

# 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			
LA	RGE FINANCIAL SURVEY				
<b>GE</b>	NERAL  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.			
RE	VENUES				
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								
DIS	BU	RSEMENTS									
4.	to to to 5% year door characters	e compared each expense account on the Online Financial Survey he corresponding prior period amounts. For changes greater than of total expenses and 10% of the individual line item from the prior ar, we inquired of management and reviewed applicable supporting cumentation to determine whether the entity's explanation for the ange was in accordance with the entity's policies and procedures, AP, and State and/or federal policies as applicable.	We noted no exceptions as a result of these procedures.								
AC	со	UNTING RECORDS									
GE	NEF	RAL									
5.	adr UC	inquired with those charged with governance, the chief ministrative officer, and the chief financial officer (as designated in A 11-50-202) of any instances of fraud, illegal acts, or accompliance.	We noted no exceptions as a result of these procedures.								
DIS	BU	RSEMENTS									
6.	qua sele det	e determined whether financial reports were prepared monthly or carterly as required, and reviewed by the governing body. We ected one financial report and (1) scanned the general ledger and ermined that all funds were included in the report, and (2) agreed lesser of 10% or 15 line items from the report to the general ledger.	We noted no exceptions as a result of these procedures.								
7.	office sca and the disl relation	e inquired with the chief administrative officer and the chief financial cer whether there were disbursements to related parties. We also anned disbursement records for disbursements to related parties didetermined who has credit cards or purchasing cards issued by entity. We selected the lesser of 25 disbursements or 10% of bursements ensuring that the selection includes disbursements to ated parties as well as credit card or purchase card disbursements de by members of the governing body and executive level of nagement.	We noted no exceptions as a result of these procedures.								
		each transaction selected, we determined the whether the bursement:									
	а.	Was consistent with the entity's purpose.									
	b.	Agreed to the receipt or invoice supporting the amount and payee.	We noted no exceptions as a result of these procedures.								
	С.	Was authorized consistent with the entity's policies and procedures.	We noted no exceptions as a result of these procedures.								
	d.	Was in compliance with the entity's purchasing policy (bids, quotes, etc.).	We noted no exceptions as a result of these procedures.								

		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.	dι	or each credit or purchasing card used, we selected one month aring the period and determined whether card purchases were conciled to receipts monthly by someone other than the card holder.	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.			
9.	de se ar	prough inquiry with management and scanning receipt records, we extermined what restricted revenue was received by the entity and elected the lesser of 10% or 5 disbursements from restricted funds and determined whether the disbursements were in compliance with estrictions placed on the funds.	We noted no exceptions as a result of these procedures.			
<b>CA</b>	Fo	or each depository account, we obtained the year-end bank conciliation and one additional month's bank reconciliation and erformed the following:	We noted no exceptions as a result of these procedures			
	а.	Traced the bank balance on the reconciliation to the balance per the bank statement.				
	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.			
	е.	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.	ind wh no ha	or each depository bank reconciliation selected above, through quiry of management and review of the reconciliation, we determined nether the bank reconciliation was performed by someone who does of have access to receipts or disbursements. If the individual did ave access to receipts or disbursements, we determined whether a eparate individual reviewed the completed bank reconciliation.	We noted no exceptions as a result of these procedures.			

	PROCEDURES	RESULT								
12. V a F to fi e w a	rings  //e reviewed the governing board's meeting minutes for the period oplicable to the engagement through the date of the engagement. For all financial transactions discussed in the minutes exceeding 5% of otal revenues, and a sample of the lesser of 10% or 3 less-significant nancial transactions discussed, we traced the transactions to the nitity's accounting records and determined whether the transactions ere recorded and reported in accordance with the entity's policies and procedures, GAAP, and State and/or Federal policies, as opplicable.	We noted no exceptions as a result of these procedures.								
COM	PLIANCE									
13. V	rings /e selected and obtained the agenda and meeting minutes for two ublic meetings held during the engagement year and performed the illowing:	We noted no exceptions as a result of these procedures.								
а	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.	We noted no exceptions as a result of these procedures.								
b	Determined if the agenda was reasonably specific to enable lay persons to understand the topics to be discussed.	We noted no exceptions as a result of these procedures.								
С	Determined if the public body took any final actions on a topic in the meeting that was not listed under an agenda item.	We noted no exceptions as a result of these procedures.								
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 make the meeting minutes available to the public within three days of being approved.)	The minutes for the September 21, 2017 meeting were not posted on the Utah Public Website.								
е	We noted no exceptions as a result of these procedures.									
BUD	GET									
<ul><li>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.</li><li>We noted no exceptions as result of these procedures.</li></ul>										

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.
FUND BALANCES	
17. <u>Deficit Fund Balances</u> : 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.
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:  a. 100% of the current year's property tax; or  b. 25% of the total general fund revenues, if the annual general fund budget is greater than \$100,000; or  c. 50% of the total general fund revenues, if the annual general fund budget is equal to or less than \$100,000.	
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:	We noted no exceptions as a result of these procedures.
<ul> <li>Annual training on the requirements of the Open and Public Meetings Act.</li> </ul>	
<ul> <li>Annual online training by the entity's designated records officer on the requirements of GRAMA.</li> </ul>	We noted no exceptions as a result of these procedures.
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.	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.

PROCEDURES	RESULT
PUBLIC TREASURER'S BOND	
21. 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.

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

Hinter Fundeds, PLIC

St. George, UT January 8, 2019



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January 8, 2019

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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.

