



**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 Jauna M. McGinnis 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, 2017 to June 30, 2018.

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
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>
<p>ACCOUNTING RECORDS</p>	
<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 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
<p>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.</p>	<p>We noted no exceptions as a result of these procedures</p>
<p>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.</p>	<p>Three items on the debit card statement sampled had no supporting documentation. Also, there was no support of card purchases being reconciled to receipts monthly by someone other than the card holder.</p>
<p>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.</p>	<p>We noted no exceptions as a result of these procedures.</p>
<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>We noted no exceptions as a result of these procedures</p>
<p>b. Traced the reconciled book balance to the general ledger and the amount reported on the Online Financial Survey.</p>	<p>We noted no exceptions as a result of these procedures</p>
<p>c. Tested the clerical accuracy of the reconciliation.</p>	<p>We noted no exceptions as a result of these procedures</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>We noted no exceptions as a result of these procedures.</p>
<p>e. Traced the lesser of 10% or five deposit transactions and 10% or five disbursement transactions to the general ledger.</p>	<p>We noted no exceptions as a result of these procedures.</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>

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 minutes for the September 21, 2017 meeting were not posted on the Utah Public Website.</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.	The Police department expenditures were over budget by \$2,284.
<p>FUND BALANCES</p> <p>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.</p>	We noted no exceptions as a result of these procedures.
<p>18. General Fund Balance Limitations:</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"> 100% of the current year's property tax; or 25% of the total general fund revenues, if the annual general fund budget is greater than \$100,000; or 50% of the total general fund revenues, if the annual general fund budget is equal to or less than \$100,000. 	We noted no exceptions as a result of these procedures.
<p>TRAINING</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"> Annual training on the requirements of the Open and Public Meetings Act. 	We noted no exceptions as a result of these procedures.
<p>b. Annual online training by the entity's designated records officer on the requirements of GRAMA.</p>	We noted no exceptions as a result of these procedures.
<p>c. 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.</p>	We noted no exceptions as a result of these procedures.
<p>GRAMA (GOVERNMENT RECORDS ACCESS MANAGEMENT ACT)</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>PUBLIC TREASURER'S BOND</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 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 Town of Apple Valley's officials:

We noted three items on the debit card statement sampled with no supporting documentation. We also noted no support of card purchases being reconciled to receipts monthly by someone other than the card holder. During the course of AUP, we noted the minutes were not posted on the Utah Public Website for the September 21, 2017 meeting. Additionally, the Police department total expenditures was over budget by \$2,284. The Town's total expenditures by department, including transfers, should stay within the amounts appropriated in the final adopted budget.

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
January 8, 2019



January 8, 2019

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

RE: Response to Agreed Upon Procedures Findings

As the Finance Director for the Town of Apple Valley, I am providing the following responses to findings identified within the Agreed Upon Procedure process.

Disbursements

Finding: Three items on the debit card statement sampled did not have supporting documentation. There was also no support of card purchases being reconciled to receipts on a monthly basis by someone other than the card holder.

Management Response: The town acknowledges lack of supporting documentation for the three debit card purchases identified. The reconciliation of receipts was performed by a cardholder during the 2018 Fiscal Year. As a measure of additional control, the town council reviews all reconciled prior month expenditures. After a review of internal policies, the reconciliation of receipts is performed by the town accountant, who is not a card holder for the Fiscal Year 2019.

Minutes

Finding: Noted the minutes were not posted on the Utah Public Website for the September 21, 2017 meeting.

Management Response: The town recorder is currently working with the Utah Public Notice Website administrators to allow the town to post the minutes. There has been a technical difficulty in posting the minutes after it was brought to our attention.

Budget

Finding: The Town's total expenditures by department, including transfers, should stay within the amounts appropriated in the final adopted budget. The Police department total expenditures was over budget by \$2,284.

Managements Response: After further investigation, a number of expenditures related to the building permit fee process were incorrectly categorized against Police expenditures. -*

Ben Billingsley
Finance Director

