

UTAH STATE AUDITOR'S OFFICE

Little Manual

Local & Special Service District's

Revised June 2011

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INTRODUCTION

The State Auditor's Office has compiled this manual for local and special service districts (districts) to help them more fully comply with financial accounting and reporting requirements prescribed by Utah Law and professional accounting standards. This manual is designed to provide a basic overview and ready reference to the most frequently asked questions regarding district governance and accountability. Copies of this manual may be obtained on the internet at:

<http://www.sao.utah.gov/IgResources.html> then click on [Little Manual for Local Districts].

The State Auditor's Office also has a Uniform Accounting Manual (UAM) which is much more comprehensive; it should be used for areas not covered by this manual. The UAM may be found on the internet at: <http://www.sao.utah.gov/IgResources.html> then click on [Uniform Accounting Manual].

Please keep this manual with your district records and pass it on to the individual taking your place. We hope this manual will help you in meeting your responsibilities, which are important. Your efforts in meeting those responsibilities are very much appreciated.

If you have any questions about this manual, please call or e-mail Ryan Roberts at (801) 538-1721 or ryanroberts@utah.gov.

GOVERNING BOARD RESPONSIBILITIES

Stephen J. Gauthier explains in his book titled, “Governmental Accounting, Auditing and Financial Reporting,” that a governing board provides leadership needed for an entity to achieve its purpose. A board is not free to act in any way it chooses, and is ultimately judged based upon the following four criteria:

- Effectiveness – How well does the board achieve their objectives or purpose?
- Efficiency – Does the board make optimal use of the resources placed under their control?
- Compliance – Does the board comply with applicable policy, law, or regulation? (This area has particular emphasis in the government environment.)
- Reporting – Does the board prepare regular financial reports made available to those who pay the tax or fee used to operate the district?

This manual will focus on compliance and reporting criteria noted above. As compliance and reporting requirements are presented in this manual, keep in mind that the underlying principle is that the governing board is accountable to its constituents for everything the district does. It is the board's duty to:

- Manage the district for the benefit of its constituents.
- Manage the district openly and democratically.

Board members do not serve indefinitely. Therefore, one of the most important things a board can do is establish good policies and procedures that will last beyond their service. Good policies and procedures will protect the district’s resources in the event that a future board member does not maintain high ethical standards.

Generally, the following are areas of responsibility for governing boards:

- Meetings
- Budgeting
- Accounting
- Internal Control
- Reporting
- Personnel
- Purchasing
- Records (GRAMA)
- Insurance
- Fund Balance Limitation

Each of the items noted above are discussed in their own sections of this manual. The remainder of this section addresses other governing board considerations.

Board Member Responsibilities

Utah Code requires a governing board to elect a chair, clerk and treasurer and may elect other officers as the board considers necessary. The offices of chair, clerk and treasurer may NOT be held by the same person. Noted below are the specific responsibilities of each officer as well as financial related governing board responsibilities specifically required by law. (See *Utah Code* 17B-1-309 and 17B-1-631 through 17B-1-638)

Chair

- Conduct meetings

Clerk (or other designated person not performing treasurer duties)

- Attend meetings and keep a record of the proceedings.
- Maintain financial records.
- Prepare checks after determining that the claim:
 - was authorized by the board or financial officer,
 - does not over expend the budget and
 - was approved in advance.
- Present a financial report at least quarterly to the board.
- May not sign a single signature check.

Treasurer (or other designated person not performing clerk duties)

- Sign checks after determining that sufficient funds are available.
- Maintain custody of all money.
- Deposit and invest all money in accordance with the State Money Management Act (*Utah Code*, Title 51, Chapter 7).
- Receive all funds.
- Issue a receipt for money received.

Entire Board

- Approve all expenditures – however, the board may authorize a district manager or other official to act as the financial officer for the purpose of approving 1) payroll checks, if the checks are prepared in accordance with a schedule approved by the board, and 2) routine expenditures, such as utility bills, payroll-related expenses, supplies, and materials.
- Set a maximum sum over which all purchases may not be made without the board's approval.
- At least quarterly, review all expenditures authorized by the financial officer. (See *Utah Code* 17B-1-642)
- In a district with an expenditure budget of less than \$50,000 per year, a governing board member shall sign all checks.

Appointment / Election

A board of trustees may be elected or appointed depending upon the *Utah Code* section under which the district was created and the law, ordinance or resolution creating the district. It is important that governing boards remain fully staffed and that vacancies are filled in a timely manner. The number of governing board members varies based upon the *Utah Code* section under which the district was organized and the districts by-laws or organizing documents.

Generally, governing boards should consist of an odd number of members (at least three) who serve four-year terms, which begin at noon on the January 1 following the member's election or appointment.

Utah Code 17B-1-303 to 306 and 20A-1-512 generally define appointing or electing board members. Specific appointment or election procedures may vary by the type of district. In nearly all situations, vacancies on boards should be advertised and interested citizens should be given the opportunity to be considered for the vacancy.

The law also states that, "each board of trustees member shall serve until a successor is duly elected or appointed and qualified, unless the member earlier is removed from office or resigns or otherwise leaves office" (17B-1-303)(2)(b). In other words, if a board member's term expires and a new board member has not been appointed or elected, the existing board member should continue to serve.

Compensation

A board member of a district may receive compensation for their service as determined by the board. However, a board member may not receive over \$5,000 annually for their service on the board. The \$5,000 limit does not include a board member's reimbursement for district expenditures incurred by the board member for such things as travel or other purchases made on behalf of the district. (See *Utah Code* 17B-1-307)

Qualification

A district board member may not be employed by the district either as an employee or under a contract. There is an exception to this requirement when:

- fewer than 3,000 people live within 40 miles of the primary place of employment,
- the job opening has had reasonable public notice and
- the person employed is the best qualified candidate for the position. (See *Utah Code* 17B-1-311)

A district board member must also be a registered voter and a resident within the boundaries of the district. There are two exceptions, to the residency requirement, for districts with a large number of part time residents (seasonally occupied homes) and for basic local districts with less than one residential dwelling per ten acres of land. (See *Utah Code* 17B-1-302)

Ethics

Utah Code 67-16 addresses ethics and conflicts of interest. Generally, ethics prohibit the acceptance and solicitation of gifts, compensation or loans by a public officer or employee. A public officer may accept an occasional gift having a value of \$50, or less. A conflict of interest may be allowed as long as full and proper disclosure is made. Please refer to *Utah Code* 67-16-7 and 67-16-8 or your legal advisor for specific disclosure requirements.

It is very important to understand this part of *Utah Code* because the penalties for violations can be significant.

Nepotism

Utah Code 52-3 addresses nepotism. Generally, it means that no public officer may employ, appoint, vote for, or recommend a relative for employment. Further, no public officer may directly supervise an appointee who is a relative. Relative means a father, mother, husband, wife, son, daughter, sister, brother, aunt, uncle, nephew, niece, first cousin, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law.

There are several exceptions addressed in *Utah Code* 52-3-1(2)(a). The most important exception is that the relative may be employed if they are the only person available, qualified, or eligible for the position.

MEETINGS

Utah Code 52-4 addresses open and public meetings. The law recognizes that governing boards exist to conduct the people's business and contains provisions designed to help ensure that a board's actions and deliberations are conducted openly.

In an effort to help ensure that meetings are conducted openly, *Utah Code* requires that the presiding officer of a governing board ensure that members of the governing board are provided with annual training on the requirements of this law. The following sections may assist you in providing this training.

Open Meetings

An open and public meeting is when the majority of a governing board meets to discuss or act upon a matter for which they have responsibility. Public meetings include workshops or executive sessions, but do not include chance or social meetings. (See *Utah Code* 52-4-103, 52-4-201(2) and 52-4-208)

Closed Meetings

All meetings shall be open to the public, except for discussion of the following:

- The character, competence or health of an individual.
- Deployment of security personnel, devices, or systems.
- Collective bargaining issues.
- Pending or reasonably imminent litigation.
- Purchase, exchange, lease, or sale of real property, if such discussion prevents the district from completing a transaction on the best possible terms.
- Investigative proceedings regarding allegations of criminal misconduct.

If a meeting is closed to discuss the character, competence or health of an individual or the deployment of security personnel, devices, or systems, then the person presiding shall sign a sworn written statement affirming that the sole purpose for closing the meeting was to discuss these issues. No recorded or written minutes are required when a meeting is closed for this purpose.

If a meeting is closed for a purpose other than those mentioned in the paragraph above, the board must record the closed portion of the meeting and may keep detailed written minutes. (See the Meeting Minutes section below for required elements of minutes of a closed meeting.) (See *Utah Code* 52-4-206)

Remember, no ordinance, resolution, rule, regulation, contract, or appointment may be approved in a closed meeting. Also, a closed meeting may be held only upon the affirmative vote of two-thirds of the board members present at a public meeting.

