



**INDEPENDENT ACCOUNTANT’S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Town of Apple Valley
1777 North Meadowlark Drive
Apple Valley, UT 84737

In accordance with *Utah Code* 51-2a-201, we have performed the procedures enumerated below, which were agreed to by John Barlow of Town of Apple Valley and the Office of the Utah State Auditor, related to the Town’s Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements for the period July 1, 2020 to June 30, 2021.

The Town’s management is responsible for its Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the AIPCA and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The procedures that we performed and our findings are summarized as follows:

PROCEDURES	RESULT
LARGE FINANCIAL SURVEY	
GENERAL	
1. We obtained a copy of the entity’s Large Financial Survey which was completed by the entity.	No exceptions were noted.
2. We agreed amounts reported on the Online Financial Survey to the entity’s general ledger.	No exceptions were noted.
REVENUES	
3. We compared each revenue account on the Online Financial Survey to the corresponding prior period amounts. For changes greater than 5% of total revenues and 10% of the individual line item from the prior year, we inquired of management and reviewed applicable supporting documentation and determined whether the entity’s explanation for the change was in accordance with the entity’s policies and procedures, GAAP, and State and/or Federal policies as applicable.	We noted no exceptions as a result of these procedures.

PROCEDURES	RESULT
<p>DISBURSEMENTS</p> <p>4. We compared each expense account on the Online Financial Survey to the corresponding prior period amounts. For changes greater than 5% of total expenses and 10% of the individual line item from the prior year, we inquired of management and reviewed applicable supporting documentation to determine whether the entity's explanation for the change was in accordance with the entity's policies and procedures, GAAP, and State and/or federal policies as applicable.</p>	<p>We noted no exceptions as a result of these procedures.</p>
ACCOUNTING RECORDS	
<p>GENERAL</p> <p>5. We inquired with those charged with governance, the chief administrative officer, and the chief financial officer (as designated in UCA 11-50-202) of any instances of fraud, illegal acts, or noncompliance.</p>	<p>We noted no exceptions as a result of these procedures.</p>
<p>DISBURSEMENTS</p> <p>6. We determined whether financial reports were prepared monthly or quarterly as required, and reviewed by the governing body. We selected one financial report and (1) scanned the general ledger and determined that all funds were included in the report, and (2) agreed the lesser of 10% or 15 line items from the report to the general ledger.</p>	<p>We noted that 5 of the 11 selected accounts did not agree to the GL.</p>
<p>7. We inquired with the chief administrative officer and the chief financial officer whether there were disbursements to related parties. We also scanned disbursement records for disbursements to related parties and determined who has credit cards or purchasing cards issued by the entity. We selected the lesser of 25 disbursements or 10% of disbursements ensuring that the selection includes disbursements to related parties as well as credit card or purchase card disbursements made by members of the governing body and executive level of management.</p> <p>For each transaction selected, we determined the whether the disbursement:</p> <p>a. Was consistent with the entity's purpose.</p>	<p>Twelve disbursements selected did not have supporting documentation.</p>
<p>b. Agreed to the receipt or invoice supporting the amount and payee.</p>	<p>Twelve disbursements selected did not have supporting documentation.</p>
<p>c. Was authorized consistent with the entity's policies and procedures.</p>	<p>Twelve disbursements selected did not have supporting documentation.</p>
<p>d. Was in compliance with the entity's purchasing policy (bids, quotes, etc.).</p>	<p>Twelve disbursements selected did not have supporting documentation.</p>

PROCEDURES	RESULT
e. Was classified and recorded in accordance with the entity's chart of accounts and policies and procedures, GAAP, and State/Federal policies as applicable.	We noted no exceptions as a result of these procedures
8. For each credit or purchasing card used, we selected one month during the period and determined whether card purchases were reconciled to receipts monthly by someone other than the card holder.	We determined that purchasing card purchases were not being reconciled to receipts monthly.
9. Through inquiry with management and scanning receipt records, we determined what restricted revenue was received by the entity and selected the lesser of 10% or 5 disbursements from restricted funds and determined whether the disbursements were in compliance with restrictions placed on the funds.	We were unable to determine if selected disbursements were in compliance, as three of the five purchases selected did not have supporting invoices.
<p>CASH</p> <p>10. For each depository account, we obtained the year-end bank reconciliation and one additional month's bank reconciliation and performed the following:</p> <p>a. Traced the bank balance on the reconciliation to the balance per the bank statement.</p> <p>b. Traced the reconciled book balance to the general ledger and the amount reported on the Online Financial Survey.</p> <p>c. Tested the clerical accuracy of the reconciliation.</p> <p>d. For reconciling items greater than 5% of annual revenues, inquired of management and reviewed applicable supporting documentation to determine that the items were consistent with the entity's policies and procedures, GAAP, and State/Federal policies. Traced the lesser of 10% or five reconciling items to a subsequent bank statement.</p> <p>e. Traced the lesser of 10% or five deposit transactions and 10% or five disbursement transactions to the general ledger.</p> <p>11. For each depository bank reconciliation selected above, through inquiry of management and review of the reconciliation, we determined whether the bank reconciliation was performed by someone who does not have access to receipts or disbursements. If the individual did have access to receipts or disbursements, we determined whether a separate individual reviewed the completed bank reconciliation.</p>	<p>We noted no exceptions as a result of these procedures</p> <p>We noted no exceptions as a result of these procedures</p> <p>We noted no exceptions as a result of these procedures</p> <p>We noted no exceptions as a result of these procedures.</p> <p>We noted no exceptions as a result of these procedures.</p> <p>We noted no exceptions as a result of these procedures.</p>

