



**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 Ben Billingsley 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, 2018 to June 30, 2019.

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 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                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <b>LARGE FINANCIAL SURVEY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                         |
| <b>GENERAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                         |
| 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.                               |
| <b>REVENUES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                         |
| 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><b>DISBURSEMENTS</b></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>                                                                                                                                                                                              |
| <p><b>ACCOUNTING RECORDS</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                             |
| <p><b>GENERAL</b></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><b>DISBURSEMENTS</b></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 no exceptions as a result of these procedures.</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>b. Agreed to the receipt or invoice supporting the amount and payee.</p> <p>c. Was authorized consistent with the entity's policies and procedures.</p> <p>d. Was in compliance with the entity's purchasing policy (bids, quotes, etc.).</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                                                                        |
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| 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.                                                                                                                                                                                                              | One item on the debit card statement sampled had no supporting documentation. |
| 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 noted no exceptions as a result of these procedures.                       |
| <b>CASH</b>                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                               |
| 10. For each depository account, we obtained the year-end bank reconciliation and one additional month's bank reconciliation and performed the following:<br><br>a. Traced the bank balance on the reconciliation to the balance per the bank statement.                                                                                                                                                          | We noted no exceptions as a result of these procedures                        |
| b. Traced the reconciled book balance to the general ledger and the amount reported on the Online Financial Survey.                                                                                                                                                                                                                                                                                               | We noted no exceptions as a result of these procedures                        |
| c. Tested the clerical accuracy of the reconciliation.                                                                                                                                                                                                                                                                                                                                                            | We noted no exceptions as a result of these procedures                        |
| 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.                                                                  | We noted no exceptions as a result of these procedures.                       |
| e. Traced the lesser of 10% or five deposit transactions and 10% or five disbursement transactions to the general ledger.                                                                                                                                                                                                                                                                                         | We noted no exceptions as a result of these procedures.                       |
| 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. | We noted no exceptions as a result of these procedures.                       |

| PROCEDURES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | RESULT                                                         |
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| <p><b>MEETINGS</b></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><b>COMPLIANCE</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                |
| <p><b>MEETINGS</b></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>We noted no exceptions as a result of these procedures.</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><b>BUDGET</b></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                                                  |
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| 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | We noted no exceptions as a result of these procedures. |
| <p><b>FUND BALANCES</b></p> <p>17. <b>Deficit Fund Balances:</b> 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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | We noted no exceptions as a result of these procedures. |
| <p>18. <b>General Fund Balance Limitations:</b></p> <p>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.</p> <p>Special and Local Service Districts and Interlocal Entities: We determined if the maximum unrestricted (committed, assigned, and unassigned) fund balance was restricted to the greater of:</p> <ol style="list-style-type: none"> <li>100% of the current year's property tax; or</li> <li>25% of the total general fund revenues, if the annual general fund budget is greater than \$100,000; or</li> <li>50% of the total general fund revenues, if the annual general fund budget is equal to or less than \$100,000.</li> </ol> | We noted no exceptions as a result of these procedures. |
| <p><b>TRAINING</b></p> <p>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:</p> <ol style="list-style-type: none"> <li>Annual training on the requirements of the Open and Public Meetings Act.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | We noted no exceptions as a result of these procedures. |
| <ol style="list-style-type: none"> <li>Annual online training by the entity's designated records officer on the requirements of GRAMA.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | We noted no exceptions as a result of these procedures. |
| <ol style="list-style-type: none"> <li>Local and Special Service Districts – At least once a term, members of a board of trustees of a local district attending training developed by the Office of the Utah State Auditor in cooperation with the Utah Association of Special Districts.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | We noted no exceptions as a result of these procedures. |
| <p><b>GRAMA (GOVERNMENT RECORDS ACCESS MANAGEMENT ACT)</b></p> <p>20. We verified that the entity has adopted a uniform fee structure.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | We noted no exceptions as a result of these procedures. |

| PROCEDURES                                                                                                                                                 | RESULT                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| <p><b>PUBLIC TREASURER'S BOND</b></p> <p>21. We determined whether the Treasurer was bonded in accordance with Money Management Council Rule R628-4-4.</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.

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 one item on the debit card statement sampled with no supporting documentation.

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.



