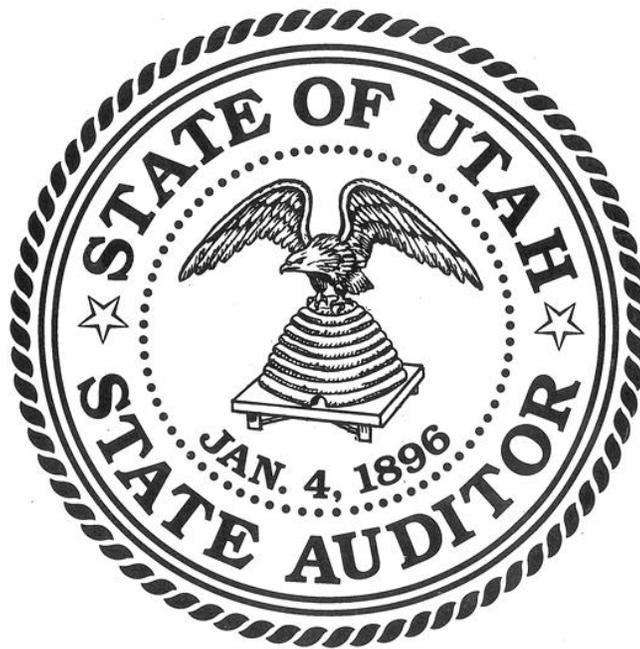


**LITTLE MANUAL**  
**for**  
**Local and Special Services Districts**

(Revised October 2015)



**OFFICE OF THE**  
**UTAH STATE AUDITOR**

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## **INTRODUCTION**

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

The Office of the Utah State Auditor also has a Uniform Accounting Manual (UAM) which is much more comprehensive; it should be used for areas not covered by this manual. The UAM may also be found on the internet at [auditor.utah.gov](http://auditor.utah.gov).

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

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

## **GOVERNING BOARD RESPONSIBILITIES**

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

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

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

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

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

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

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

## **District Board Responsibilities Checklist**

*(see Appendix C for Annual Calendar of Board Responsibilities)*

### ***Effectiveness***

- Appoint District Officers (required)
  - Board Chair – conduct meetings
  - District Treasurer – custodian of funds – All public treasurers must be bonded
  - District Clerk – maintain financial records and prepare (not sign) disbursements.
- Establish written policies and procedures (i.e. Purchasing, Personnel, GRAMA, Nepotism, Conflicts of Interest, etc.)
- Appoint an Audit Committee (recommended) – This committee conducts risk assessments, helps establish internal control policy, and ensures audit findings are addressed
- Develop a Disaster Response Plan and ensure employees are trained on how to respond
- Be familiar with emerging technology affecting district operations

### ***Efficiency***

- Regularly review current contracts – Rebid contracts every 5 years
- Review expense reports at least quarterly, along with bank statements
- Encourage innovation and cost saving among employees

### ***Compliance***

- Obtain required training
  - Board member training (every 4 years)
  - Open and Public Meetings Act Training (annually)
  - GRAMA training for records officers (annually)
- Implement and enforce strong internal controls – (i.e. separation of duties, appropriate oversight of financial activities, bank statements)
- Hire competent staff – Use clearly defined skills and qualifications, employee performance measures and annual evaluations
- Ensure proper notice of meetings and agendas are posted to the Public Notice Website

### ***Reporting***

- Adopt a budget before the beginning of the fiscal year
- Ensure the board hires a CPA to perform an annual audit or AUP. Otherwise, complete a self-evaluation form (for entities with revenues or expenditures < \$350,000)
- Ensure transparency uploads are made on time
- Ensure Deposit & Investment reports are submitted for June 30 and December 31 to State Treasurer's Office
- Ensure Impact Fee report is submitted with financial statements to the State Auditor, if applicable

## **Board Member Responsibilities**

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

### ***Chair***

- Conduct meetings

### ***Clerk (or other designated person not performing treasurer duties)***

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

### ***Treasurer***

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

### ***Entire Board***

- Approve all expenditures – however, the board may authorize a district manager or other official to act as the financial officer for the purpose of approving 1) payroll checks, if the checks are prepared in accordance with a schedule approved by the board, and 2) routine expenditures, such as utility bills, payroll-related expenses, supplies, and materials.
- Set a maximum sum over which all purchases may not be made without the board's approval.
- At least quarterly, review all expenditures authorized by the financial officer. (See *Utah Code* 17B-1-642)
- In a district with an expenditure budget of less than \$50,000 per year, a governing board member shall sign all checks (See *Utah Code* 17B-1-635).