PROCEDURES	RESULT
<p>MEETINGS</p> <p>12. We reviewed the governing board’s meeting minutes for the period applicable to the engagement through the date of the engagement. For all financial transactions discussed in the minutes exceeding 5% of total revenues, and a sample of the lesser of 10% or 3 less-significant financial transactions discussed, we traced the transactions to the entity’s accounting records and determined whether the transactions were recorded and reported in accordance with the entity’s policies and procedures, GAAP, and State and/or Federal policies, as applicable.</p>	<p>We noted no exceptions as a result of these procedures.</p>
<p>COMPLIANCE</p>	
<p>MEETINGS</p> <p>13. We selected and obtained the agenda and meeting minutes for two public meetings held during the engagement year and performed the following:</p>	<p>We noted no exceptions as a result of these procedures.</p>
<p>a. Determined if the entity gave proper notice of the meeting at least 24 hours before each meeting by posting the notice on the Utah Public Notice website.</p>	<p>We noted no exceptions as a result of these procedures.</p>
<p>b. Determined if the agenda was reasonably specific to enable lay persons to understand the topics to be discussed.</p>	<p>We noted no exceptions as a result of these procedures.</p>
<p>c. Determined if the public body took any final actions on a topic in the meeting that was not listed under an agenda item.</p>	<p>We noted no exceptions as a result of these procedures.</p>
<p>d. We determined whether the minutes were posted to the Utah Public Notice Website within three days of the minutes being approved. (Exceptions: Charter schools are required only to <u>make the meeting minutes available</u> to the public within three days of being approved.)</p>	<p>The sampled meeting minutes were not posted online within three days of being approved.</p>
<p>e. If a portion of the meeting was closed to the public, determined that 1) before the meeting was closed, the reason for holding the closed meeting was documented in the meeting minutes and a roll call vote was taken, 2) the reason for closing the meeting was permitted under UCA 52-4-205, and 3) an audio recording of the closed meeting was made, or in the case of meetings closed to discuss Section 52-4-205(1)(a)(i)(f) or (2), the presiding person had executed a sworn statement that the sole purpose of the closed meeting was to discuss those issued.</p>	<p>We noted no exceptions as a result of these procedures.</p>
<p>BUDGET</p> <p>14. We determined if a budget was approved before the start of the budget year and if the budget presented to the public and governing body contained the required financial information.</p>	<p>We noted no exceptions as a result of these procedures.</p>

PROCEDURES	RESULT
15. We determined if the entity provided the required 7-day notice for its original and final budget adoption hearing.	We noted no exceptions as a result of these procedures.
16. We examined the entity's records and financial reports and determined whether the total expenditures by department stayed within the amounts appropriated in the final adopted budget.	Total General Department, Fire Department, and Parks and Recreation expenditures were over budget.
FUND BALANCES	
17. Deficit Fund Balances: For any fund that had a deficit fund balance in the year under audit, we determined whether the entity included in the subsequent budget year an appropriation to retire the deficit of an amount equal to or greater than 5% of the fund's total actual revenue of the year under audit.	We noted no exceptions as a result of these procedures.
18. General Fund Balance Limitations: [Municipalities:] We determined whether the entity's unrestricted (committed, assigned, and unassigned) general fund balance did not exceed 25% for cities or 75% for towns of the total revenue of the general fund for the engagement year.	We noted no exceptions as a result of these procedures.
TRAINING	
19. Through inquiry with officials of the entity and observation of meeting agendas, certificates or other relevant evidence, we determined whether the following training had occurred as applicable: a. Annual training on the requirements of the Open and Public Meetings Act.	We noted no indication that the board had completed the annual training of the Open and Public Meetings Act.
b. Annual online training by the entity's designated records officer on the requirements of GRAMA.	We noted no exceptions as a result of these procedures.
GRAMA (GOVERNMENT RECORDS ACCESS MANAGEMENT ACT)	
20. We verified that the entity has adopted a uniform fee structure.	We noted no exceptions as a result of these procedures.
21. Fraud Risk Assessment We reviewed the entity Fraud Risk Assessment and verified that it was signed by the appropriate officers and discussed by the governing body as represented in the minutes.	We noted no exceptions as a result of these procedures.
22. PUBLIC TREASURER'S BOND	
We determined whether the Treasurer was bonded in accordance with Money Management Council Rule R628-4-4.	We noted no exceptions as a result of these procedures.