Public Hearing

A public hearing is the portion of an open meeting at which members of the public are provided a reasonable opportunity to comment on the subject of the hearing. Public hearings are required when a district imposes or increases a fee or adopts a budget.

Electronic Meetings

An electronic meeting is a public meeting convened or conducted by means of a conference using electronic communications. A district may convene an electronic meeting if they have adopted a resolution, rule, or ordinance governing the use of electronic meetings. See *Utah Code 52-4-207(2)(b)* for a list of items that the resolution or rule may include and *Utah Code 52-4-207(3)* for a list of things the district must do in order to convene or conduct an electronic meeting.

Meeting Minutes

Written minutes and an audio recording shall be kept of all open meetings except for the following where a recording is not required to be kept:

- During a site visit or traveling tour where no vote or action is taken.
- If the district's annual budgeted expenditures for all funds, excluding capital expenditures and debt service, are \$50,000 or less. (See *Utah Code 52-4-203*)

When a meeting (whether open or closed) is required to be recorded, the recording shall be complete and unedited and include all portions of the meeting from the commencement of the meeting through adjournment of the meeting.

The written minutes and recordings of open meetings are public records under GRAMA as follows:

- Written minutes that have been prepared in a form awaiting only formal approval by the public body are a public record.
- Written minutes shall be available to the public within a reasonable time after the end of the meeting.
- Written minutes that are made available to the public before approval by the public body shall be clearly identified as "awaiting formal approval" or "unapproved" or with some other appropriate notice that the written minutes are subject to change until formally approved.
- A public body shall establish and implement procedures for the public body's approval of the written minutes of each meeting.
- Written minutes are the official record of action taken at the meeting.
- A recording of an open meeting shall be available to the public for listening within three business days after the end of the meeting.

Both a recording and written minutes of closed meetings are protected records and may be disclosed only pursuant to a court order as provided in *Utah Code 52-4-206(5)*.

Content of Minutes

Open meeting minutes shall include the:

- date, time and place of the meeting.
- names of board members present and absent.
- substance of all matters proposed, discussed, and decided.
- votes taken by individual members of the public body.
- names of each person who is not a member of the public body, and after being recognized by the presiding member of the public body, provided testimony or comments and the substance in brief of their testimony or comments.
- any other information that any member requests to be entered in the minutes.

When a governing body closes a meeting, the following must be publicly announced and entered into the minutes of the open meeting at which the closed meeting was approved:

- the reason or reasons for holding the closed meeting.
- the location where the closed meeting will be held.
- the vote of each member of the governing board, either for or against the motion.

The recorded and any written minutes of a closed meeting shall include the:

- date, time and place of the meeting.
- names of board members present and absent.
- names of all others present except where the disclosure would infringe on the confidentiality necessary to fulfill the original purpose of closing the meeting.

Notice Requirements

A district that holds regular meetings that are scheduled in advance over the course of a year shall give public notice at least once a year of its meeting schedule, giving dates, time, and place. If regular meetings are not held, the board shall give no less than 24 hours public notice specifying the date, time, and place.

All meetings whether regularly scheduled in advance over the course of a year or scheduled as needed must provide no less than 24 hours notice of meeting agendas.

The method of providing public notice for meetings and agendas depends upon whether a public hearing will be held during a portion of the meeting. It is important to distinguish between notice requirements for regular meetings and notice requirements for a meeting that will include a public hearing.

The table below contrasts notice requirements for a regular meeting and a public hearing held for the purpose of adopting a budget.

Requirement	Regular Meeting	Public Hearing
Media	Must <u>notify</u> at least one newspaper of general circulation within the district’s boundaries, or a local media correspondent. The district does not need to pay for this notice if the newspaper chooses not to publish the notice.	Must <u>publish</u> notice in at least one issue of a newspaper of general circulation in which the district is located. If the newspaper requires payment to publish the notice, then the district must pay the fee. If a newspaper of general circulation is not available, then post written notice in three public places within the district.
Posting	Post written notice at the principal office of the public body, or if no such office exists, at the building where the meeting is to be held.	(Same as Regular Meeting) Post written notice at the principal office of the public body, or if no such office exists, at the building where the meeting is to be held.
Number of days	At least 24 hours before meeting.	At least seven days prior to the hearing.

Utah Public Notice Web-Site

All public bodies are required to post notices for a public meeting on the Utah Public Notice Website (see www.utah.gov/pmn/index.html). Currently, districts with annual budgets less than \$1,000,000 are encouraged, but not required to post notice on the website. However, it is anticipated that by December 2012, the \$1,000,000 threshold will be lowered or eliminated, so stay tuned. (See *Utah Code* 52-4-202(3)(b) and 63F-1-701(7))

By posting on the website, public bodies comply with the requirement to notify a newspaper or local media correspondent; however, all other notice requirements for a public hearing, such as publishing notice in a newspaper, still apply.

The website allows the public to subscribe to the district’s notices and receive notification of upcoming meetings and updates to current meetings. The website is designed to provide:

- Greater accessibility to public meeting information, which encourages greater participation by the public.
- A central source for all public meeting information statewide.
- Standardized format for publishing.
- Access to past public meeting minutes.

The website is administered by Utah State Archives who has prepared a training manual and quick guide for owners and posters as well as training sessions that can be accessed on their website at www.archives.utah.gov .

Questions regarding the use of the Public Notice Website can be directed to Utah Interactive by calling 801-983-0275 or through e-mail at Support@utahinteractive.org .
(See *Utah Code* 52-4-202 to 208)

Imposing or Increasing a Fee

If the district plans to impose or increase a fee, they must hold a public hearing in the evening no earlier than 6:00 pm. The district must also publish notice of the public hearing in a newspaper of general circulation within the district. The notice must be:

- no less than ¼ page in size.
- no less than 18 point font.
- surrounded by ¼ inch border.
- published at least once each week for two weeks preceding the hearing.
- published at least 7 days prior to the hearing.

The notice may not be in the legal notices or classified section of the newspaper and shall state the following:

- the district intends to impose or increase a fee and will hold a public hearing.
- the date, time, and place of the public hearing.
- the purpose of the hearing will be to hear comments regarding the proposed imposition or fee increase.
- the reasons for the proposed fee imposition or increase.

If there is no newspaper of general circulation within the district, the district must post at least one notice per 1,000 population within the district at locations most likely to provide actual notice. (See *Utah Code* 17B-1-643)

OR

In lieu of publishing notice in the newspaper as outlined above, a district may provide notice by mailing the notice to those within the district who:

- will be charged the fee for a district service, if the fee is being imposed for the first time; or
- are being charged a fee, if the fee is proposed to be increased.

The notice may accompany a bill for an existing fee or may be mailed separately, but must be delivered at least 7 days prior to the hearing and shall state the following:

- the district intends to impose or increase a fee and will hold a public hearing;
- the date, time, and place of the public hearing.

- the purpose of the hearing will be to hear comments regarding the proposed imposition or fee increase.
- the reasons for the proposed fee imposition or increase.

In addition to the options listed above, for districts with an annual operating budget of \$250,000 or less, the legal notice requirement can also be met by publishing notice on the Legal Notice Website (www.utahlegals.com). (See Utah Code 45-1-101(9))

Whether notice is provided by publishing in the newspaper, public posting or by mailing actual notice, *Utah Code* 17B-1-643 (2)(f) provides that if no challenge is made to the notice given within 30 days after the date of the hearing, the notice is considered adequate and proper.

Truth in Taxation

Districts are subject to "Truth in Taxation," which has to do with tax increases. Utah Code 59-2-919 deals with tax increases. There are additional notice and hearing requirements for budget hearings where there is a tax increase. For help in this area contact LaMar Sayer with the Utah State Tax Commission at 801-297-3617.

Agendas

As noted above, the board is required to give no less than 24 hours notice of meeting agendas. Recent legislative sessions have further defined agenda requirements as follows:

- Agendas must provide reasonable specificity to notify the public as to the topics to be considered.
- Each topic shall be listed under an agenda item on the meeting agenda.
- The board may not consider a topic in an open meeting that was not on the agenda.
- The board may discuss a topic raised by the public during an open meeting that was not on the agenda, but it may not take final action during that meeting.

Emergency Meetings

The board may call an emergency meeting to discuss an urgent matter due to unforeseen circumstances. When an emergency meeting is determined necessary the following is required:

- give the best notice practicable of the time, place and topics to be considered.
- attempt to contact all board members.
- a majority of the board members must approve the meeting.
(See *Utah Code* 52-4-202(5)).

BUDGETING

Budgets are required by law. It is an important way for the public to have input on district expenditures and plans. Upon formal adoption, the budget constitutes spending authority for the district and a formal plan for spending. At adoption, the district has legally bound itself to spend this much and no more. Any expenditure in excess of the budget is illegal, even if the district has money available to spend.