HintonBurdick, PLLC  
 St. George, UT  
 December 20, 2019



January 8, 2019

HintonBurdick, PLLC  
63 South 300 East  
St. George, UT 84770

RE: Response to Agreed Upon Procedures Findings

### **Disbursements**

**Finding:** One item, (Car Wash) on the debit card statement sampled did not have supporting documentation.

**Management Response:** The Apple Valley Fire Department uses a local car wash to clean equipment. This vendor does not provide a receipt for the transaction. The standard procedure is for the Fire Chief to draft a note including the date, time, and equipment cleaned. This process was not completed on this transaction.

### **Disbursements**

**Finding:** One item, from the 25 sampled disbursements did not comply with the Town's purchase policy.

**Managements Response:** There were instances in Fiscal Year 2019 of purchases not made in accordance with the Town's purchasing policy. This was acknowledged and discussed in a Town Council meeting on September 18, 2019, which resulted in a formal appointment of a Purchasing Agent. All purchasers in the organization have been educated on the purchasing policy, and the Purchasing Agent will assure purchasing policies are adhered to.

Ben Billingsley  
Finance Director

## Instructions for Completing the Online Financial Survey

*This financial form is for use by entities with total revenues or expenses less than \$1,000,000.*

The entity must first **determine the appropriate fund categories 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 with the related expenditures.

The financial information for utilities should be reported in an enterprise fund. Listed below are descriptions of the fund types and their use. However, in many instances an entity will have a utility (water, sewer, electricity, etc.) where the major revenue source is user fees or charges for services.

### **Description of Fund Types:**

#### ***Governmental Funds:***

**General Fund:** Used to record all financial transactions except those required to be accounted for in another fund as described below.

**Capital Projects Fund:** To account for the accumulation of funds to be used for the purchase or construction of capital assets (land, buildings, machinery, and equipment) or construction projects related to the general fund and other governmental funds. However, funds for construction or capital assets related to an enterprise fund, such as a sewer, water, garbage fund, should be accounted for in the related enterprise fund and not in a capital project fund.

***The use of a capital project fund is optional.*** Capital project funding can also be appropriately reported in a general fund.

**Debt Service Fund:** To account for the accumulation of funds to be used for the payment of general long-term debt principal and interest related to the general fund and other governmental funds. However, funds used for debt related to an enterprise fund should be accounted for in the related enterprise fund and not in a debt service fund.

***The use of a debt service fund is optional unless legally mandated by entity statutes or bond holders.*** Debt service funding is also appropriately reported in a general fund.

**Special Revenue Fund:** Specific revenues received by the entity that are restricted or committed for purposes other than capital projects or debt services. Each specific restricted/committed revenue should be accounted for in a separate special revenue fund. ***The use of special revenue funds is optional.*** Restricted revenues can also be appropriately reported in a general fund.

**Permanent Trust Fund:** To account for funds that are restricted so that only earnings, and not principal, may be spent by the government, i.e. the funds are maintained only for the purpose of earning interest. An example of this type of fund would be a permanent trust fund used by a cemetery for perpetual care and maintenance. In this case, the general fund would be used to report the property taxes which finance the cemetery's operations, and the permanent trust fund would be used to report the assets (interest earnings, plot sales) and other transactions (payment for maintenance) related to the perpetual care of the cemetery.

#### ***Enterprise Funds:***

Used to account for activities operated by the entity for which a fee is charged to external users for goods or services (i.e. sewer, water, garbage, power, snow removal, etc.).



**This Excel workbook is composed of the following tabs:**

**"Balance Sheet"** – This schedule lists the assets, liabilities and, fund balances/net position of all fund types. Each fund type (general fund, capital projects, debt fund, water, sewer, etc.) is listed in a separate column. All municipalities should report at least a general fund. Most local and special service districts will NOT report any governmental funds, but instead will report using an enterprise fund.

**"Income Statement"** - This schedule lists the revenues and expenditures/expenses of all fund types.

**"Capital Assets for Gov Funds"** - since the governmental balance sheet noted above does not include capital asset reporting, this tab has been added to capture information relating the entity's acquisition, disposition, and depreciation of capital assets. Capital assets for enterprise funds should NOT be included here.

