

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

FINANCIAL REPORT

DECEMBER 31, 2010

WIGGINS
CERTIFIED
PUBLIC
ACCOUNTANTS **& CO.**.P.C.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

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TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	2-6
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	7
Statement of Activities.....	8
Balance Sheet – Governmental Funds	9
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	10
Statement of Revenues, Expenses, and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Balance to the Statement of Activities.....	12
Statement of Revenues, Expenses, and Changes in Fund Balance – Budget to Actual – General Government – Governmental Funds.....	13
Notes to Financial Statements.....	14-22



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Stansbury Service Agency of Tooele County

We have audited the accompanying financial statements of the governmental activities and each major fund of Stansbury Service Agency of Tooele County (the Agency) as of and for the year ended December 31, 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Stansbury Service Agency of Tooele County as of December 31, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2011 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Jensen & Keddington

June 29, 2011

STANSBURY SERVICE AGENCY OF TOOEELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

This section of the Stansbury Service Agency of Tooele County's annual financial report presents our discussion and analysis of the Service Agency's financial performance during the fiscal year ended December 31, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the financial statements, which follow this section:

FINANCIAL HIGHLIGHTS

- The Stansbury Service Agency of Tooele County's *total combined net assets* are \$20,574,133.
- During the year, the Service Agency program *expenses* were \$757,539.
- The changes in net assets amounted to \$341,054.
- During the year, the Service Agency program *revenues* were \$313,446 and general revenues were \$785,147.
- During the year, the Service Agency collected \$776,032 in *property taxes*, an increase of \$18,532 from 2009.
- The *general fund* balance is \$230,818, all of which is unassigned.
- The *capital projects fund balance* is \$1,315,435, of which \$368,303 is restricted and \$947,132 is assigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Stansbury Service Agency of Tooele County's basic financial statements. The Service Agency's basic financial statement comprises two components: 1) government wide financial statements and 2) fund financial statements.

The basic financial statements include two kinds of statements that present different views of the district:

- The Statement of Net Assets provides government-wide long-term and short-term information about the Service Agency's overall financial status.
- The Governmental Funds Balance Sheet, and Reconciliation of Balance Sheet, provides government-wide long-term and short-term information about the Service Agency's restricted and unrestricted assets, liabilities, and fund balances.
- The Statement of Revenues, Expenses, & Changes in Fund Balances and its Reconciliation provide government-wide information about the Service Agency's revenues and expenses for the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

Government-wide statements:

The government-wide statements report information about the Service Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Service Agency's most significant funds – not the Service Agency as a whole. Funds are accounting devices that the Service Agency uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Service Agency has two funds:

- General fund
 - This is the general operating fund of the Agency. The general fund is used for all financial resources except those required to be accounted for in another fund.
 - The general fund decreased by \$1,191,430 from 2009 to 2010. This decrease is primarily attributable to significant expenditures for the construction of a new park and a transfer of \$1,445,709 to the capital projects fund.
- Capital projects fund
 - In 2010, the Board of Trustees approved the adoption of a capital projects fund. This fund is used to account for financial resources used in major capital construction projects. Funds used for such projects are provided by impact fees and transfers from the general fund.
 - The capital projects fund increased by \$1,315,435 during 2010. This increase was in large part due to the transfer from the general fund in the amount of \$1,445,709.

STANSBURY SERVICE AGENCY OF TOOEELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

FINANCIAL ANALYSIS OF THE SERVICE AGENCY AS A WHOLE

Net assets. The Service Agency's combined net assets for 2010 were \$20,574,133. (See table 1)

Table 1
Stansbury Service Agency of Tooele County Net Assets

	Governmental Activities		Percentage Change
	2009	2010	
ASSETS			
Total Current Assets	\$ 1,508,873	1,621,386	7.46%
Non Current Assets:			
Property, plant and equipment (net of accumulated depreciation)	18,854,661	19,050,937	1.04%
Other assets – Water rights	-	-	0.00%
Total Assets	\$ 20,363,534	\$ 20,672,323	1.52%
LIABILITIES			
Total Current Liabilities	\$ 109,558	98,190	-10.38%
Non Current Liabilities:			
Long-term Debt	20,897	-	
Total Liabilities	130,455	98,190	-24.73%
NET ASSETS			
Investment in capital assets (net of related debt)	\$ 18,814,844	\$ 19,027,880	1.13%
Restricted For:			
Impact Fees	470,214	368,303	-21.67%
Debt Service	-	-	0.00%
Total Restricted	470,214	368,303	-21.67%
Unrestricted:	948,021	1,177,950	24.25%
Total Net Assets	20,233,079	20,574,133	1.69%
Total Net Assets and Liabilities	\$ 20,363,534	\$ 20,672,323	1.52%