### ***Appointment / Election***

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

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

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

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

### ***Compensation***

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

### ***Qualification***

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

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

A local district is not in violation of this provision if the district treats a board member as an employee for income tax purposes and complies with the applicable compensation limits.

A district board member must also be a registered voter and a resident within the boundaries of the district. There are two exceptions to the residency requirement: 1) for districts with a large number of part time residents (seasonally occupied homes), and 2) for basic local districts with less than one residential dwelling per ten acres of land. (See *Utah Code* 17B-1-302)

### **Ethics**

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

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

### **Nepotism**

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

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

## MEETINGS

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

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

### ***Open Meetings***

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

### ***Closed Meetings***

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

- The character, competence or health of an individual.
- Deployment of security personnel, devices, or systems.
- Collective bargaining issues.
- Pending or reasonably imminent litigation.
- Purchase, exchange, lease, or sale of real property, including any form of a water right or water shares, if such discussion prevents the district from completing a transaction on the best possible terms.
- Investigative proceedings regarding allegations of criminal misconduct.
- Information that is required to be maintained as private or protected by the Utah Procurement Code (*Utah Code* 63G-6a), including trade secrets.

In a closed meeting, a public body may not:

- Interview a person applying to fill an elected position;
- Discuss filling a midterm vacancy or temporary absence; or
- Discuss the character, professional competence, or physical or mental health of the person whose name was submitted for consideration to fill a midterm vacancy or temporary absence.

If a meeting is closed to discuss the character, competence or health of an individual or the deployment of security personnel, devices, or systems, then the person presiding shall sign a sworn written statement affirming that the sole purpose for closing the meeting was to discuss these issues. No recorded or written minutes are required when a meeting is closed for this purpose. (See *Utah Code* 52-4-206(6))

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

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

Both a recording and written minutes of closed meetings are protected records.

### ***Public Hearing***

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

### ***Electronic Meetings***

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

### **Meeting Minutes**

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

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

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

Approved minutes are written minutes of an open meeting that have been approved by the public body that held the open meeting. Approved minutes of an open meeting are the official record of the meeting.

Pending minutes are written minutes of an open meeting that have been prepared in draft form and are subject to change before being approved by the public body that held the open meeting. Pending minutes shall contain a clear indication that the public body has not yet approved the minutes or that the minutes are subject to change until the public body approves them.

Pending minutes, approved minutes, and a recording of a public meeting are public records under GRAMA.

Districts shall:

- Make pending minutes available to the public within a reasonable time after holding the open meeting that is the subject of the pending minutes.
- Within three business days after approving written minutes, make the approved minutes available to the public, and
- Within three business days after holding an open meeting, make an audio recording of the open meeting available to the public for listening.
- Establish and implement procedures for the public body's approval of the written minutes of each meeting.

### ***Content of Minutes***

Open meeting minutes shall include:

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

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

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

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

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

### **Notice Requirements**

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

All meetings whether regularly scheduled in advance over the course of a year or

scheduled as needed, must provide no less than 24 hours’ notice of meeting agendas. The method of providing public notice for meetings and agendas depends upon whether a public hearing will be held during a portion of the meeting. It is important to distinguish between notice requirements for regular meetings and notice requirements for a meeting that will include a public hearing.

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

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

***Utah Public Notice Web-Site***

Public bodies are required to post notices for a public meeting on the Utah Public Notice Website (see [www.utah.gov/pmn/index.html](http://www.utah.gov/pmn/index.html)). (See *Utah Code* 52-4-202(3)). By posting on the website and providing the e-mail of the newspaper or local media correspondent, public bodies meet the requirement to notify a newspaper or local media correspondent; however, all other notice requirements for a public hearing, such as publishing notices in a newspaper, still apply.