**"LT Debt for Gov Funds"** - since the governmental balance sheet noted above does not include long-term debt such as bonds, this tab has been added to capture information relating the entity's addition and reduction of debt. Debt related to enterprise fund activities should NOT be included here.

**DESCRIPTIONS FOR EACH LINE IN EACH SCHEDULE ARE DESCRIBED BELOW. FOR ALL LINE ITEMS MARKED "OTHER," PLEASE PROVIDE AN ACCURATE AND DETAILED DESCRIPTION OF THE ITEM.**

**Line Number Descriptions:**

**BALANCE SHEET / STATEMENT OF NET POSITION**

**HEADER LINES:**

- 1** Name of the organization or entity for which you are reporting.
- 2** The date of the reporting entity's fiscal year end (i.e. December 31, 20xx or June 30, 20xx).

**ASSETS:**

- 3** Funds deposited with a bank or financial institution, the State Treasurer in the Public Treasurers' Investment Fund (PTIF), and petty cash at the entity. Use the book balance (check register) and not the bank statement balance.
- 4** Investments that generate revenue in the form of interest or dividends. Examples include stocks, bonds, and mutual funds. PTIF accounts should NOT be included here.
- 5** Amounts owed to the entity by other individuals or nongovernmental entities. Amounts due from other governments should NOT be included here, but instead should be listed on line 7, Intergovernmental Receivable.
- 6** The uncollected portion of taxes that the reporting entity has levied which are due within one year. Only include amounts that are expected to be received. Amounts that are considered delinquent should not be included.
- 7** Amounts that are owed to the entity by other governments. These amounts may represent grants, entitlements, or shared revenues. Loans and charges for goods or services that the reporting entity has rendered to another government are also included in this amount.
- 8** On occasion, one fund may loan money to another fund to be paid back later, or provide services to another fund that the other fund is expected to pay for at a later date. When this occurs, the fund providing the money or services would record an amount "Due from Other Funds," while the fund receiving the money or services would record an amount "Due to Other Funds" (also see #12 below). When the financial report is complete, the TOTALS column for both the 'Due to' and 'Due from' other funds should be equal.
- 9** The value of goods held by the entity for re-sale. This may also include assets that the entity is holding with the intent to sell at a future date.
- 10** Include here only capital assets relating to enterprise funds. Capital assets relating to a general fund should instead be listed on the "Capital Assets for Gov Funds" tab.
- 11** – Land owned by the entity (see also #10 above).
- 12** – Buildings owned by the entity (see also #10 above).

- 13 – Permanent improvements that add value to land (see also #10 above). For example, fences, landscaping, parking lots, retaining walls, etc.
- 14 – Equipment owned by the entity (see also #10 above). Examples include machinery, tools, trucks, and furnishings.
- 15 – The cost of construction or development that has been started but is not yet complete (see also #10 above)
- 16 – The accumulation of depreciation expenses in the current and prior periods that represent the estimated cost of using buildings, improvements, and equipment over the useful lives of these items.
- 17 – Assets or resources that do not fall into one of the categories above. Descriptive account titles should be used for these items so that readers can understand the nature of the asset. Examples include patents, trademarks, copyrights, etc.

#### **LIABILITIES:**

- 18 Amounts owed to individuals or organizations for goods and services received by the entity but not yet paid for by the entity. This does NOT include payroll costs.
- 19 Payroll earned by employees but not yet paid to the employees.
- 20 Money loaned to other funds (see also #8 above). When a fund receives services or money from another fund, the fund needs to record a "Due to Other Funds." When the financial report is complete, the TOTALS column for both the 'Due To' and 'Due From' other funds should equal.
- 21 Revenue received by the entity, but not yet earned. For example, payments made to the entity in advance.
- 22 Interest costs owed by the entity, but not yet paid. Usually this relates to interest due on bonds.
- 23 Funds held on deposit that usually will be repaid. Example, utility fund account deposits made by customers as a prerequisite for receiving services.
- 24 Leases of capital assets that are similar to purchasing the assets because the present value of the payments almost equals the cost to buy the asset or the term of the lease is equivalent to the useful life of the asset
- 25 The portion of outstanding bonds due within 12 months of the end of the reporting year.
- 26 The amount of outstanding bonds due less the amount due within 12 months of the end of the reporting year.
- 27 Liabilities or accounts that do not fall into one of the categories above. Descriptive account titles should be used.

