The Corporation does account for these investments at amortized cost value, which approximates fair value at year end.

		Fair Value Measurements Using		
Investment Type	12/31/18	Level 1	Level 2	Level 3
PTIF	$ 270,693	$ -	$ 270,693	$ -

		Fair Value Measurements Using		
Investment Type	12/31/17	Level 1	Level 2	Level 3
PTIF	$ 52,052	$ -	$ 52,052	$ -

4. 401(K) BENEFIT PLAN

The Corporation offers its full-time employees a 401(k) Plan with a third-party administrator. Employees may contribute a portion of their salary to the 401(k) plan, with the Corporation matching a portion of the employees' contributions. The Corporation's total contributions for 2018 and 2017 were $30,424 and $25,351, respectively.

5. MANAGEMENT AND OPERATION AGREEMENT

The Corporation has an agreement with the Multi-County Appraisal Trust (MCAT), whereby the Corporation provides for the employment and management of professionals and clerical staff, accounting, and technical services for MCAT. The Corporation's services will include the development, implementation, and administration of the statewide Computer Assisted Mass Appraisal (CAMA) system for MCAT. On an annual basis, the executive boards of MCAT and the Corporation negotiate an amount to be charged for fees.

6. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through June 24, 2019, the date on which the financial statements were available to be issued.