Budget Amendments

Original budgets may be amended during the budget year to increase the original budget; however, budgets may not be changed after the budget year end. Generally, budget amendments must follow the same procedures as the adoption of the original budget (public notice and hearing); however, there are some exceptions.

A governing board may move budgeted expenditures from one budgeted line item to another, without a public hearing. Adjusting line items is allowed as long as the adjustment is within the same fund and as long as the adjustment does not increase total expenditures or involve reducing the amount budgeted for debt retirement or reduction of a deficit (see *Utah Code 17B-1-620*).

Utah Code 17B-1-620(1) requires that a board of trustees establish policies for amending budgeted line items. For example, if a district has a general fund and within the general fund are two departments, (water and sewer) a policy may authorize a budget officer, with the approval of a General Manager, to move money from one budgeted line to another budgeted line within the same department.

When adjusting budgeted line items between departments within a fund, the policy may require that the transfer be approved by the governing board. When the policy requires the approval of a governing board, the board should place the adjustment on the agenda of an open meeting and approve the adjustment in the meeting.

The budget of an enterprise fund may be amended by a resolution of the board of trustees at any regular or special meeting called for that purpose without a public hearing. This includes increasing total expenditures of the fund. (See *Utah Code 17B-1-630*)

Budget Calendar

The budget process must be completed before the budget year begins. Following is a budget calendar for districts with a December 31 year end. (Those districts with a June 30 year end can easily convert the budget calendar for their purposes.)

October

The budget officer prepares a tentative budget for the board to review at its first meeting in November.

November

At its first meeting in November the board shall:

- Approve a tentative budget.
- Set a budget hearing date.

During November or December, but at least 7 days before the hearing date, public notice must be given of the hearing. (Public Notice means publication in at least one issue of a newspaper of general circulation. If the district's area has no newspaper of general circulation, then the notice may be posted in three public places and on the Utah Public Notice Website.)

The tentative budget must be available to the public for seven days prior to the public hearing for the adoption of the final budget.

December

Hold the hearing, formally adopt a final budget and submit the final budget to the State Auditor within 30 days. Keep a copy of the budget for district use and public inspection. (See Appendix A for a sample budget form.)

Utah Code 17B-1-605 to 611; 613 to 615; 630; 701 and 702; all deal with budgeting.

ACCOUNTING

Accounting is the process of keeping track of money, other items of worth (assets), and what is owed to others (liabilities). It is very important for the district to accurately keep track of such information not only for its own use, but also to be accountable to its constituents and to complete legally required reports.

Accounting need not be complicated. All it requires for small districts is a carefully kept, readable checkbook which has been reconciled to the bank statements. The following should be done:

- All money coming into the district should be deposited into the district bank account and recorded in the accounting records.
- Payments should not be made using cash on hand unless the cash is part of a properly established petty cash fund.
- A running checkbook balance should be kept.
- All entries made in the checkbook should be:
 - immediate, so nothing is forgotten
 - clearly written
 - well explained (for example, it is not necessary to write "Deposit" because that is obvious by the column it is placed in, but it is necessary to explain where it came from and what it was for.)
- The checkbook should be reconciled monthly to the bank statement. (Bank statements should be kept for four years and check registers should be kept for seven years.)

For small districts, the checkbook could be the official financial record of the district and should be safeguarded. The balances, deposits and check amounts in the checkbook should be used to complete the required annual financial statements. (See Appendix B for a sample small district financial statement form.)

REQUIRED REPORTS

The following schedule shows which reports are required by law, when they are due, and where they should be sent.

	Report	When Due	E-mail or Mail To:
1.	Budget	No later than 30 days after adoption. (Usually in January)	sao@utah.gov Utah State Auditor PO Box 142310 Salt Lake City, UT 84114
2.	Financial Statements	No later than 180 days after year end. (Usually by June 30)	
3.	UT or Survey of Local Government Finances	No later than 180 days after year end. (Usually by June 30)	
4.	Deposit and Investment Report	Bank Balances as of June 30 and December 31. (Twice per year)	mmcouncil@utah.gov Utah State Treasurer PO Box 142315 Salt Lake City, UT 84114

Budget, Small Financial Statement, UT, and Deposit and Investment forms can be obtained on the internet at: <http://www.sao.utah.gov/lgForms.html>, these forms are no longer mailed to districts each year. (See the Appendix for an example of each of these forms.)

Financial Statement Requirements

Utah Code 51-2a-201 outlines reporting requirements. If revenues or expenditures of all funds are:

- greater than \$350,000 – an audit is required;
- between \$200,000 and \$350,000 – a review is required;
- between \$100,000 and \$200,000 – a compilation is required;
- less than \$100,000 – a report may be completed on forms provided by the State Auditor.

The following describes the different types of financial reports:

- **Audit** – an examination completed by an independent certified public accountant (CPA). Reasonable assurance that the financial statements are fairly presented is provided.
- **Review** – an examination completed by an independent CPA. Limited assurance that the financial statements are fairly presented is provided.

- **Compilation** – a report completed by a CPA. No assurance that the financial statements are fairly presented is provided. The CPA assists in the preparation of financial statements that conform to professional reporting standards.
- **State Auditor Form** – a form that contains a Certification, Balance Sheet, and Statement of Revenues and Expenses. This form is generally prepared by the district budget officer who may receive assistance from our office, a CPA or other qualified individual.

A district may choose to have a report prepared that exceeds the reporting requirements outlined above if the district wants to obtain greater assurance that their financial statements are correct. For example, a district with \$150,000 in revenues may choose to have an audit when only a compilation is required.

Utah Public Finance Web Site

As of May 15, 2011, districts with annual budgets of \$1 million or more are required to provide public financial information through the Utah Public Finance Website (www.transparent.utah.gov) or their own website and provide a link to their website through the Utah Public Finance Website. Detailed revenue and expenditure transactions are required to be posted quarterly within one month after fiscal quarter end. In addition, employee compensation information is required to be posted annually within 3 months of fiscal year-end. (See *Utah Code* 63A-3-401 to 405).

For questions regarding specific requirements or for help in posting information to the website contact the Utah Division of Finance at 801-538-3082.

INTERNAL CONTROL

An internal control is a process designed to provide reasonable assurance regarding the achievement of objectives. For example, if the objective is to minimize the risk that district assets (cash, equipment, etc.) will be lost or stolen then procedures would be designed that separate responsibilities and put a system of checks and balances in place.

Internal control is meant to keep honest people honest and to protect those who handle money and other assets. In order to properly design "checks and balances," several people will usually be involved in the accounting. In small districts, it is especially important for board members to be involved in reviewing and approving financial transactions.

The following procedures should be followed by board members:

- NEVER SIGN A BLANK CHECK. Signing blank checks is an open invitation for theft. Consider writing checks monthly; then check signers are only inconvenienced once a month.
- Consider requiring two signatures on checks. *Utah Code 17B-1-635(2)(b)* states that, "In a local district with an expenditure budget of less than \$50,000 per year, a member of the board of trustees shall also sign all checks." This requirement may be considered for districts with budgets larger than \$50,000; however, in any case, be careful not to rely on the bank alone to ensure proper payment. Banks may process checks requiring dual signatures with only a single signature.
- Deposits and disbursements should be reviewed by a governing board at least quarterly. Board members should ask questions if something is unclear or looks unusual.
- In small districts, the monthly reconciliation of the checkbook to the bank statement should be made, or at least reviewed, by a board member who does not sign checks. In larger district's, a review of the bank reconciliation by a board member is also an effective control.
- The board members should take a healthy interest in the finances of the district by reviewing the annual financial statements and physically inspecting other assets, such as pipes, trucks, lawnmowers, etc., to be sure they have not been lost or stolen and are in good condition.

PERSONNEL

Personnel Policy

Utah Code 17B-1-801 to 803 addresses personnel matters. Generally, this part does not apply to districts with annual revenues less than \$50,000. It does say, however, that each district which has full-time or part-time employees shall annually review its personnel policies to ensure that they conform to requirements of state and federal law.

In other words, small districts without full or part-time employees do not need a personnel policy. Districts with full or part-time employees need a policy. Districts should contact their legal advisor for assistance in drafting a personnel policy.

Following is a list of items that should be considered when developing a personnel policy. The list is not all inclusive, but is intended to be a starting point:

- Vacation, Sick Leave and Holidays
- Reimbursement of expenses such as mileage, meals and lodging while traveling
- Grievance process
- Work hours, approval of leave and overtime pay
- Reporting of accidents (vehicle and workers compensation)
- Sexual Harassment
- Drugs

Independent Contractor or Employee?