#### **DEFERRED INFLOWS:**

- 28 Tax Revenue that is earned but not available to spend within 60 days of the end of the reporting year. An example for a 6/30 year end entity would be property taxes levied/earned as of January 1, but not due to be received until November.

#### **FUND BALANCE / NET POSITION:**

- 29a Fund Balance/Net Position represents total assets less liabilities and deferred inflows of resources. This remainder balance is further classified into five categories – nonspendable, restricted, committed, assigned, or unassigned. Each category is defined below:
  - 29 Total capital assets less accumulated depreciation, less any debt related to the purchase of the capital assets.
  - 30 Fund balances that are legally required to be maintained and never spent (that is, they are maintained for the sole purpose of earning interest). An example would be the fund balance in the perpetual care permanent trust fund for a cemetery.
  - 31 Fund balances that have restrictions on how the funds can be spent. These restrictions must have been imposed by outside organizations such as creditors, grantors, contributors, or laws and regulations of other governments. An example restricted fund balance would be B&C road funding. Restrictions imposed by the entity itself for the use of the funds are NOT considered restricted and should be categorized as either committed or assigned as defined below.
  - 32 Fund balances that have been restricted for use by the entity through formal action of the governing body and cannot be used for any other purpose without a subsequent formal action of the body.
  - 33 Fund balances that have been set aside or earmarked by the entity for a particular purpose. This restriction could have been designated by management or the governing body. However, these funds can be used for other purposes without a formal action of the governing body.
  - 34 The remaining fund balance after subtracting Capital Assets, Net of Related Debt (line 29) nonspendable (line 30), restricted (line 31), committed (line 32), and assigned (line 33) funds from the total fund balance (assets-liab-deferred inflows).

### CHECK FOR ERRORS:

**35** This line is designed to help you identify potential problems or errors in your balance statement. *The amount of this line should equal zero after you have finished filling in all of the line items.*

**The following is a list of potential problems if this line item is positive:**

- An item(s) has been included in the asset section that does not pertain to that section.
- An incorrect amount has been typed in for an item(s) in the asset section. The amount has been overstated.
- An item(s) that should have been included in the liability, deferred inflows of resources, or fund balance section was not included.
- An incorrect amount has been typed in for an item(s) in the liability, deferred inflows of resources, or fund balance section. The amount has been understated.

**The following is a list of potential problems if this line item is negative:**

- An item(s) has been included in the liability, deferred inflows of resources, or fund balance section that does not pertain to that section.
- An incorrect amount has been typed in for an item(s) in the liability, deferred inflows of resources, or fund balance section. The amount has been overstated.
- An item(s) that should have been included in the asset section was not included.
- An incorrect amount has been typed in for an item(s) in the asset section. The amount has been understated.

### STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCE/NET POSITION

#### REVENUES:

- 36** Tax revenue is the income that is gained by the entity through taxation. Examples include property taxes, sales and use taxes, franchise taxes, and assessing taxes. This does NOT include B&C road funding which is instead considered intergovernmental revenue.
- 37** Revenues from issuing licenses and permits.
- 38** Revenues received from other governments. Examples include revenues from federal, state, and local governments such as grants or B&C road funding.
- 39** Revenues from all charges for services. Examples include gas, electric, and water services (note that these may already be recorded in an enterprise fund)
- 40** Fees are revenues received to recoup a portion of the cost incurred to provide the payer with a particular benefit or privilege. Assessments are revenues received from a levy on selected properties to pay for part or all of the cost of a specific improvement or service that primarily benefits those properties
- 41** Revenues from collections of penalties imposed for violations of law.
- 42** Revenues assessed and collected relating to the development of public infrastructure/new construction per an official capital facilities master plan.
- 43** Revenues received or earned from investments, receivables, deposits, etc.
- 44** The difference between the sale price of an asset and the book value of the asset. A gain occurs when the sale price of the asset is higher than the carrying cost of the asset. (Carrying cost is based on original cost of asset minus any depreciation, amortization or impairment costs)
- 45** Revenue sources that do not fall into one of the categories above. Descriptive account titles should be used.