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

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

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

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

### ***Imposing or Increasing a Fee***

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

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

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

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

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

### **OR**

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

- will be charged the fee for a district service, if the fee is being imposed for the first time; or
- are being charged a fee, if the fee is proposed to be increased. (See *Utah Code* 17B-1-643(2)(d))

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

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

- The reasons for the proposed fee imposition or increase.

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

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

### ***Truth in Taxation***

Districts are subject to "Truth in Taxation," which has to do with tax increases. *Utah Code* 59-2-919 deals with tax increases. There are additional notice and hearing requirements for budget hearings where there is a tax increase. For help in this area contact Jennifer Condie with the Utah State Tax Commission at 801-297-3636.

### **Agendas**

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

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

### **Emergency Meetings**

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

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

## **BUDGETING**

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

### ***Budget Amendments***

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

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

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

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

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

### ***Budget Calendar***

The budget process must be completed before the budget year begins. Following is a suggested budget calendar for districts with a December 31 year end. For taxing entities going through Truth-In-Taxation, the budget calendar is on Page 14. (Those districts with a June 30 year end can easily convert the budget calendar for their purposes.)

### ***October***

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

### ***November***

At its first meeting in November the board shall:

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

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

Districts with an annual operating budget of \$250,000 or less may satisfy the notice requirements by mailing a written notice to each voter in the district and posting the notice in three public places within the district.

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

### ***December***

Hold the public hearing, formally adopt a final budget and submit the final budget to the Office of the Utah State Auditor within 30 days. Keep a copy of the budget for district use and public inspection. (To view a sample budget form, visit our website at [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov) or contact Ryan Roberts at 801-538-1721.)

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

### ***Budget Calendar for Dec. 31 entities with a proposed tax increase***

For December 31 fiscal year-end entities with a proposed tax increase, the following changes to the budget calendar are applicable.

### ***October***

By October 1<sup>st</sup> notify the county governing body of your intent to raise property taxes and the date, time, and place of the first public meeting. Fourteen or more days before the general or municipal election, you must hold a public meeting containing a separate agenda item. This item must state the intent to increase property taxes, the dollar amount and the purpose for additional tax revenue and the approximate percentage of the property tax increase. In addition, seven or more days before the election you must provide a parcel specific notice by mail to each owner of property in accordance with Utah Code 59-2-919(3)(c).

### ***November/December***

Two weeks prior to the public hearing to adopt the budget, place a newspaper advertisement for the hearing each week for the two weeks. Also, post a notice on the public notice website ([pmn.utah.gov](http://pmn.utah.gov)). Hold the public hearing on the specified date and adopt the property tax increase along with the budget. Submit the final budget to the Office of the Utah State Auditor within 30 days. Keep a copy of the budget for entity use and public inspection.

### ***Budget Calendar for June 30 entities with a proposed tax increase***

For June 30 fiscal year-end entities with a proposed tax increase, the following changes to the budget calendar are applicable.

#### ***June***

On or before June 22 adopt a tentative budget (*Utah Code 59-2-924*). A taxing entity anticipating a tax increase may spend money prior to the final adoption of a budget based upon an adopted tentative budget (*Utah Code 59-2-923*).

#### ***August***

On or before August 17, hold a public hearing, formally adopt a final budget and submit the final budget to the Office of the Utah State Auditor within 30 days. Keep a copy of the budget for entity use and public inspection.

More details on the Truth in Taxation process for both calendar and fiscal year end entities can be found at [propertytax.utah.gov](http://propertytax.utah.gov).

## ACCOUNTING

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

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

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

For small districts, the checkbook could be the official financial record of the district and should be safeguarded. The balances, deposits and check amounts in the checkbook should be used to complete the required annual financial statements.