As a potential employer, you may choose to hire an employee to get a job done, or you may hire an independent contractor. You should consider the following factors in making your decision:

- In most cases, an employee must be granted all benefits, including health insurance, retirement, etc., that are provided generally for employees by the district. An independent contractor is not paid these benefits.
- An employer must withhold federal and state income taxes, pay social security taxes, workers compensation contributions, and unemployment insurance for an employee. No taxes or unemployment insurance are paid for an independent contractor.
- Firing an employee can be more difficult than canceling a contract with an independent contractor.
- You may specify the results desired, but may not control the performance of work of an independent contractor. An employee may be given explicit directions about how, when, and where to perform a job and may be closely supervised.
- Generally, the liability of an organization for its employees is much greater than the liability of an organization for an independent contractor.

The following is an excerpt from IRS publication 1779 regarding factors determining whether a worker is an employee or independent contractor. Understanding these factors is important because you may be able to design an agreement that meets your needs.

IRS Publication 1779

The courts have considered many facts in deciding whether a worker is an independent contractor or an employee. These relevant facts fall into three main categories: behavioral control; financial control; and relationship of the parties. In each case, it is very important to consider all the facts – no single fact provides the answer. Carefully review the following definitions.

Behavioral Control

These facts show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done as long as the business has the *right* to direct and control the work. For example:

- Instructions – if you receive extensive instructions on how work is to be done, this suggests that you are an employee. Instructions can cover a wide range of topics, for example:
 - how, when, or where to do the work
 - what tools or equipment to use
 - what assistants to hire to help with the work
 - where to purchase supplies and services

If you receive less extensive instructions about what should be done, but not how it should be done, you may be an independent contractor. For instance, instructions about time and place may be less important than directions on how the work is performed.

- Training – if the business provides you with training about required procedures and methods, this indicates that the business wants the work done in a certain way, and this suggests that you may be an employee.

Financial Control

These facts show whether there is a right to direct or control the business part of the work. For example:

- Significant Investment – if you have a significant investment in your work, you may be an independent contractor. While there is no precise dollar test, the investment must have substance. However, a significant investment is not necessary to be an independent contractor.

- Expenses – if you are not reimbursed for some or all business expenses, then you may be an independent contractor, especially if your unreimbursed business expenses are high.
- Opportunity for Profit or Loss – if you can realize a profit or incur a loss, this suggests that you are in business for yourself and that you may be an independent contractor.

Relationship of the Parties

These are facts that illustrate how the business and the worker perceive their relationship. For example:

- Employee Benefits – if you receive benefits, such as insurance, pension, or paid leave, this is an indication that you may be an employee. If you do not receive benefits, however, you could be either an employee or an independent contractor.
- Written Contracts – a written contract may show what both you and the business intend. This may be very significant if it is difficult, if not impossible, to determine the status based on other facts.

If you have a special situation, you should contact your legal advisor for assistance.

PURCHASING

Utah Code 17B-1-618 requires that all purchases by a district be made according to the purchasing procedures established by each district by resolution and only on an order or approval of the person duly authorized.

In other words, districts are required to have a purchasing policy which shall be followed by a duly authorized purchasing agent. There are no limitations as to who the purchasing agent may be as long as they are authorized to do the purchasing by the board.

Essentially, a purchasing policy should establish a competitive procurement process which safeguards against bias or conflicts of interest. The policy should also consider the cost of soliciting or advertising bids with the benefits of competition among vendors.

A sample purchasing policy has been included under Appendix E of this manual. This sample policy is intended to assist the district in preparing a purchasing policy and may not address all of the needs of the district. It is recommended that a district work with their legal advisor for assistance.

The following is a list of items that should be considered when developing a purchasing policy. The list is not all inclusive, but is intended to be a starting point:

- Amount under which competitive quotes are not required.
 - (Example – Purchases less than \$500 do not require competitive quotes.)
- Amount over which verbal quotes will be obtained.
 - (Example – Purchases between \$501 and \$2,000 require at least two verbal quotes.)
- Amount over which written quotes will be obtained.
 - (Example – Purchases between \$2,001 and \$50,000 require at least three written quotes)
- Amount over which public advertising is required.
 - (Example – Purchases greater than \$50,000 will be publicly advertised and subject to competitive sealed bidding.)
- Method of soliciting quotes.
- Purchases made from a single or sole source provider.
- Emergency purchases.
- Cancellation and rejection of bids.

Construction Projects

Procurement for construction projects are subject to *Utah Code* 11-39, which, among other things, mandates bidding on most building and public works construction projects and specifies how the bidding is to be conducted.

RECORDS (GRAMA)

Utah Code 63G-2 addresses government records and the management of those records. It recognizes that the public has a right to access information regarding the conduct of the public's business and the right of privacy in relation to personal data gathered by governmental entities.

Policy

A district should adopt a records policy that is consistent with *Utah Code* and procedures established by Utah State Archives.

Record Series

A record series means “a group of records that may be treated as a unit for purposes of designation, description, management, or disposition.” (*Utah Code* 63G-2-103(23)) Record series reflect the natural organization of groups of records and their relationships to each other. For example, board meeting minutes would be a record series.

Retention

There are different retention requirements for each record series. Districts are to follow record retention schedules for municipalities which may be found on the web at: <http://archives.utah.gov/recordsmanagement/grs/mungrs-list.html>.

State Archives is available as a resource to help you comply with record retention requirements. For questions call or e-mail: [Rosemary Cundiff](mailto:Rosemary.Cundiff@utah.gov), Utah State Archives and Records Service, at (801) 531-3866 or rcundiff@utah.gov.

Classification

Classification indicates the level of access to your records. A classification is assigned to each record series. There are four classifications defined in the law: public, private, controlled and protected. Only public records are open to the public (most records are public). Some record series may have more than one classification. If you need help contact the State Archives.

- Public records are records that are open to everyone. They include:
 - Minutes from open meetings.
 - Compensation paid to a contractor.
 - Names, gender and gross compensation paid to public employees.

- Private records are information about individuals that may only be accessed by those individuals and others specified in *Utah Code* 63G-2-202. They include:
 - Unemployment insurance, social service and welfare benefits.
 - Medical history, diagnosis, condition, treatment and evaluation.

- Public employees home address, home telephone number, social security number and marital status.
- Controlled records are records that may only be released to certain individuals such as social workers and health care providers and may not be disclosed to the individual to whom they pertain. They include:
 - Medical, psychiatric, or psychological data.
 - Information detrimental to the subject’s mental health or to the safety of any individual.
- Protected records are non-personal data that may only be released to the person who submitted the information. They include:
 - Trade secrets.
 - Test questions and answers.
 - Records that would jeopardize the life or safety of an individual.
 - Records that would jeopardize the security of a correctional facility.

The following is a schedule of records a district may typically have; it includes the type of record, classification and retention requirements.

<u>Record</u>	<u>Classification</u>	<u>Retention</u>
Meeting Minutes	Public	Permanent
Meeting Agenda	Public	2 Years
Annual Financial Reports	Public	Permanent
Budgets	Public	Permanent
Bank Statements	Public	4 Years
General Ledger	Public	10 Years
Timesheets	Public	3 Years
Accounts Payable & Receivable	Public	4 Years
Deposit Slips	Public	4 Years
Check Register	Public	7 Years
Receipt Books	Public	3 Years
Fixed Asset Lists	Public	10 Years

GRAMA Requests

The following information is an excerpt from GRAMA training prepared by State Archives.

Preparing for a GRAMA Request

- Make a policy within the district about who handles record requests. (Designating and training a records officer will help ensure that the response is consistent and complies with the law.)
- Make sure everyone within the district knows who handles record requests.

- Create a standard GRAMA request form. A sample form can be found on the State Archives website at: <http://archives.utah.gov/recordsmanagement/forms/forms.html> or in Appendix F at the back of this manual. (A properly designed form will help collect information that will assist the district in properly responding to the request and minimize misunderstandings.)
- Get advice from administration and legal counsel in responding to a request.

Receiving a GRAMA Request (Utah Code 63G-2-204(1),(2))

- The law requires that the requester submit the request to the agency that prepares, owns, or retains the record. (Records are subject to the classification and retention schedules of the originating entity. Releasing another entity's record, even if a copy is held by your district, could violate the records classification.)
- The requester is also required to provide the following information in writing:
 - Name
 - Address
 - Phone Number
 - Description which identifies the record requested with reasonable specificity.

Responding to a GRAMA Request (Utah Code 63G-2-204(3),(4))

- The district must respond within 10 business days, or 5 business days for an expedited response, providing a referral if the district does not maintain the record.
- The district may deny the request if necessary.
- Failure to respond is considered a denial.
- The district must notify the requester of EXTRAORDINARY CIRCUMSTANCES (see below).