## GOVERNMENTAL FUNDS EXPENDITURES

- 46** Expenditures for the governing body and entity management and staff and the facilities used by these individuals. This would include expenses related/used such as salaries and benefits, travel costs, supplies, operating and maintenance costs, utilities, etc. This does not include debt service costs or capital outlay expenditures related to general government functions.
- 47** Expenditures for activities related to the protection of persons and property such as police and fire services. This would include all expenses associated with the police and fire services including salaries and wages, supplies, operating maintenance costs, purchase of equipment, etc. This does not include debt service costs or capital outlay expenditures related to police and fire services.
- 48** Expenditures for activities related to public parks, recreation centers, public squares, and similar areas, including the acquisition, operation, and maintenance of park areas and related facilities. Also includes expenditures for recreational activities for the benefit of resident citizens and visitors.
- 49** Expenditures that do not fall into one of the categories above. Descriptive account titles should be used.
- 50** The principal portion of payments on debt.
- 51** The interest portion of payments on debt.
- 52** Money spent to acquire, maintain, repair, or upgrade assets such as land, buildings, improvements other than buildings, or equipment. The costs should be classified by the function it benefits (e.g., general government, public safety, parks and recreation, etc.).

## ENTERPRISE FUNDS EXPENDITURES:

- 53** Salary and wages earned by employees. This includes amounts paid and also amounts earned during the reporting year but not yet paid.
- 54** Benefits earned by employees. Examples include retirement, dental plans, health insurance, transportation passes, etc. This includes amounts paid and also amounts earned during the reporting year but not yet paid
- 55** Day-to-day costs of operating the enterprise fund(s). Examples include office supplies, travel costs, utilities, phone bills, etc.
- 56** Annual expense that represents the estimated cost of using buildings, improvements, and equipment during the year. Usually the depreciation expense for the period is calculated by dividing the historical cost (usually the purchase price) of the asset by the amount of years that the asset will be usable (useful life).
- 57** Expense sources that do not fall into one of the categories above. Descriptive titles should be used.
- 58** Expense from all amounts paid as a result of interest costs owed to any source, such as investors, time deposits, creditors, etc.
- 59** The difference between the sale price of an asset and the book value of the asset. A loss occurs when the sale price of the asset is lower than the carrying cost of the asset.

## OTHER FINANCING SOURCES (USES)

- 60** Revenue from leasing land, buildings, and equipment that provide money or financing for operations and capital projects.
- 61** Cash received from bonds issued during the period.
- 62** Proceeds from the sale of assets such as land, buildings, and equipment.
- 63** Amounts transferred into this fund from a different fund. For example, a transfer from the general fund to the debt service fund would result in a "transfer in" amount in the debt service fund. (Also see line #64.)
- 64** Amounts transferred out of this fund into a different fund. For example, a transfer from the general fund to the debt service fund would result in a "transfer out" amount in the general fund. (Also see line #63.)
- 65** The total fund balance at the beginning of the reporting year. This amount is equal to the ending fund balance of the previous reporting year.

### CHECK FOR ERRORS:

**66** This line is designed to help you identify potential problems or errors in your Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net Position. *The amount of this line should equal zero after you have finished filling in all of the line items.*

**The following is a list of potential problems if this line item is positive:**

- An item(s) has been included in the revenues section that does not pertain to that section.
- An incorrect amount has been typed in for an item(s) in the revenues section. The amount has been overstated.
- An item(s) that should have been included in the expenses section was not included.
- An incorrect amount has been typed in for an item(s) in the expenses section. The amount has been understated.
- An incorrect amount has been typed in for the beginning fund balance. The amount is overstated.

**The following is a list of potential problems if this line item is negative:**

- An item(s) has been included in the expenses section that does not pertain to that section.
- An incorrect amount has been typed in for an item(s) in the expenses section. The amount has been overstated.
- An item(s) that should have been included in the revenue section was not included.
- An incorrect amount has been typed in for an item(s) in the revenue section. The amount has been understated.
- An incorrect amount has been typed in for the beginning fund balance. The amount is understated.

It is possible that an error is occurring because of an incorrect amount typed in on one of the other financial statements. If the above lists does not resolve the error, check your other financial statements and verify that they have the correct amounts for each line item.