## REQUIRED REPORTS

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

|           | <b>Report</b>   | <b>When Due</b>  | <b>Upload To:</b>   |
|-----------|---|--|---|
| <b>1.</b> | Adopted Budget  | No later than 30 days after adoption.<br>(Usually in January)  | reporting.auditor.utah.gov<br><br><i>You may mail your reports to Office of the Utah State Auditor P.O. Box 142310 Salt Lake City, UT 84114 <b>ONLY</b> if internet access is <b>NOT</b> available.</i> |
| <b>2.</b> | Audited Financial Statements <u>or</u> On-line Financial Survey | No later than 180 days after year end.<br>(Usually by June 30) |   |
| <b>3.</b> | Agreed-Upon Procedures Report <u>or</u> Self-Evaluation Form    | No later than 180 days after year end.<br>(Usually by June 30) |   |
| <b>4.</b> | Deposit and Investment Report                                   | Bank Balances as of June 30 and December 31. (Twice per year)  | mmcouncil@utah.gov<br>Utah State Treasurer<br>PO Box 142315<br>Salt Lake City, UT 84114   |

### ***Financial Report Requirements***

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

- Greater than \$750,000 – an audit is required.
- Between \$350,000 and \$750,000 – an agreed-upon procedures report and an on-line financial survey are required.
- Less than \$350,000 – A self-evaluation form and an on-line financial survey are required.

The following describes the different types of financial reports:

- **Audit** – an examination completed by an independent certified public accountant (CPA). Reasonable assurance that the financial statements are fairly presented is provided.
- **Agreed-Upon Procedures** – an engagement by an independent CPA following procedures set forth by the Office of the Utah State Auditor. No assurance is provided on the reliability of the financial information generated by the entity and submitted to the State Auditor.
- **On-line financial survey** – Information regarding assets, liabilities, revenues and expenses is submitted on-line to the Office of the Utah State Auditor. This information is generally provided by the district budget officer who may receive

assistance from the Office of the Utah State Auditor, a CPA or other qualified individual.

- **Self-Evaluation Form** – A self-evaluation must be completed by a member of the governing board annually. This form has been developed to help the governing board internally assess their district and determine if reasonable safeguards for compliance and proper fiscal management are in place and working.

A district may choose to have a report prepared that exceeds the reporting requirements outlined above if the district wants to obtain greater assurance that their financial statements are correct. For example, a district with \$500,000 in revenues may choose to have an audit when only an agreed-upon procedures report is required.

### ***Financial Statement Certification***

In addition, Utah Code 11-50-202 requires the annual financial report submitted to the auditor's office to be certified by the Chief Administrative Officer (individual who watches over the day-to-day activities of the district) and the Chief Financial Officer (individual who has primary responsibility for preparing the annual financial report). This certification can occur either electronically or by hard copy once the report has been submitted through [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov).

### ***Utah Public Finance Web Site***

Districts with annual budgets of \$500,000 or more are required to provide public financial information through the Utah Public Finance Website ([www.transparent.utah.gov](http://www.transparent.utah.gov)) or their own website and provide a link to their website through the Utah Public Finance Website. Detailed revenue and expenditure transactions are required to be posted quarterly within one month after fiscal quarter end. In addition, employee compensation information is required to be posted annually within 3 months of fiscal year-end. (See *Utah Code* 63A-3-401 to 405).

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

## INTERNAL CONTROL

An internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. The guiding principle when it comes to internal controls is that someone is reviewing another's work.

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

The following procedures should be followed by board members:

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

## **PERSONNEL**

### ***Personnel Policy***

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

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

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

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

### ***Independent Contractor or Employee?***

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

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

The following is an excerpt from IRS publication 1779 regarding factors determining whether a worker is an employee or independent contractor. Understanding these

factors is important because you may be able to design an agreement that meets your needs.

### IRS Publication 1779

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

#### Behavioral Control

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

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

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

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

#### Financial Control

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

- Significant Investment – if you have a significant investment in your work, you may be an independent contractor. While there is no precise dollar test, the investment must have substance. However, a significant investment is not necessary to be an independent contractor.
- Expenses – if you are not reimbursed for some or all business expenses, then you may be an independent contractor, especially if your unreimbursed business expenses are high.
- Opportunity for Profit or Loss – if you can realize a profit or incur a loss, this suggests that you are in business for yourself and that you may be an independent contractor.

### *Relationship of the Parties*

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

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

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

## **PURCHASING**

*Utah Code* 17B-1-618 requires that all purchases by a district be made according to the purchasing procedures established by each district by resolution and only on an order or approval of the person duly authorized by the board to do the purchasing. Therefore, without a written purchasing policy the district cannot legally spend money. The District's purchasing policy must conform to the Utah Procurement Code (*Utah Code* 63G-6a).