A portion of the net assets are either restricted as to the purposes they can be used for or they are invested in capital assets. Unrestricted net assets may be used to fund Service Agency programs in the next fiscal year. However, this does not mean that the Service Agency has significant surplus resources available to pay its bills next year. Rather it is the result of having long-term commitments that are currently less than available resources. The balance has remained similar to the prior years.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

Table 2
Stansbury Service Agency of Tooele County Changes in Net Assets

	Governmental Activities		Percentage Change
	2009	2010	
REVENUES			
Program revenues			
Charges for services	\$ 95,619	\$ 93,686	-2.02%
Capital grants and contributions	179,790	219,760	22.23%
General revenues			
Property taxes – general	757,500	776,032	2.45%
Interest allocated to impact fees	15,560	2,548	-83.62%
Interest	4,619	6,567	42.17%
Loss on disposal of equipment	(1,934)	-	
Total Revenues	<u>1,051,154</u>	<u>1,098,593</u>	4.51%
Expenses			
General government	353,640	217,920	-38.38%
Park	155,259	206,568	33.05%
Clubhouse	60,643	72,470	19.50%
Pool	65,663	74,599	13.61%
Golf course	34,653	33,777	-2.53%
Lake	19,208	28,874	50.32%
Greenbelt	50,434	121,023	139.96%
Interest on long-term debt	5,204	2,308	-55.65%
Total Expenses	<u>744,704</u>	<u>757,539</u>	1.72%
Increase in net assets	306,450	341,054	11.29%
Net assets – beginning	<u>19,926,629</u>	<u>20,233,079</u>	1.54%
Net assets – ending	<u>\$ 20,233,079</u>	<u>\$ 20,574,133</u>	1.69%

The total of all program revenues and general revenues was \$1,098,593 for the year. General property tax was \$776,032 for the year. There was no general revenue for debt service property taxes for the year. The total of all program expenses was \$757,539 for the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2010

General Fund Budgetary Highlights

- Over the course of the year the Service Agency did revise its budget.
- The general fund budgeted expenses were \$698,000 and actual expenses on the budgetary basis were \$622,006, which resulted in a positive budgetary variance of \$75,994.
- The capital projects fund budgeted expenses were \$415,000 and actual expenses on the budgetary basis were \$352,582, which resulted in a positive budgetary variance of \$62,418.
- The service Agency has a liability to Tooele County of \$10,544 for property taxes for Debt Service revenue collected more than was paid for debt service expenses. The over collected debt service revenue for prior years needs to be approved for general purposes of the Agency by holding a public hearing during the next year. The liability will be recorded as property tax revenue after the public hearing. This liability is included in the accrued expenses liability.
- Capital assets purchased for the year were \$412,143. The major components of these additions were:
 - Equipment - \$57,344
 - 28 Acre Park construction costs - \$324,561
 - Greenbelt improvements - \$9,501
 - Building improvements - \$6,465
 - Recreation facilities - \$14,272
- There was no additional debt incurred.

Economic Factors and Next Year's Budgets

- Property tax revenues are increasing due to increased value.
- Impact fee revenues are decreasing due to reduced growth.

These indicators were taken into account when adopting the budgets for 2011.

Contacting the Service Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Stansbury Service Agency of Tooele County's finances and to demonstrate the Service Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Stansbury Service Agency, 1 Country Club, Suite 1, Stansbury Park, UT 84074, phone 435-882-6188.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