### CAPITAL ASSET ACTIVITY – GOVERNMENTAL FUNDS

#### CAPITAL ASSETS:

- 67** Land owned by the entity (relating to the general Fund). The amount capitalized as land should include any land preparation that will have an indefinite useful life (Examples include excavation, fill, and grading).
- 68** Long-lived capital assets, normally stationary in nature, which can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. The land must be reported separately as land.
- 69** Construction in progress occurs when an entity has started, but not completed construction work.
- 70** Buildings owned by the entity, usually non-moveable structures. The amount should include restoration costs incurred as the result of a capital asset impairment.
- 71** Improvements other than buildings, are permanent (non-movable) improvements to land that have a limited useful life as improvements other than buildings (or land improvements). Examples include fences, retaining walls, parking lots, and most landscaping.
- 72** Machinery and equipment include movable items. Example: landscaping for a new picnic area (immovable) would be classified as "improvements other than buildings" (see also #71 above), whereas the picnic tables themselves (movable) would be classified as "machinery and equipment."

#### ACCUMULATED DEPRECIATION:

- 73** Accumulated depreciation is the total depreciation by asset category that has been charged to expense since that asset was acquired and made available for use.

### LONG-TERM DEBT – GOVERNMENTAL FUNDS

- 74** A bond in which the entity pledges to use legally available resources, including tax revenues, to repay the bond.
- 75** See description on #24 above. These capital leases relate to governmental funds only (i.e., general activities of the entity). Capital leases of enterprise funds should NOT be included here.
- 76** The total amount the entity is obligated to pay for employees' time off for vacations, holidays, and sick days (i.e., the total amount earned by employees for annual and sick leave).
- 77** Long-term obligations that do not fall into one of the categories above. Descriptive titles should be used for these items so that readers can understand the nature of obligations.





**Town of Apple Valley**  
**Unaudited Capital Asset Activity**  
**Governmental Funds**  
**June 30, 2019**

|                                             | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Deletions<br/>(enter as a<br/>negative amount)</b> | <b>Ending Balance</b> |
|---------------------------------------------|------------------------------|------------------|-------------------------------------------------------|-----------------------|
| <b>67</b> Land                              | 439,556                      |                  |                                                       | 439,556               |
| <b>68</b> Infrastructure                    |                              |                  |                                                       | -                     |
| <b>69</b> Construction in Progress          |                              | 2,850            |                                                       | 2,850                 |
| <b>70</b> Buildings & Improvements          | 170,497                      |                  |                                                       | 170,497               |
| <b>71</b> Improvements other than buildings | 2,265,053                    |                  |                                                       | 2,265,053             |
| <b>72</b> Machinery & Equipment             | 625,037                      | 50,500           |                                                       | 675,537               |
| <b>Total Capital Assets</b>                 | 3,500,143                    | 53,350           | -                                                     | 3,553,494             |
| <b>73 Accumulated Depreciation for:</b>     |                              |                  |                                                       |                       |
| Infrastructure                              |                              |                  |                                                       | -                     |
| Construction in Progress                    |                              |                  |                                                       | -                     |
| Buildings & Improvements                    | 61,292                       | 3,534            |                                                       | 64,826                |
| Improvements other than buildings           | 224,257                      | 151,362          |                                                       | 375,619               |
| Machinery & Equipment                       | 425,049                      | 60,449           |                                                       | 485,498               |
| <b>Total Accumulated Depreciation</b>       | 710,597                      | 215,344          | -                                                     | 925,942               |
| <b>Net Capital Assets</b>                   | 2,789,545                    | (161,994)        | -                                                     | 2,627,552             |

**Entity's Policy for Capitalizing Assets:**

The Town of Apple Valley maintains the capital asset records in Pelorus. The Town reviews its capital asset inventory every few years. The Town is small enough that the process is an informal review by the Town Clerk, which does not appear unreasonable given the size of the Town. Capital assets are coded to Capital Outlay accounts in the G/L for significant purchases and to the Small Equipment G/L account for those which are not significant. All GL accounts match with the detailed records maintained within the fixed asset system. Capital assets are not physically tagged.