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

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

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

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

Under the Utah Procurement Code, it is unlawful for a person to intentionally or knowingly divide a purchase into one or more smaller purchases to circumvent established thresholds.

### **Records Retention**

In accordance with *Utah Code* 63G-6a-2002 and 2003, documents associated with purchases of \$50 or more are to be kept and made available to the public, upon request, for a minimum of 4 years. In addition, the procurement officer shall maintain a record

of all contracts made pertaining to small purchases, sole-source procurement, and emergency procurement in accordance with the district's records retention schedule.

### **Large Procurements and Construction Projects**

Procurements for construction projects are subject to the Utah Procurement Code (*Utah Code 63G-6a*), which, among other things, mandates bidding on most building and public works construction projects and specifies how the bidding and RFP process are to be conducted.

### **State Resources**

State Purchasing has entered into multiple contracts for a variety of products and services that can be used by districts without having to go through the RFP and bidding process themselves. This provides districts with access to high quality products at a lower price. In addition, State Purchasing also offers assistance to districts going through a bidding and RFP process who lack experience and expertise in this area. For more information about state contracts and other purchasing assistance, go to the State Purchasing website at [purchasing.utah.gov](http://purchasing.utah.gov) or call State Purchasing at 801-538-3026.

## RECORDS (GRAMA)

*Utah Code* 63G-2, Government Records Access and Management Act (GRAMA), addresses government records and the management of those records. It recognizes that the public has a right to access information regarding the conduct of the public's business and the right of privacy in relation to personal data gathered by governmental entities.

### ***Policy***

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

### ***Record Series***

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

### ***Retention***

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

State Archives is available as a resource to help you comply with record retention requirements. For questions call or e-mail: Rosemary Cundiff, Utah State Archives and Records Service, at (801) 531-3858 or [rcundiff@utah.gov](mailto:rcundiff@utah.gov).

### ***Classification***

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

- Public records are records that are open to everyone. They include:
  - Minutes from open meetings.
  - Compensation paid to a contractor.
  - Names, gender and gross compensation paid to public employees.
  
- Private records are information about individuals that may only be accessed by those individuals and others specified in *Utah Code* 63G-2-202. They include:
  - Unemployment insurance, social service and welfare benefits.
  - Medical history, diagnosis, condition, treatment and evaluation.
  - Public employees home address, home telephone number, social security number and marital status.

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

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

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

## **GRAMA Requests**

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

### ***Preparing for a GRAMA Request***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Fees**

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

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

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

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

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

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

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

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

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

***Access***

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

***Ombudsman***

A records ombudsman can assist government records officers who are responding to records requests. They can recommend solutions to difficult records access issues. Contact the records ombudsman at 801-531-3858.

***Training***

Designated records officers of each district are required to complete an annual on-line training course in order to certify in GRAMA. This training must be completed each year that they are the officially designated records officer per *Utah Code* 63G-2-108. This training can be accessed on-line at [www.archives.utah.gov/recordsmanagement/training.html](http://www.archives.utah.gov/recordsmanagement/training.html) or by going to the archives.utah.gov website and clicking on records management, then training.

## INSURANCE

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

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

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

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

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

## FUND BALANCE LIMITATION

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

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

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

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

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

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

## **DISTRICT CONTACT INFORMATION**

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

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

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

Furthermore, in accordance with *Utah Code* 11-47-103, each elected official shall have a telephone number, if available, and an email address, if available, where that elected official may be reached directly.

Districts are also encouraged to keep the district's entity information current, including contact information and officer information, on the State Auditor's website at [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov).

## **TRAINING**

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

The training is designed to help governing boards increase their understanding of their role, functions, and responsibilities. Topics covered by this training typically include items included in this manual. However, the training provides board members and others with the opportunity to ask questions and understand concepts behind laws and other requirements. An on-line training module that fulfills this requirement is available on the State Auditor's website at [auditor.utah.gov/news/audit\\_reports/local-districts-training-2/](http://auditor.utah.gov/news/audit_reports/local-districts-training-2/).