ASSETS	Governmental Activities
Current assets:	
Cash and cash equivalents - unrestricted	\$ 525,199
Cash and cash equivalents - restricted	376,559
Property taxes receivable	687,086
Other governmental entity - impact fees receivable	27,000
Other receivables	<u>5,542</u>
Total current assets	<u>1,621,386</u>
Capital assets:	
Land and construction in progress	17,090,335
Other capital assets, net of depreciation	<u>1,960,602</u>
Total capital assets:	<u>19,050,937</u>
Total Assets	<u><u>\$ 20,672,323</u></u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 12,803
Accounts payable from restricted assets	35,256
Accrued expenses	27,074
Accrued interest payable	2,160
Long-term debt - due within one year	<u>20,897</u>
Total current liabilities	<u>98,190</u>
Noncurrent liabilities:	
Long-term debt - due in more than one year	<u>-</u>
Total noncurrent liabilities	<u>-</u>
 NET ASSETS	
Invested in capital assets, net of related debt	1,937,545
Restricted:	
Restricted - impact fees (expendable)	368,303
Unrestricted	<u>18,268,285</u>
Total net assets	<u>20,574,133</u>
Total current liabilities and net assets	<u><u>\$ 20,672,323</u></u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 217,920	\$ 9,453	\$ 50,000	\$ (158,467)
Park	206,568	-	169,760	(36,808)
Clubhouse	72,470	22,485	-	(49,985)
Pool	74,599	37,350	-	(37,249)
Golf course	33,777	24,398	-	(9,379)
Lake	28,874	-	-	(28,874)
Greenbelt	121,023	-	-	(121,023)
Interest on long-term debt	2,308	-	-	(2,308)
Total governmental activities	757,539	93,686	219,760	(444,093)
General revenues				
Property taxes - general				776,032
Interest allocated to impact fees				2,548
Interest				6,567
Total general revenues				785,147
Change in net assets				341,054
Net assets - beginning				20,233,079
Net assets - ending				\$ 20,574,133

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

ASSETS	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents - unrestricted	\$ -	\$ 525,199	\$ 525,199
Cash and cash equivalents - restricted	-	376,559	376,559
Property taxes receivable	687,086	-	687,086
Other governmental entity - impact fees receivable	-	27,000	27,000
Other receivables	5,542	-	5,542
Due from other funds	-	421,933	421,933
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 692,628</u>	<u>\$ 1,350,691</u>	<u>\$ 2,043,319</u>
LIABILITIES			
Accounts payable	\$ 12,803	\$ -	\$ 12,803
Accounts payable from restricted assets	-	35,256	35,256
Accrued expenses	27,074	-	27,074
Due to other funds	421,933	-	421,933
	<hr/>	<hr/>	<hr/>
Total current liabilities	<u>461,810</u>	<u>35,256</u>	<u>497,066</u>
FUND BALANCES			
Restricted	-	368,303	368,303
Assigned	-	947,132	947,132
Unassigned	230,818	-	230,818
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>230,818</u>	<u>1,315,435</u>	<u>1,546,253</u>
	<hr/>	<hr/>	<hr/>
Total current liabilities and fund balances	<u>\$ 692,628</u>	<u>\$ 1,350,691</u>	<u>\$ 2,043,319</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Total governmental funds balances	\$ 1,546,253
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	19,050,937
Accrued interest payable is not due in the current period and, therefore, is not reported in the funds.	(2,160)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(20,897)</u>
Net assets of governmental activities	<u>\$ 20,574,133</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Impact fees	\$ -	\$ 169,760	\$ 169,760
Property taxes	776,032	-	776,032
Capital grants	-	50,000	50,000
Charges for services	69,288	-	69,288
Rental income	24,398	-	24,398
Interest allocated to impact fees	-	2,548	2,548
Interest	<u>6,567</u>	<u>-</u>	<u>6,567</u>
Total revenues	<u>876,285</u>	<u>222,308</u>	<u>1,098,593</u>
Expenditures			
Current:			
General government	216,950	-	216,950
Park	101,108	-	101,108
Clubhouse	67,644	-	67,644
Pool	79,502	-	79,502
Golf course	15,360	-	15,360
Lake	29,923	-	29,923
Greenbelt	88,438	-	88,438
Debt Service:			
Principal	18,920	-	18,920
Interest expense	4,161	-	4,161
Capital outlay:			
Park	-	332,512	332,512
Clubhouse	-	3,000	3,000
Golf course	-	6,770	6,770
Greenbelt	<u>-</u>	<u>10,300</u>	<u>10,300</u>
Total expenditures	<u>622,006</u>	<u>352,582</u>	<u>974,588</u>
Excess of revenues over expenditures	<u>254,279</u>	<u>(130,274)</u>	<u>124,005</u>
Other financing sources (uses)			
Transfers in	-	1,445,709	1,445,709
Transfers out	<u>(1,445,709)</u>	<u>-</u>	<u>(1,445,709)</u>
Total other financing sources (uses)	<u>(1,445,709)</u>	<u>1,445,709</u>	<u>-</u>
Net change in fund balance	(1,191,430)	1,315,435	124,005
Fund balance beginning of year	<u>1,422,248</u>	<u>-</u>	<u>1,422,248</u>
Fund balance end of year	<u>\$ 230,818</u>	<u>\$ 1,315,435</u>	<u>\$ 1,546,253</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Excess of revenues over expenditures - governmental funds \$ 124,005