<u>Management Response:</u> 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

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

<u>Management Response:</u> The town recorder is currently working with the Utah Publice 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.

#### <u>Budget</u>

<u>Finding:</u> 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.

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

Ben Billingsley Finance Director

	1	Unaudited Balance Sheet / Statement of Net Position											
	2			Chat	udited Dala	June 30		ivet i osition					
	•												
					E	Interprise Fun	ias	ı					
		ASSETS	General Fund	Capital Project Funds	Debt Service Funds	Special Revenue Funds	Permanent Trust Funds	Sewer	Water	Garbage	Other (Specify)	Other (Specify)	TOTALS
		Cash	227,794	42,416				201101			(~pressy)	(»pressy)	270,210
	4	Investments											-
		Receivables (net):											_
	5	Accounts	151,077										151,077
	6	Taxes Intergovernmental											
	8	Due from Other Funds	24,687										24,687
		Inventory	21,007										- 21,007
		Capital Assets								1		1	
	11	Land											-
	12	Buildings											-
	13	Improvements										-	-
	14	Equipment Construction in Progress										-	-
	15 16	Less Accumulated Depreciation							+			<del>                                     </del>	-
	10	(enter as a negative amount)											-
	17	Other (Specify):										1	_
	[	(1 2/											-
													-
		Total Assets	403,559	42,416	-	-			-	-	-	-	445,975
		<u>LIABILITIES</u>											
		Accounts Payable	50,976	850									51,826
		Accrued Payroll	11,046										11,046
		Due to Other funds Unearned Revenue	91,638 10,527										91,638 10,527
		Interest Payable	10,527										10,327
		Deposits	8,100										8,100
		Capital Leases Payable											-
		Bonds, current	-										-
	26	Bonds, noncurrent											-
	27	Other (Specify):											-
													-
													-
	l	T	152 205	0.50									
		Total Liabilities	172,287	850	-	-			-	-	-	-	173,137
		DEFERRED INFLOWS OF RESOURCES											
		Deferred Property Tax Revenue	96,153										96,153
	20		70,133										70,133
	29a	FUND BALANCE / NET POSITION											
		Capital Assets, Net of Related Debt											-
		Nonspendable											-
		Restricted	34,847	41,566									76,413
		Committed											-
		Assigned	50,911								1	T	50,911
		Unassigned / Unrestricted	49,361	41.555									49,361
		Ending Fund Balance	135,118	41,566	-	-			-	-	-	-	176,684
		Total Liabilities, Deferred Inflows of Resources & Fund											_
		Balance / Net Position	403,559	42,416		_	_					_	445,975
			403,339	72,710									
	35	Check Figure = 0	_	_	_	_	_	_	_	_	_	_	_
_		- <del></del>											

## Unaudited Statement of Revenues, Expenses, and Changes in Fund Balance/Net Position June 30, 2018

	June 30, 2018													
	Governmental Funds							Enterprise Funds						
					Special									
	Description	General Fund	Capital Projects	Debt Service	Revenue Funds	Permanent Trust Funds	Sewer	Water	Garbage	Other (Specify)	Other (Specify)	TOTALS		
	REVEUNES	Fund	Trojects	Scrvice	runus	Trust Funus	Sewei	water	Garbage	(ореспу)	(Specify)			
36	Taxes	216,439										216,439		
	Licenses and permits	62,770										62,770		
	Intergovernmental	64,456										64,456		
	Charges for Services	171,309										171,309		
	Fees and Assessments Fines and forfeitures	6,000										6,000		
	Impact Fees	17,642				<del>                                     </del>						17,642		
	Interest	2,676	0.00									2,676		
	Gain on Sale of Assets	,,,,,										-		
45	Other (specify):													
	Other Revenues	5,945										5,945		
												-		
	Total Revenues	547,237	-	-	-	-		-	-	-	-	547,237		
	COMPANY OF THE PROPERTY OF THE													
	GOVERNMENTAL FUNDS EXPENDITURES													
40	Current:	262.218										262.219		
46 47	General Government Public Safety	262,318										262,318		
48	•	70,385 1,909										70,385 1,909		
49		291,134										291,134		
	Debt Service:	2>1,131										271,131		
50	Principal retirement											-		
51	Interest and fiscal charges											-		
	Capital Outlay:													
	General Government		4,996									4,996		
	Public Safety											-		
	Parks and Recreation											-		
	Other											-		
	Total Expenditures	625,746	4,996	-	-							630,742		
	ENTERPRISE FUNDS EXPENSES													
52	Salaries and Wages								T			_		
	Benefits											-		
	Supplies and materials											_		
	Depreciation											_		
	Other											-		
58	Interest Expense											-		
59	Loss on sale of assets											-		
	Total Expenses							-	-	-				
		/=	,,											
	Excess revenues over (under) expenditures/expenses	(78,509)	(4,996)	-	-	-	-	-	-	-	-	(83,504)		
	Other Fire size Course (Uses)													
60	Other Financing Sources (Uses) Issuance of Capital Leases				<u> </u>							_		
	Issuance of Bonds	77,000										77,000		
	Sale of Capital Assets	77,000										-		
	Transfers In											-		
	Transfers Out (enter as a negative amount)											-		
	<b>Total Other Financing Sources (Uses)</b>	77,000	-	-	-	-		-	-	-	-	77,000		
65	Fund Balances - Beginning (prior year ending)	136,627	46,561									183,189		
	Fund Balances - Ending (current year)	135,118.57	41,566	-	-	-		-	-	-	-	176,684		
66	Check Figure = 0	0	-	-	-	-	-	-	-	-	-	0		