Extraordinary Circumstances Include (Utah Code 63G-2-204(5))

- Another agency is using the record.
- The district is processing a large quantity of records.
- The requester asks for a voluminous quantity of records.
- The records may be undergoing an audit by a government entity.

Appropriate Response to Extraordinary Circumstance (Utah Code 63G-2-204(5))

- If only part of the records can be located, disclose a portion or provide the requester with an estimate of time required to respond.
- Provide the request as soon as reasonably possible.

In Response to a Request, a District is Required to: (Utah Code 63G-2-201(1),(11),(12))

- Allow every person the right to inspect a public record free of charge.
- Provide electronic copies in lieu of paper if requestor prefers electronic copy and the district currently maintains the record in a reproducible electronic format.
- Avoid using a physical format to unreasonably hinder access.

In Response to a Request, a District is not Required to: (Utah Code 63G-2-201(8))

- Compile, format, manipulate, summarize or tailor records.
- Provide a record in a format different than normally maintained.
- Fill the request if the record is available in a public publication.

Fees

The district is required to adopt a uniform fee structure if it decides to charge for record requests. The following information will assist the district in preparing a policy that complies with the law.

An Agency May Charge For: (Utah Code 63G-2-203(2))

- The actual cost of providing a record when it is provided in a form other than normally maintained.
- Staff time for direct costs such as search, retrieval, summarization, and compilation, not to exceed the salary of the lowest paid, capable employee.

An Agency May Not Charge For: (Utah Code 63G-2-203(2)(c),(5)(b))

- The first 15 minutes of a search.
- Allowing the requestor to inspect the record.
- Reviewing a record to determine whether it is the subject of a request.

An Agency is Encouraged to Fill The Request Without Charge When (Utah Code 63G-2-203(1),(4))

- Releasing the record will benefit the public.
- The requester is the subject of the record.
- The requester's legal rights are implicated, and they claim hardship.

Denial of Request (Utah Code 63G-2-204(7), 63G-2-205(1),(2),(3))

- If the agency denies a request in whole or in part, it must provide notice of denial to the requester in writing (See Appendix F for a notice of denial form).
- The notice of denial shall contain a description of the record, citations to the applicable provisions of GRAMA, and a statement that the requester can appeal the denial to the chief administrative officer (CAO) of the agency with the name and address of the CAO.

- An agency must maintain the record until time limits for appeals have expired.

Access

In the interest of security and keeping records in their proper place, district personnel should not allow individuals to thumb through records. Requests for copies of records from the public should be specific and consistent with district policy.

INSURANCE

All public treasurers are required to be bonded in accordance with Rule Number 4 of the Utah State Money Management Council. *Utah Code* 51-7-3(27) states that, “A ‘Public Treasurer’ includes ... the official of any...political subdivision, or other public body who has the responsibility for the safekeeping and investment of any public funds.” This is a broad definition that includes the person or persons of a district with the responsibilities defined above.

The schedule below sets forth the amount for which each public treasurer should be bonded according to the annual budget for the governmental unit. The basis used shall be budgeted gross revenue for the previous year. Budgeted gross revenue includes all funds collected or handled by the public treasurer.

Budget	Percent for Bond	Minimum Bond
\$0 to 10,000	N/A	\$0
\$10,001 to \$100,000	9% but not less than	\$5,000
\$100,001 to \$500,000	8% but not less than	\$9,000
\$500,001 to \$1,000,000	7% but not less than	\$40,000
\$1,000,001 to \$5,000,000	6% but not less than	\$70,000
\$5,000,001 to \$10,000,000	5% but not less than	\$300,000
\$10,000,001 to \$25,000,000	4% but not less than	\$500,000
\$25,000,001 to \$50,000,000	3% but not less than	\$1,000,000
\$50,000,001 to \$500,000,000	2% but not less than	\$1,500,000
Over \$500,000,000		\$10,000,000

Bonds must be issued by a corporate surety licensed to do business in the State of Utah and rated XII or better by the latest issue of Bests Rating Guide. Bonds should be effective as of the date the treasurer assumes the duties of the office or is sworn in.

It would also be wise to consider in which areas the district and its board members should be insured. The law requires a district with an annual operating budget of at least \$50,000 to obtain liability insurance as considered appropriate by the board.

The Utah Local Governments Trust was created by and for local governments in Utah to assist in meeting insurance needs. They will be glad to help you with insurance matters.

The Salt Lake City phone number is (801) 936-6400.
The toll-free number is 1-800-748-4440.

FUND BALANCE LIMITATION

A common problem for districts is the accumulation of large fund balances or cash reserves. Large fund balances are inappropriate for governmental units and are generally a violation of state law.

Utah Code 17B-1-612 limits the amount that can be retained as unreserved fund balance in the general fund. The accumulation of a fund balance in the general fund may not exceed the greater of:

- 100% of the current year's property tax, or
- 25% of the total general fund revenues for districts with annual general fund budgets greater than \$100,000, or
- 50% of the total general fund revenues for districts with annual general fund budgets equal to or less than \$100,000.

The most common criteria will be 100% of the current year's property tax.

There are provisions in the law that allow the governing board to accumulate funds for the purpose of financing future specific capital projects, including new construction, capital repairs, replacement, and maintenance, under a formal long-range capital plan adopted by the governing body. Generally, the accumulation of these funds should be reported in a capital projects fund.

The concept is basically that a government should tax its constituents on a "pay as you go" basis. This means that purchases of economic resources which benefit taxpayers today should not be made with funds accumulated from prior taxpayers or by issuing excessive debt that places the burden on future taxpayers. Essentially, taxpayers should be allowed to determine the best use of their funds while being taxed in a manner that allows a government to meet its current obligations.

PUBLISHING DISTRICT INFORMATION IN THE TELEPHONE DIRECTORY

Utah Code 17B-1-112 requires that districts with an annual budget over \$5,000 provide the name, telephone number, and address of the district to the telephone directory publisher serving the geographic area within which the district is located. The district should also request the telephone directory publisher to publish the required information in the government or other appropriate government-related section of the publisher's telephone directory.

If the district does not have a telephone or address or both, the district shall provide the telephone number or address or both, as the case may be, of the district's officer in charge of the district's day-to-day operations.

The district is not required to notify the telephone directory publisher if the information is already published in the government or other appropriate government-related section of the telephone directory.

TRAINING

The Utah State Auditor's Office, in cooperation with the Utah Association of Special Districts, provides training for members of district governing boards and others as applicable. This training is required for new board members by *Utah Code 17B-1-312* which states that each member of a board of trustees of a local district should, within one year after taking office, complete training developed by the State Auditor in cooperation with the Utah Association of Special Districts.

The training is designed to help governing boards increase their understanding of their role, functions, and responsibilities. Topics covered by this training typically include items included in this manual. However, the training provides board members and others with the opportunity to ask questions and understand concepts behind laws and other requirements. A training module that fulfills this requirement is also available on the State Auditor's website at <http://www.sao.utah.gov/lgTraining.html> .

It is the intention of the Legislature, the Utah State Auditor's Office and the Utah Association of Special Districts, to encourage board members to participate in this training to enhance governance and accountability of local and special service districts. This training is generally provided as requested by governing boards. If you have any questions regarding this training please call or e-mail Ryan Roberts at 801-538-1721 or ryanroberts@utah.gov .

UTAH ASSOCIATION OF SPECIAL DISTRICTS

The association is dedicated to promoting the proper and efficient operation of all districts in our state. It assists districts in fulfilling their respective missions by informing governmental and public officials about districts; promoting district awareness; providing training to board members, management, and staff; and providing legislative input and advocacy, and updates of current laws and regulations. Membership is available for all districts. For more information please contact:

Mr. LeGrand W. Bitter, Executive Director
Utah Association of Special Districts
1272 West 2700 South
Syracuse, UT 84075
(801) 614-0405 and (801) 776-4228
E-mail: uasdmail@yahoo.com
Website: www.uasd.org

APPENDIX A – SAMPLE BUDGET FORM

Local and Special Service Districts Adopted Budget Form: DB-BUD-1-2010	Name Select Name Fiscal Year Ended
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Part I**Certification**

ADOPTION OF BUDGET INFORMATION:

In compliance with Title 17B, Part 1 of the Utah Code, I, the undersigned, certify that the attached budget document is a true and correct copy of the budget of the above named entity and fiscal year, as approved and adopted by resolution on _____ . A public hearing, which met the requirements of the Utah Code, section (indicate which):

17B-1-609 and 610, (applicable to entities who are adopting a budget prior to beginning of the fiscal year)

59-2-918 and 919, (applicable to entities who have budgeted a tax rate increase)

was held on _____ .