**Town of Apple Valley  
Unaudited Long-term Debt  
Governmental Funds  
June 30, 2019**

|                                    | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions<br/>(enter as a<br/>negative amount)</b> | <b>Ending Balance</b> |
|------------------------------------|------------------------------|------------------|--------------------------------------------------------|-----------------------|
| <b>74</b> General Obligation Bonds | 1,288,000                    |                  | (31,000)                                               | 1,257,000             |
| <b>75</b> Capital Leases           | 129,281                      | 48,074           | (24,585)                                               | 152,770               |
| <b>76</b> Compensated Absences     |                              |                  |                                                        | -                     |
| <b>77</b> Other (specify):         |                              |                  |                                                        | -                     |
| <b>Total Long Term Debt</b>        | 1,417,281                    | 48,074           | (55,585)                                               | 1,409,770             |



1777 North Meadowlark Drive  
Apple Valley, Utah 84737  
Phone: 435-877-1190  
Fax: 435-877-1192  
www.applevalleyut.gov

December 20, 2019

HintonBurdick, PLLC  
63 South 300 East  
St. George, UT 84770

We are providing this letter in connection with your engagement to apply agreed-upon procedures related to the Town of Apple Valley, Utah's Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements for the period July 1, 2018 to June 30, 2019, as required by UCA 51-2a-201 and the *Guide for Agreed-Upon Procedures Engagements for Local Government Entities with Annual Revenues or Expenditures Greater than \$350,000 and Less than \$1 million*, issued by the Office of the State Auditor.

We confirm, to the best of our knowledge and belief, as of December 20, 2019, the following representations made to you during your engagement:

**Accounting Records and Financial Survey:**

- We are responsible for our accounting records and Financial Survey.
- The Large Financial Survey as of June 30, 2019, agrees with our accounting records and instructions for submitting the report to the Office of the Utah State Auditor.
- We are responsible for establishing and maintaining effective internal control relevant to our accounting records and the accuracy and completeness of the Large Financial Survey.
- We are responsible for selecting and determining the suitability and appropriateness of the criteria upon which the accounting records and Financial Survey were evaluated.
- We have provided you access to all information of which we are aware that is relevant to our accounting records and Large Financial Survey and we are responsible for the accuracy and completeness of such information.
- We have disclosed to you any transactions with related parties, officers, or key personnel.

**Compliance with State Laws:**

- We are responsible for complying with applicable state laws.
- We are responsible for establishing and maintaining effective internal control over compliance.
- We have performed an evaluation of our compliance with applicable state laws.
- We have disclosed to you all known noncompliance with applicable state laws, including noncompliance occurring after July 1, 2019 through the date of this letter.
- We have made available to you all documentation and other information related to compliance with applicable state laws.
- There have been no communications from regulatory agencies, internal auditors, or other independent accountants or consultants regarding possible noncompliance with applicable state laws, including communications received between July 1, 2019 and the date of this letter.

**Other Matters:**

- We have responded fully to all inquiries made to us by you during the engagement.
- Your report is intended solely to describe the scope of your testing of our 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.

Mayor - Marty Lisonbee

Finance Director - Ben Billingsley



# FINANCIAL CERTIFICATION

## OFFICE OF THE STATE AUDITOR

### Entity Name

Under penalty of perjury, I, Marty Lisonbee and Ben Billingsley, certify that the annual financial report of the Town of Apple Valley for the year ended June 30, 2019 fairly presents in all material respects the financial condition and results of operation of the Town of Apple Valley.

Signature: \_\_\_\_\_

Chief Administrative Officer

Signature: \_\_\_\_\_

Chief Financial Officer

#### Notes:

- a. This certification is to be submitted with the annual financial report to the Office of the Utah State Auditor.
- b. *Utah Code 11-50-202* designates the **chief administrative officer** as the individual appointed as the chief administrative officer of the political subdivision in accordance with statute; or if a chief administrative officer is not appointed in accordance with statute, the individual designated as the chief administrative officer by the governing body of the political subdivision. In designating a chief administrative officer, the governing body shall designate the individual who holds a managerial or similar position to perform administrative duties or functions for the political subdivision.
- c. *Utah Code 11-50-202* designates the **chief financial officer** as the individual appointed as the chief financial officer of the political subdivision in accordance with statute; or if a chief financial officer is not appointed in accordance with statute, the individual designated as the chief financial officer by the governing body of the political subdivision. In designating a chief financial officer, the governing body shall designate the individual who has primary responsibility for preparing the annual financial report.