PROCEDURES	RESULT
<p>23. Government Fees</p> <p>We determined that Government Fees collected by the entity were approved, tracked and reasonable according to the prescribed criteria</p>	<p>We noted no exceptions as a result of these procedures.</p>

We were not engaged to and did not conduct an examination or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on the Town of Apple Valley's Financial Survey, accounting records, or compliance with applicable state laws, rules, and requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. We were independent of Apple Valley and met our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

In accordance with Government Auditing Standards, we are required to report significant deficiencies, material weaknesses, instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that come to our attention during our agreed-upon procedures that warrant the attention of those charged with governance. Our agreed-upon procedures disclosed the following matters that warrant the attention of the Town of Apple Valley's officials:

- We noted that five of the eleven selected accounts did not agree to the GL for the time period selected.
- We noted multiple invoices did not have supporting documentation.
- We noted that purchasing card purchases were not being reconciled to receipts monthly.
- We were unable to determine if selected restricted disbursements were in compliance, as three of the five purchases selected did not have supporting invoices.
- The sampled meeting minutes were not posted online within three days of being approved.
- Total General Department, Fire Department, and Parks and Recreation expenditures were over budget.
- We noted that there was no support indicating the board had completed the annual training of the Open and Public Meetings Act.

The purpose of this report is solely to describe the scope of our testing of Town of Apple Valley's Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements and the results of that testing, and not to provide an opinion or conclusion on the Financial Survey, the accounting records, or compliance with applicable state laws, rules, and requirements. Accordingly, this communication is not suitable for any other purpose.

Hinton Burdick, PLLC

HintonBurdick, PLLC
 St. George, UT
 December 28, 2021





Mayor Dina Mason Walters
Council Members: Kevin Sair, Robin Whitmore, Andy McGinnis

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January 5, 2022

HintonBurdick CPAs & ADVISORS
PO Box 38
St. George, UT 84770

RE: Response to Findings and Recommendations, FY2021 Audit

Dear HintonBurdick,

Our response to the findings and recommendations of the FY2021 audit are as follows:

As of January 3, 2022, a new administration has been sworn in and does not have the knowledge of past actions of the previous administration. The responses will be geared to what actions this new administration will take from this date forward, of which we can only be responsible for.

Disbursements

Finding: We noted that five of the eleven selected accounts did not agree to the GL for the time period selected.

Management Response: A qualified accountant has been put in place to monitor and review transactions and accounting procedures beginning January 4, 2022. This issue should resolve beginning with this date forward.

Disbursements

Finding: We noted that twelve of the 25 selected invoices did not have supporting documentation.

Management Response: A new treasurer has been appointed as of January 3, 2022. This person will receive the proper training to perform the necessary responsibilities to ensure accuracy and procedure correctness. Along with the oversight of the accountant, this issue should resolve. From this point (January 3, 2022) forward, no checks will be approved by Town Council or signed without supporting documentation.

Disbursements

Finding: We noted that purchasing card purchases were not being reconciled to receipts monthly.

Management Response: With the oversight of the accountant, accounting procedures and training will be put in place to ensure proper reconciliation of debit and credit cards. As an additional control, the treasurer will be responsible to review the reconciliation of the card statements on a monthly basis. Employees with purchasing privileges with cards will be required to produce receipts. Non-compliance will result in card privileges being suspended.

Disbursements

Finding: We were unable to determine if selected restricted disbursements were in compliance, as three of the five purchases selected did not have supporting invoices.

Management Response: A new treasurer has been appointed as of January 3, 2022. This person will receive the proper training to perform the necessary responsibilities to ensure accuracy and procedure correctness. Along with the oversight of the accountant, this issue should resolve. From this point (January 3, 2022) forward, no checks will be approved by Town Council or signed without supporting documentation. The purchasing policy will be reviewed by town council members and fully enforced.

Meetings

Finding: Of the two meetings sampled, neither meeting minutes were posted to the Utah Public Notice Website within three days of the meeting minutes being approved, as required.

Managements Response: The current recorder, who began employment in August 2021, has been training and will be taking the test in the month of January. This proper training should resolve this issue. To ensure all postings are completed, the mayor will receive notification of postings from the UPN website. A check-off sheet will be created for each step of the process of noticing a meeting with the mayor as the final review and approval.

Budget

Finding: Total General Department, Fire Department, and Parks and Recreation expenditures were over budget.

Managements Response: With the hiring of a qualified accountant with governmental accounting and budgeting experience, this issue should resolve. Other than the review of the budget by Town Council, budget spending will be monitored on a monthly basis by the treasurer, accountant, and mayor.

Training

Finding: We noted that there was no support indicating the board had completed the annual

training of the Open and Public Meetings Act

Managements Response: A system will be put in place to have calendar reminders and a master log of training. Copies will be placed in each council member's file. A review of requirements for each council member will be conducted by the mayor on an annual basis.

Regards,

A handwritten signature in black ink that reads "Mason Walters". The signature is written in a cursive style with a large initial 'M' and a long, sweeping underline.

Mason Walters
Mayor