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 196,275

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 18,920

In the governmental funds, the Agency records an expenditure for interest actually paid. In the statement of activities, interest expense is recorded on the accrual basis, which requires interest expense accrued but not yet paid to be recognized as an expense. This is the amount by which the accrued interest was reduced. 1,854

Change in net assets of governmental activities \$ 341,054

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 611,784	\$ 721,784	\$ 776,032	\$ 54,248
Charges for services	51,000	51,000	69,288	18,288
Rental income	25,000	25,000	24,398	(602)
Interest	4,000	4,000	6,567	2,567
Total revenues	<u>691,784</u>	<u>801,784</u>	<u>876,285</u>	<u>74,501</u>
Expenditures				
Current:				
General government	414,784	421,000	216,950	204,050
Park	76,500	79,500	101,108	(21,608)
Clubhouse	59,000	63,000	67,644	(4,644)
Pool	67,500	72,500	79,502	(7,002)
Golf course	20,000	20,000	15,360	4,640
Lake	34,000	22,000	29,923	(7,923)
Greenbelt	20,000	20,000	88,438	(68,438)
Debt Service:				
Principal	-	-	18,920	(18,920)
Interest expense	-	-	4,161	(4,161)
Total expenditures	<u>691,784</u>	<u>698,000</u>	<u>622,006</u>	<u>75,994</u>
Excess of revenues over expenditures	-	103,784	254,279	150,495
Other financing sources (uses)				
Transfers out	-	(1,445,709)	(1,445,709)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,445,709)</u>	<u>(1,445,709)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(1,341,925)</u>	<u>(1,191,430)</u>	<u>150,495</u>
Fund balance beginning of year	<u>1,422,248</u>	<u>1,422,248</u>	<u>1,422,248</u>	<u>-</u>
Fund balance end of year	<u>\$ 1,422,248</u>	<u>\$ 80,323</u>	<u>\$ 230,818</u>	<u>\$ 150,495</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Stansbury Service Agency of Tooele County (the Agency), was created in 1992 by an Interlocal Agreement between Stansbury Recreation Service Area of Tooele County and Stansbury Greenbelt Service Area of Tooele County, both political subdivisions of the State of Utah created by authority of the Utah County Service Area Act, Code 17A-2-401. The Agency is a separate entity of government and, as such, is subject to providing Greenbelt and Recreation services to the Stansbury Park area. The Board members are elected by vote of Stansbury Park property owners.

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The more significant of the government's accounting policies are described below.

A. The Reporting Entity

The Agency follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the Agency is financially accountable. The Agency is not a participant in any joint venture and has not identified any entities which would be component units of the Agency.

The Agency is not a component unit of Tooele County.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the Agency's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenses are recorded when liabilities are incurred.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the Agency are reported as a reduction of the related liability, rather than an expenditure.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures are recorded only when payment is due.

Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. However, the Agency extended the available period from 60 days to 90 days during 2010 because property taxes which were budgeted in 2010 were not remitted to the Agency until March 30, 2011.

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (continued)

USE OF RESTRICTED FUNDS

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed. The order in which unrestricted resources are expended is in the following order: 1) committed, 2) assigned and 3) unassigned.

The Agency reports the following major governmental funds:

GENERAL FUND

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund.

CAPITAL PROJECTS FUND

The capital projects fund is used to account for resources to be used for capital projects.

D. Other Accounting Policies

Encumbrance accounting is not maintained by the Agency. Due to the size of the Agency, maintaining files is considered adequate to keep track of purchase orders, contracts, and other commitments. The Agency recognizes a liability for accumulated unpaid vacation for eligible employees. As of December 31, 2010, the liability was \$5,156.