Budget Officer or Agency Director

Date

Phone Number

Email Address

Local and Special Service Districts Adopted Budget

Name Select Name

Fiscal Year

Form: SD-BUD-1-2010

Part II General and Enterprise Fund

(a)	General Fund			Enterprise Fund		
	Actual			Actual		
	Prior Year (b)	Current Year (c)	Budget (d)	Prior Year (e)	Current Year (f)	Budget (g)
Revenues						
1.1 Taxes: Property Tax						
1.2 Other:						
1.3 Fee in Lieu of Taxes						
1.4 Charges for Services						
1.5 Interest Income						
1.6						
1.7						
1.8						
Other Financing Sources:						
1.9 Transfers from Other Funds						
1.10 Contribution from Fund Balance						
1.11						
1.12						
Total Revenues	0	0	0	0	0	0
Expenses						
2.1 Salaries and Benefits						
2.2 Other Operating Expenses						
2.3 Depreciation						
2.4 Capital Outlay						
2.5 Debt Service						
2.6						
2.7						
2.8						
Other Financing Uses:						
2.9 Transfers to Other Funds						
2.10 Contribution to Fund Balance						
2.11						
2.12						
Total Expenditures / Expenses	0	0	0	0	0	0
Net Income / (Loss)						

Special District Adopted Budget

Basic Form Instructions

Local and Special Districts

A "certification of budget" form is required to be submitted with each budget. Please contact the State Auditor's Office or your independent auditor if you have any questions about these forms or require assistance in completing them.

1. The Certification Page (page 1) must be completely filled out. Page 2 must be completed for the General Fund or the Enterprise Fund. Fill out only the fund your district uses. Page 3 should be completed only for Capital Projects Funds or Debt Service Funds.
2. The law requires that budgets be balanced. This means that in the general fund and special revenue funds, the "Total Revenues" must equal the "Total Expenses." The law further requires that the columns labeled "Prior Year" and "Current Year" be filled in as well as the "Budget" column. The actual expenses shown in the first two columns (with the "Current Year" amounts being estimated) are meant to help you in determining more accurate budget amounts.
3. For the general fund and the special revenue fund: If all, or part, of the prior year's fund balance needs to be used to balance the budget, place the balancing amount on the line called "Contribution From Fund Balance" in the Revenues section. If part of the budget year's revenues are meant to increase the fund balance, place the balancing amount on the line called "Contribution To Fund Balance" in the Expenses section.
4. This budget is a public document and must be kept by the district. It must be available for inspection by the public during business hours.
5. Finally, a copy of this budget must be sent to the State Auditor's Office within 30 days after its adoption. Forms may be sent electronically to sao@utah.gov or mailed to:

Utah State Auditor
Utah State Capitol Complex
East Office Building Suite E310
PO Box 142310
Salt Lake City, UT 84114

IF YOU HAVE ANY QUESTIONS, PLEASE CALL:

Ryan Roberts at (801) 671-5808.

You may call Toll Free by calling 1 (800) 622-1243

Or email at ryanroberts@utah.gov

APPENDIX B – SAMPLE FINANCIAL STATEMENT FORM

**Certification of Financial Report
For Governmental Entities with
Revenues or Expenditures
Less than \$100,000**

Form: DF-FS-1-2010

Name

Fiscal Year Ended

Part I Certification

We certify that the following schedules properly present the financial operations of the above named entity and fiscal year.

Board Chairperson

Date

Phone Number

Email Address

Budget Officer

Date

Phone Number

Email Address

One original copy of this financial report must be kept by the entity at its offices and available for public inspection. A copy must be submitted to the Office of the Utah State Auditor no later than six (6) months after the end of the fiscal year. Forms may be submitted electronically to sao@utah.gov or mailed to:

Utah State Auditor's Office
Utah State Capitol Complex E310
PO Box 142310
Salt Lake City, Utah 84114

Financial Report

For Governmental Entities with Revenues or Expenditures Less than \$100,000

Form: DF-FS-1-2010

Part II Balance Sheet

Name Select Name

Fiscal Year Ended

	(a)	(b)	(c)	(d)	(e)
	General Fund	Other Governmental Funds (Capital Projects, Debt Service, Special Revenue, & Permanent)	Capital Assets and Long Term Debt	Enterprise Fund	
Assets					
1.1 Cash and cash equivalents					
1.2 Investments					
1.3 Receivables					
1.4 Capital Assets					
1.5 Land					
1.6 Buildings					
1.7 Improvements other than buildings					
1.8 Equipment					
1.9 Less Accumulated Depreciation					
1.10 Other (Specify):					
1.11					
Total Assets	0	0	0	0	0
Liabilities					
2.1 Accounts Payable					
2.2 Interest Payable					
2.3 Other (Specify):					
2.4					
Total Liabilities	0	0	0	0	0
Fund Balance / Net Assets					
3.1 Nonspendable					
3.2 Restricted					
3.3 Committed					
3.4 Assigned					
3.5 Unassigned					
Ending Fund Balance / Net Assets	0	0	0	0	0
Total Liabilities & Fund Balance / Net Assets	0	0	0	0	0

Part III Statement of Revenues, Expenditures / Expenses and Changes in Fund Balance / Equity

	General Fund		Other Governmental Funds (Capital Projects, Debt Service, Special Revenue, & Permanent)		Enterprise Fund
	Budget (b)	Actual (c)	Budget (d)	Actual (e)	
(a)					(f)
Revenues					
1.1 Taxes: Property Tax					
1.2 Other:					
1.3 Fee in Lieu of Taxes					
1.4 Charges for Services					
1.5 Interest Income					
1.6 Transfers from Other Funds					
1.7 Other (Specify):					
1.8					
1.9					
1.10					
Total Revenues	0	0	0	0	0
Expenditures / Expenses					
2.1 Salaries and Benefits					
2.2 Other Operating Expenses					
2.3 Capital Outlay					
2.4 Depreciation					
2.5 Transfers to Other Funds					
2.6 Other (Specify):					
2.7					
2.8					
Total Expenditures / Expenses	0	0	0	0	0
Net Income / (Loss)	0	0	0	0	0
Beginning Fund Balance / Net Assets					
Ending Fund Balance / Net Assets	0	0	0	0	0

Financial Report Instructions

Basic Form Instructions

Detailed Instructions for Financial Report for Governmental Entities with Revenues or Expenditures less than \$100,000.

1. Both the "Balance Sheet" and the "Statement of Revenues, Expenses, and Changes in Fund Balance" must be filled out.
2. Fill in only the column(s) that apply to your organization (e.g. "General Fund" or "Enterprise Fund"). No amounts should be entered where there are no lines.
3. **BALANCE SHEET**
 - a. The amount on the "Total Assets" line minus the amount on the "Total Liabilities" line equals the "Ending Fund Balance" of your entity. If any part, or all, of your fund balance is restricted, committed or assigned, that part, or all, should be shown on the corresponding line.
 - b. The amount on the "Total Assets" line must equal the amount on the "Total Liabilities & Fund Balance" line.
 - c. The amount on the "Ending Fund Balance" line must equal the amount shown on the "Ending Fund Balance" line of the "statement of Revenues, Expenses, and Changes in Fund Balance."
4. **STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE**
 - a. Budget amounts must be filled in if a "Budget" column is shown for the fund.
 - b. The amount on the "Total Revenues" line less the amount on the "Total Expenses" line is the amount to be entered on the "Net Income / (Loss)" line.
 - c. The amount on the "Income / (Loss) line and the amount on the "Beginning Fund Balance" lines are added to arrive at the amount on the "Ending Fund Balance" line. The amount on the "Ending Fund Balance" line must equal the amount on the "Ending Fund Balance" line of the "Balance Sheet."
5. A copy of the financial report must be sent to our office within 6 months after your district's year end. Forms may be sent electronically to sao@utah.gov or mailed to:

Utah State Auditor's Office
PO Box 142310
Salt Lake City, UT 84114-2310

IF YOU HAVE ANY QUESTIONS, PLEASE CALL:
Ryan Roberts at (801) 671-5808
You may call toll free by calling 1 (800) 622-1243
Or e-mail at ryanroberts@utah.gov

The financial reporting forms for smaller governmental entities were designed to be as simple as possible but still provide the information necessary to accurately report the financial activity and condition of the entity. These instructions are provided to assist you in preparing the required financial reports.

The report forms may be used by an entity if neither revenues nor expenditures exceed \$100,000. This limit is applied to the total of all funds reported. Revenues, in this case, would include bond proceeds, etc.

The Entity must first determine the appropriate fund category to use. Most smaller entities will use a general fund and in some cases an enterprise fund. Generally, the majority of revenue received by the entity is property taxes, which should be reported in a general fund. However, in many instances an entity will have a utility (water, sewer, electricity, etc.) where the major revenue source is charges for services or user fees. The financial information for utilities should be reported in an enterprise fund.