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

## **UTAH ASSOCIATION OF SPECIAL DISTRICTS**

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

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

## **APPENDIX A**

- **SAMPLE PURCHASING POLICY FOR LOCAL AND SPECIAL DISTRICTS**
- **QUOTE SHEET**

# **SAMPLE PURCHASING POLICY**

## **for**

# **LOCAL AND SPECIAL SERVICE DISTRICTS**

### ***Authority to Purchase***

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

### ***Purchasing Agent***

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

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

### ***Prior Authorization***

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

### ***Purchasing Procedure***

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

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

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

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

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

### ***Sole Source Procurement***

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

***Open Charge Accounts***

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

***Emergency Purchases***

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

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

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

***Acceptance of Proposals***

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

***Noncompliance***

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

# QUOTE SHEET

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

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**Vendor #1:**

Company Name: \_\_\_\_\_

Person Contacted: \_\_\_\_\_ Date Contacted: \_\_\_\_\_

Method of Contact:    Phone    E-mail    In person    Other: \_\_\_\_\_

Contact Information: Phone: \_\_\_\_\_ Address: \_\_\_\_\_

Amount Quoted: (Or attach vendor's written proposal or bid) \_\_\_\_\_

**Vendor #2:**

Company Name: \_\_\_\_\_

Person Contacted: \_\_\_\_\_ Date Contacted: \_\_\_\_\_

Method of Contact:    Phone    E-mail    In person    Other: \_\_\_\_\_

Contact Information: Phone: \_\_\_\_\_ Address: \_\_\_\_\_

Amount Quoted: (Or attach vendor's written proposal or bid) \_\_\_\_\_

## **APPENDIX B**

### **SAMPLE GRAMA REQUEST & DENIAL FORMS:**

- **UTAH GOVERNMENT RECORDS REQUEST FORM**
- **NOTICE OF DENIAL FORM**

## GRAMA Request Form

**Note:** Utah Code § [63G-2-204](#) (GRAMA) requires a person making a records request furnish the governmental entity with a written request containing the requester's name, mailing address, daytime telephone number (if available); and a description of the record requested that identifies the record with reasonable specificity.

### Requester's information

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/zip: \_\_\_\_\_

Daytime telephone number: \_\_\_\_\_

### Request made to

Government agency or office: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/zip: \_\_\_\_\_

### Records requested

**Note:** The more specific and narrow the request, the easier it will be for an agency or office to respond to the request. If you are unsure about the records' description, contact the agency or office records officer.

**Note:** Government keeps records in "series" or groups of records. To find out what series an agency or office maintains, visit the Archives' website, <http://archives.utah.gov>. The record series retention schedules on the Archives' website include relevant descriptions.

Title or series number of records (if known): \_\_\_\_\_

Description of records including all relevant information—location of event(s) described in records, city, county, address; date range of the records; names of the person(s); and subject of the request.

**Note:** If the record has a restricted access, GRAMA provides that certain individuals may still receive access.

\_\_\_\_\_ I am the subject of the record

\_\_\_\_\_ I am the authorized representative of the subject of the record

\_\_\_\_\_ I provided the information in the record

**Considerations about the desired response**

I would like to:

\_\_\_\_\_ View or inspect the records only

\_\_\_\_\_ Receive a copy of the records and pay associated fees. Please notify me if the amount will exceed  
\$ \_\_\_\_\_

\_\_\_\_\_ Receive a copy of the records and request a fee waiver, according to Utah Code § [63G-2-203](#), because:

\_\_\_\_\_ Releasing the record primarily benefits the public

\_\_\_\_\_ I am the subject, or authorized representative, of the record

\_\_\_\_\_ My legal rights are directly implicated by the information of the record because  
\_\_\_\_\_, and I am impecunious

\_\_\_\_\_ Receive an expedited response (5 days) because releasing the record benefits the public; I request the information for a story or report for publication or broadcast to the general public

**Agency use only**

Date request received: \_\_\_\_\_ Time limit for response: \_\_\_\_\_

**Classification of records (check all that apply):**

- \_\_\_\_\_ Public, records provided (date) \_\_\_\_\_
- \_\_\_\_\_ Private, legal citation § § 63G-2-302 or 303 \_\_\_\_\_
- \_\_\_\_\_ Controlled, legal citation § 63G-2-304 \_\_\_\_\_
- \_\_\_\_\_ Protected, legal citation § 63G-2-305 \_\_\_\_\_
- \_\_\_\_\_ Governed by court rule, another state statute, federal statute, or federal regulation  
\_\_\_\_\_
- \_\_\_\_\_ Not a record

**Disclosure of restricted records:**

Is access authorized?