Other fund types may be used as necessary. For example, the debt service fund is used to report the accumulation of funds for, and the payment of, general long-term debt principle and interest. Also, the capital projects fund is used to account for funds to be used for the purchase or construction of capital facilities. These funds should only be used for governmental fund activity. Debt service and construction costs for an enterprise fund (proprietary fund type) activity should be reported in the enterprise fund.

All capital assets (land, buildings, machinery and equipment) related to the general fund and other governmental funds should be reported in the Capital Assets and Long Term Debt column. All capital assets related to an enterprise fund such as a utility should be reported in the enterprise fund.

All long-term debt related to the general fund and other governmental funds should also be reported in the Capital Asset and Long Term Debt column. As with capital assets, long-term debt related to an enterprise fund should be reported in the enterprise fund.

The cemetery perpetual care permanent fund (other governmental funds) is used by cemeteries to account for the assets and activity of a perpetual trust fund. In this case, use the general fund for operations financed from property taxes and the cemetery perpetual care permanent fund for reporting the assets and other transactions related to the perpetual care fund.

Following are line by line instructions for completing the financial reports.

BALANCE SHEET

(Note: All Utah towns have a general fund and transact most of the town's business within the general fund. If there is a need for other governmental fund types such as a special revenue, debt service, capital project or permanent fund, they can be combined and presented in the next column provided for these funds.

CASH AND CASH EQUIVALENTS: This line should include all ready cash amounts; including, petty cash, checking accounts, and savings accounts held on the reporting date. Use the book (check register) balance and not the bank statement balance. (The reporting date is usually December 31 or June 30.)

INVESTMENTS: This line includes all amounts invested in securities including certificates of deposit, repurchase agreements, amounts invested in the Public Treasurers' Pool, etc.

RECEIVABLES: These are amounts owed to the unit by other individuals or entities on the reporting date.

LAND: Record on this line the value of all land owned by the Entity which is used for governmental fund purposes. (All land used for business type activities should be reported in the enterprise fund column.) Use historical records to determine its value at purchase. If such records are not available, use the best estimate of its value when it was purchased or deeded to the Entity.

BUILDINGS: Record on this line the value of all buildings owned by the Entity which are being used for governmental fund purposes. (All buildings used for business-type activities should be reported in the enterprise fund column.) Use historical records to determine its value at purchase. If such records are not available, use the best estimate of its value when it was purchased or deeded to the Entity.

IMPROVEMENTS OTHER THAN BUILDINGS: Record the value of improvements made to facilities which are not classified as buildings or equipment used for or owned by governmental funds. (All improvements other than buildings used for business-type activities should be reported in the enterprise fund column.)

EQUIPMENT: Record on this line the value of all equipment owned by the Entity which is used for governmental fund purposes. (All machinery and equipment used for business-type activities should be reported in the enterprise fund column.) Use historical records to determine its value at purchase. If such records are not available, use the best estimate of its value when it was purchased or deeded to the Entity.

ACCUMULATED DEPRECIATION: This line is used to record the sum of all depreciation recorded for buildings, improvements other than buildings, and equipment of the enterprise fund.

OTHER: Any other asset categories such as "due from other funds."

TOTAL ASSETS: This is the total of lines 1.1 thru 1.11.

ACCOUNTS PAYABLE: These are amounts owed by the unit to other individuals or entities on the reporting date.

INTEREST PAYABLE: This line is for recording interest amounts owed by the general fund on debt other than long-term debt.

OTHER: Liabilities not recorded as an account or interest payable.

TOTAL LIABILITIES: This is the total of lines 2.1 thru 2.4.

NONSPENDABLE – Use this line to identify fund balance amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory & pre-paid amounts) or (b) legally or contractually required to be maintained intact.

RESTRICTED – Use this line to identify fund balance amounts where the 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.

COMMITTED – Use this line to identify fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority.

ASSIGNED – Use this line to identify fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

UNASSIGNED – Use this line to identify residual fund balance amounts in the general fund.

ENDING FUND BALANCE / NET ASSETS: This is the total of lines 3.1 thru 3.5. This line must equal the "Ending Fund Balance/ Net Assets" line on the Statement of Revenues, Expenditures and Changes in Fund Balances for the same fund.

TOTAL LIABILITIES & FUND BALANCE: This is the sum of Total Liabilities and Total Fund Balance / Net Assets.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

The same fund types should be used on the statement of revenues, expenditures, and changes in fund balances as on the balance sheet. Also, this statement requires both budget information and actual revenues and expenditures for most funds. The explanations given for each line apply for all funds and for budget amounts as well. Financial reports cannot be accepted without the budget information.

PROPERTY TAX: Report on this line all property taxes collected for the Entity by the county during the fiscal year. You may need to contact the county treasurer for assistance on determining the correct amount to put on this line.

OTHER TAXES: This line may be used for any other taxes received by the Entity.

FEE IN LIEU OF TAXES: This line should include fees in lieu of taxes received by the entity during the year. This line should include delinquent fees in lieu of taxes actually received.

CHARGES FOR SERVICES : This line item is used to report all revenues received from charges for services including water or sewer services, etc., or user fees.

INTEREST INCOME: This line should include all interest actually received or credited to the entity from its deposits or investments.

TRANSFERS FROM OTHER FUNDS: This line should include money that is transferred from another fund such as the General Fund, Capitol Projects Fund etc.

OTHER: Any other revenues not described above should be recorded on this line with a description of the source of the revenue.

TOTAL REVENUE: This is the total of lines 1.1 thru 1.10.

EXPENDITURES: Expenditures should be classified by function or department. If none of the specific categories seems to fit your type of Entity, break out the expenditures into salaries and benefits and other operating expenses.

SALARIES AND BENEFITS: This line should record any salaries or benefits paid to employees.

OTHER OPERATING EXPENSES: This line should record operating expenses such as materials purchased for maintenance and repairs, office supplies, etc.

CAPTIAL OUTLAY: This line should record the purchase or construction of a Capital Asset in a governmental fund (General Fund or Special Revenue Fund)

DEPRECIATION EXPENSE: This line should record the current year's depreciation expense for buildings, improvements other than buildings and equipment reported in the enterprise fund.

TRANSFERS TO OTHER FUNDS: This line should include money that is transferred to another fund such as the General Fund, Capitol Projects Fund etc.

OTHER: Any other expenses not described above should be recorded on this line with a description of the expense.

TOTAL EXPENDITURES/EXPENSES: This is the total of lines 2.1 thru 2.8.

INCOME OR (LOSS): This is total revenues minus total expenditures.

BEGINNING FUND BALANCE/NET ASSETS: This is the fund balance at the beginning of the fiscal year. It can be obtained from the previous year's balance sheet account "Ending Fund Balance". For very small entities that have only a checking and/or savings account and no other assets or liabilities, it will be the balance in the checking and/or savings account on the first day of the fiscal year.

ENDING FUND BALANCE/NET ASSETS: This line is the total of Net Income and Beginning Fund Balance / Net Assets. This line must equal the "Ending Fund Balance" line for the same fund on the balance sheet.

**APPENDIX C – SAMPLE UT-6 OR SURVEY OF LOCAL GOVERNMENT
FINANCES FORM**

F-32(UT-6)

FORM **F-65(UT-6) DC**

SURVEY OF LOCAL GOVERNMENT FINANCES SPECIAL DISTRICTS WITH LESS THAN \$100,000 REVENUE AND EXPENDITURES

Fiscal Year Ended

Name Select Name

Address 1

Address 2

City, State, Zip

UT

(Please correct any error in name, address, and ZIP Code)

IMPORTANT

Please provide data for your fiscal year that ends between July 1 and June 30.
Mark (X) in the box which applies to you.

- December 31
- June 30
- Other

**Include this form with audit report/
financial statement submitted to:**

**UTAH STATE AUDITOR
UTAH STATE CAPITOL COMPLEX
EAST OFFICE BUILDING, SUITE E310
PO BOX 142310
SALT LAKE CITY, UT 84114-2310**

BASIC INSTRUCTIONS AND SUGGESTIONS

Before filling out this form, please read carefully each part and all related definitions and instructions.

1. This form is for agencies with total annual revenue AND expenditures each less than \$100,000. If your agency does not meet this criterion, please contact the State Auditor's office to obtain the correct form.

Note especially –

2. Please report amounts covering all funds and accounts of your district except for any employee-retirement fund(s) administered by your district. Include bond redemption and interest funds, and construction or development funds, as well as current funds.

3. As this form is used for various kinds of districts, some of the items may not apply to your district. However, read carefully the definition of each item to determine whether it applies to any of your district's transactions.