- Private:**
- \_\_\_\_\_ Requester is the subject of the record
  - \_\_\_\_\_ Requester is authorized pursuant to Utah Code § 63G-2-202(1) and has supplied required documentation
  - \_\_\_\_\_ Requester is not authorized to have access
- Controlled:**
- \_\_\_\_\_ Requester is authorized pursuant to Utah Code § 63G-2-202(2) and has supplied required documentation
  - \_\_\_\_\_ Requester is not authorized to have access
- Protected:**
- \_\_\_\_\_ Requester submitted the record
  - \_\_\_\_\_ Requester is authorized pursuant Utah Code § 63G-2-202(4) and has supplied required documentation
  - \_\_\_\_\_ Requester is not authorized to have access

Identification provided: \_\_\_\_\_

**Response:**

- \_\_\_\_\_ Approved, requester notified on \_\_\_\_\_
- \_\_\_\_\_ Denied, written denial sent on \_\_\_\_\_
- \_\_\_\_\_ Requester notified agency does not maintain record on \_\_\_\_\_
- \_\_\_\_\_ Extraordinary circumstances invoked, legal citation \_\_\_\_\_

Consequent arrangements and time limits \_\_\_\_\_

**Fee:** \_\_\_\_\_

If waived, fee waiver approved by: \_\_\_\_\_

**Note:** Please refer to GRAMA Classification form and GRAMA Fee form for assistance. If access to records is denied in part or in whole, please use the GRAMA Notice of Denial form.

## GRAMA Request Notice of Denial

Date: \_\_\_\_\_

**Note:** Utah Code § [63G-2-205](#) (1 and 2) states that if the governmental entity denies the record in whole or in part, it shall provide a notice of denial. The notice shall contain a description of the record or portions of the record to which access was denied (provided the description does not disclose restricted information), the legal citation on which the decision to deny access is based (provided citation does not disclose restricted information), a statement that the requester has the right to appeal to the chief administrative officer, the time limits for filing an appeal, and the name and business address of the chief administrative officer.

### Requester's information

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/zip: \_\_\_\_\_

Daytime telephone number: \_\_\_\_\_

### Respondent's information

Records/GRAMA officer: \_\_\_\_\_

Government agency or office: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/zip: \_\_\_\_\_

### Record access considerations

Access to records or portions of records you requested or your request for a fee waiver is denied. These records have been classified with restricted access pursuant to GRAMA (Utah Code § [63G-2-201\(3\)](#)) or court rule, another state statute, federal statute, or federal regulation (Utah Code § [63G-2-201\(6\)](#)). Please see the attached sheet for a description of the record(s) denied and the reason for the denial.

### Notice of appeal

You have the right to appeal this denial to the chief administrative officer. Please direct your appeal to:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/zip: \_\_\_\_\_

Your notice of appeal must be submitted within 30 days of the above denial date and must include your name, mailing address, daytime telephone number, and an explanation of the relief sought. You may also include any supporting information with your notice of appeal.



**Office use**

**Records access considerations**

\_\_\_\_\_ These records have been classified with restricted access pursuant to GRAMA (Utah Code § [63G-2-201](#)(3)) or court rule, another state statute, federal statute, or federal regulation (Utah Code § [63G-2-201](#)(6)). [*Detail provided.*]

\_\_\_\_\_ Records request unreasonably duplicates prior request and as provided in Utah Code § [63G-2-201](#)(8)(a)(iv) the governmental entity is not required to fulfill the request.

\_\_\_\_\_ The agency does not have this record.

\_\_\_\_\_ A governmental entity is not required to create a record to fulfill this request as provided in Utah Code § [63G-2-201](#)(8)(a)(i).