If you have questions about the form, call or write –

**Ryan Roberts
Office of the State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
PO Box 142310
Salt Lake City, UT 84114-2310
(801) 671-5808 or 1-800-622-1243
ryanroberts@utah.gov**

Part I	REVENUE	Amount Omit cents
		ZAA
		\$
A. Current charges	– Include fees for services, such as grave opening and closing.	T01
B. Property taxes	– Total amount you received (including current and delinquent amounts, penalties and interest) from taxes you levied on property, assessed by value.	T01
C. Fee-in-lieu of taxes	– Report the fee-in-lieu of ad valorem property taxes that is levied on motor vehicles, watercraft, recreational vehicles and all other tangible personal property required to be registered with the state before it is used on a public highway, on a public waterway, on public land, or in the air.	U20
D. Interest earnings	– Interest received on all deposits and investment holdings of your district, excluding only earnings of any employee pension fund. Include interest earned on construction funds.	
E. Any other revenue	– Specify \mathcal{Z}	
	1. Fines and forfeits	U30
	2. Rents	U40
	3. Royalties	U41
	4. Private donations	U50
	5. Miscellaneous other revenue	U99
TOTAL (Sum of items E1–E5 above)		
TOTAL REVENUE (Sum of items A–E Above)		\$

PLEASE CONTINUE ON PAGE 2

Part II EXPENDITURES		Amount Omit cents	
A. All other expenditures for general maintenance and operations, such as maintaining a cemetery.		Z00	
1. Salaries and wages – Total paid to all officers and employees, including regular, temporary, full-time and part-time personnel.		\$	
2. Other expenditures – Includes supplies (gasoline, postage stamps, paper, phone bills, etc.)			
3. Sum of items 1 and 2		ZEE	
B. Expenditure for construction – Include major repairs and alterations.		ZFF	
C. Purchase of land, equipment, and existing structures		ZGG	
D. Interest on debt – Interest paid on all debt. <i>(Principal payments are reported in Part III, A.3.)</i>		ZKK	
E. Payments to other governments – Reimbursement for service received.		ZMM	
TOTAL EXPENDITURES (Sum of items A-E above)		\$	
Part III DEBT OUTSTANDING		Amount Omit cents	
A. LONG-TERM DEBT – Original term more than one year		19U	
1. Debt outstanding at the beginning of the year		\$	
2. Debt issued during the year		29U	
3. Debt retired during the year (principal repaid)		39U	
4. Debt outstanding at end of year (1 + 2 - 3)		49U	
B. SHORT-TERM DEBT – Term less than one year		61V	
1. Amount outstanding at the beginning of the year			
2. Amount outstanding at the end of year		64V	
Part IV CASH AND INVESTMENTS AT END OF YEAR		Amount Omit cents	
Report the total amount of cash on hand and on deposit, as well as all investments in securities. DO NOT INCLUDE EMPLOYEE RETIREMENT FUNDS.		W61	
		\$	
Remarks			
Part V DATA SUPPLIED BY			
Name		Telephone Number	
Title		Date	
Census Use Only	BEG	REV	EXP
	END	REP	DIFF
			V98

APPENDIX D – SAMPLE DEPOSIT AND INVESTMENT FORM

APPENDIX E – SAMPLE PURCHASING POLICY

Sample Purchasing Policy

Authority to Purchase

The governing board shall approve all expenditures of the district. No individual may make purchases on behalf of the district unless they have been duly authorized by the governing board and designated as a purchasing agent. No purchase greater than \$2,000 may be made without obtaining prior approval from the governing board.

Purchasing Agent

The governing board may authorize a purchasing agent to make routine purchases for items such as payroll checks, if the checks are prepared in accordance with a schedule approved by the board, and routine expenditures, such as utility bills, payroll-related expenses, supplies and materials. All expenditures made by the purchasing agent will be reviewed and approved by the governing board subsequent to the purchase.

The purchasing agent may not have accounting or bookkeeping responsibilities or have access to the accounting records.

Prior Authorization

Prior authorization by the governing board is required for all purchases that exceed \$2,000 and for all purchase not considered payroll or routine as noted above.

Purchasing Procedure

No purchase may be artificially divided to circumvent procedures noted below.

Purchases up to \$500 – The purchaser may select the best source without seeking competitive quotes.

Purchases from \$501 to \$2,000 – Obtain price quotes from at least two vendors. Price quotes must be obtained by phone, FAX, or letter from a representative of an established, viable vendor and documented on a quote sheet.

Purchases from \$2,001 to \$50,000 – Obtain written price quotes from at least three vendors. Price quotes must be written proposals from a representative of an established, viable vendor who is a properly licensed to complete the work.

Purchases greater than \$50,000 – Purchases greater than \$50,000 are subject to competitive sealed bidding. The purchasing agent may contact potential vendors seeking requests for proposals; however, a request for proposals will also be publicly advertised in at least one newspaper of general circulation in the area.

Sole Source Procurement

If at least two quotes cannot be obtained, the purchase is considered a sole-source purchase. Sole-source purchases require prior governing board approval and if the service is on-going, the service must be re-approved by the governing board annually.

Open Charge Accounts

All open charge accounts must be re-approved by the governing board annually.

Emergency Purchases

An emergency condition is a situation which creates a threat to public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failures, or such other reason as may be determined by the governing board. The existence of such condition creates an immediate and serious need for supplies, services, or construction that cannot be met through normal procurement methods.

Emergency procurement shall be limited to only those supplies, services or construction items necessary to meet the emergency.

When an emergency arises, the purchaser should seek competitive procurement as practical; however, competitive procurement procedures may be omitted. The person responsible for making an emergency procurement shall make a written determination stating the basis for an emergency procurement and for the selection of the particular supplier.

Acceptance of Proposals

Award must be made to the vendor submitting the lowest quote meeting the minimum reasonable specifications and delivery date.

Non-Compliance

Individuals who do not comply with provisions of this policy will be subject to withdrawal of the authority to make purchases.

Quote Sheet

Product or Service Requested: (Include specific project requirements such as required completion date etc.)

Vendor #1

Company Name: _____

Person Contacted: _____ Date Contacted: _____

Method of Contact: Phone, E-mail, In person, Other: _____

Contact Information – Phone: _____; Address: _____

Amount Quoted: (Or attach vendors written proposal or bid) _____

Vendor #2

Company Name: _____

Person Contacted: _____ Date Contacted: _____

Method of Contact: Phone, E-mail, In person, Other: _____

Contact Information – Phone: _____; Address: _____

Amount Quoted: (Or attach vendors written proposal or bid) _____

APPENDIX F – SAMPLE GRAMA REQUEST & DENIAL FORMS

UTAH GOVERNMENT RECORDS REQUEST FORM

TO: _____
(Name of government office holding the records and/or name of agency contact person.)

Address of government office: _____

Description of records sought (records must be described with reasonable specificity):

- I would like to inspect (view) the records.
- I would like to receive a copy of the records. I understand that I may be responsible for fees associated with copying charges or research charges as permitted by UCA 63G-2-203. I authorize costs of up to \$ _____.
- UCA 63G-2-203 (4) encourages agencies to fulfill a records request without charge. Based on UCA 63G-2-203 (4), I am requesting a waiver of copy costs because:
 - releasing the record primarily benefits the public rather than a person. Please explain:

- I am the subject of the record.
- I am the authorized representative of the subject of the record.
- My legal rights are directly affected by the record and I am impoverished.
(Please attach information supporting your request for a waiver of the fees.)

If the requested records are not public, please explain why you believe you are entitled to access.

- I am the subject of the record.
- I am the person who provided the information.
- I am authorized to have access by the subject of the record or by the person who submitted the information. Documentation required by UCA 63G-2-202, is attached.
- Other. Please explain:

- I am requesting expedited response as permitted by UCA 63G-2-204 (3)(b). (Please attach information that shows your status as a member of the media and a statement that the records are required for a story for broadcast or publication; or other information that demonstrates that you are entitled to expedited response.)

Requester's Name: _____

Mailing Address: _____

Daytime telephone number: _____ **Date:** _____

Signature: _____

NOTICE OF DENIAL

DATE: _____

TO: _____

ADDRESS: _____

Your request received on _____ for the following records or portion of records has been denied:

These records have been classified as (provide the exact citation):

Private in accordance with UCA 63G-2-302 _____

Controlled in accordance with UCA 63G-2-304 _____

Protected in accordance with UCA 63G-2-305 _____

These records are exempt from disclosure by the following:

Court order: _____

Statute: _____

You have the right to appeal the denial to the chief administrative officer (UCA 63G-2-205(2)(c) (2008)). A notice of appeal must be submitted within 30 days. Your notice of appeal must include your name, mailing address, a daytime telephone number, and explanation of what relief you are seeking. You may also include any supporting information with your notice of appeal. The notice of appeal should be sent to:

Chief Administrative Officer: _____

Address: _____

Name of Person denying the request: _____

Title of person denying the request: _____