\_\_\_\_\_ This record was appropriately disposed of according to record series retention schedule number \_\_\_\_\_ on \_\_\_\_\_ .  
(date)

\_\_\_\_\_ Utah Code § [63G-2-203](#)(8)(a) provides that a governmental entity may require payment of past fees and future estimated fees (if fees are expected to exceed \$50) before beginning to process a request.

\_\_\_\_\_ The estimated fee to fulfill this request is \$ \_\_\_\_\_. The prepaid amount in excess of fees will be returned to requester.

\_\_\_\_\_ The requester owes \$ \_\_\_\_\_ in unpaid fees from previous requests.

**Fee waiver considerations** (See GRAMA Fees Form)

**Note:** Utah Code § [63G-2-203](#)(6) provides that the requester may appeal the denial in the same manner as a person appeals when inspection of a public record is denied under [§ 63G-2-205](#) if he or she believes that there has been an unreasonable denial of a fee waiver. If the governmental entity denies a fee waiver, it must provide a statement that the requester has the right to appeal the denial to the chief administrative officer of the governmental entity; and the time limits for filing an appeal, and the name and business address of the chief administrative officer of the governmental entity.

\_\_\_\_\_ Request for fee waiver is denied.

**Other considerations**

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## **APPENDIX C**

### **Annual Calendar of Events for Board Members**

- **December 31 Year-End**
- **June 30 Year-End**

## **Annual Calendar of Events for Board Members December 31 Year-End**

### January

- Review 4<sup>th</sup> quarter expense report (required)
- Review October – December bank statements (recommended)
- 4<sup>th</sup> quarter Transparency upload due
- Submit adopted budget to State Auditor's Office
- Submit Deposit & Investment form to State Treasurer

### March

- Annual employee information due to transparency website

### April

- Review 1<sup>st</sup> quarter expense report (required)
- Review January – March bank statements (recommended)
- 1<sup>st</sup> quarter Transparency upload due

### June

- Balance Sheet information due to transparency website
- Submit audited financial statements/AUP/Self-Evaluation Form to State Auditor's Office

### July

- Review 2<sup>nd</sup> quarter expense report (required)
- Review April – June bank statements (recommended)
- 2<sup>nd</sup> quarter Transparency upload due
- Balance Sheet information due to transparency website
- Ensure Deposit & Investment Report is submitted to the State Treasurer

### October

- Review 3<sup>rd</sup> quarter expense report (required)
- Review July – September bank statements (recommended)
- 3<sup>rd</sup> quarter Transparency upload due

### November

- Review and approve tentative budget (required)

### December

- Hold public hearing and adopt final budget for next year (required)

### **Annual events**

- Open and Public Meetings Act training (required)
- Review personnel policy for compliance with state and federal laws (required)
- Conduct risk assessment and review controls over financial operations (recommended)

## **Annual Calendar of Events for Board Members June 30 Year-End**

### July

- Review 4<sup>th</sup> quarter expense report (required)
- Review April – June bank statements (recommended)
- 4<sup>th</sup> quarter Transparency upload due
- Ensure adopted budget is submitted to the State Auditor’s Office
- Ensure Deposit & Investment report is submitted to the State Treasurer

### September

- Annual employee information due to transparency website

### October

- Review 1<sup>st</sup> quarter expense report (required)
- Review July – September bank statements (recommended)
- 1<sup>st</sup> quarter Transparency upload due

### December

- Balance Sheet information due to transparency website
- Submit audited financial statements/AUP/Self-Evaluation Form to State Auditor’s Office

### January

- Review 2<sup>nd</sup> quarter expense report (required)
- Review October – December bank statements (recommended)
- 2<sup>nd</sup> quarter Transparency upload due
- Balance Sheet information due to transparency website
- Ensure Deposit & Investment report is submitted to the State Treasurer

### April

- Review 3<sup>rd</sup> quarter expense report (required)
- Review January – March bank statements (recommended)
- 3<sup>rd</sup> quarter Transparency upload due

### May

- Review and approve tentative budget (required)

### June

- Hold public hearing and adopt final budget for next year (required)

### **Annual events**

- Open and Public Meetings Act training (required)
- Review personnel policy for compliance with state and federal laws (required)
- Conduct risk assessment and review controls over financial operations (recommended)