E. Impact Fees

The Agency imposes impact fees for the development of open space, trails, recreation facilities and parks for the Stansbury Park area. The Agency adopted a capital facilities plan to determine the construction costs for calculating the amount of the impact fees. The Agency accounts for all impact fees by depositing them into a separate interest bearing account.

Impact fees amounting to \$169,760 were recognized in revenue and \$27,000 were available at Tooele County Assessor but not yet remitted as of December 31, 2010.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

E. Impact Fees

For the year ended December 31, 2010, the Agency expended \$274,561 for capital improvements from impact fees. The Agency is required to refund all impact fees, plus interest, if they have not expended the collected impact fees according to the capital facilities plan within six years of their receipt. The Agency is not liable for any refunds at December 31, 2010.

G. Budgets and Budgetary Accounting

The Agency follows these procedures in establishing the budgetary date reflected in the financial statements:

1. By the first regular scheduled board meeting in November, a proposed operating budget is submitted for the year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. By December 15th, the budget is legally enacted through passage of an ordinance.
4. The Board approves, by ordinance, total budget appropriations only. The Treasurer is authorized to transfer budget amounts between line items within the fund; however, any revisions that alter the total appropriations of any fund must be approved by the Board. The Agency must hold a hearing to alter the total expenditures of the general fund. Therefore, the level of budgetary responsibility is total appropriations; however, for report purposes, this level has been expanded to a functional basis.
5. Unused appropriations for all of the above annually budgeted funds lapse at the end of year.
6. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

H. Estimates and Assumptions

The Agency uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

I. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on June 15th and are due November 30th.

J. Risk Management

The Agency purchases insurance from an independent carrier to provide worker's compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

NOTE 2. CASH AND CASH EQUIVALENTS

The Agency considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents. Following are the components of the Agency's cash and investments at December 31, 2010:

Cash and cash equivalents - unrestricted	\$	525,199
Cash and cash equivalents - restricted		<u>376,559</u>
 Total	 \$	 <u><u>901,758</u></u>

Deposits

At December 31, 2010, the carrying amount of the Agency's deposits was \$19,733 and the bank balance was \$29,189, all of which was covered by the NCUA. Deposits are not collateralized nor are they required to be by state statute. However, the State Commissioner of Financial Institutions monitors financial institutions and establishes limits for deposit of public money at individual financial institutions, and the Agency follows these recommendations.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

The Agency follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of Agency funds in a “qualified depository”. The Act defined a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investment

At December 31, 2010, the Agency’s investments balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Utah Public Treasurer’s Investment Fund	\$882,025	N/A	Unrated

Interest Rate Risk. The Agency has no policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency invests in the Utah Public Treasurer’s Investment Fund which is short term.

Credit Risk. The Agency has no policy regarding credit risk. The investment in the Utah Public Treasurer’s Investment Fund is unrated. These monies are invested primarily in money market securities.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure to this risk, the Agency tries to limit its deposits in each depositor to the FDIC or NCUA insured limits.

Concentration of Credit Risk. The Agency places no limit on the amount that the Agency may invest in any one issuer. The Agency has no concentration of credit risk.

The Utah Public Treasurer’s Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund is not SEC registered nor is it rated. The fair value of the Agency’s position in the fund is the same as the value of the fund shares.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

Restricted Assets

General Fund – The restricted cash of \$376,559 consists of reserves from impact fees received and funds for construction to be used only for the purpose defined by contract or under legal provisions.

NOTE 3. SUMMARY OF CHANGES IN FIXED ASSETS

The Agency used the straight line method of depreciation over estimated lives of three to twenty-five years. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. For the year ended December 31, 2010, depreciation expense was \$215,868. A summary of the fixed assets is as follows:

	12/31/09	Additions	Disposals/ Reclass	12/31/10
Capital assets not being depreciated				
Land	\$ 15,024,468	\$ -	\$ -	\$ 15,024,468
Construction in progress	1,741,306	324,561	-	2,065,867
Total capital assets not being depreciated	16,765,774	324,561	-	17,090,335
Capital assets being depreciated:				
Land Improvements	133,767	-	-	133,767
Greenbelt improvements	504,657	9,501	-	514,158
Buildings	683,766	-	-	683,766
Building improvements	20,693	6,465	-	27,158
Equipment and vehicles	473,950	57,344	-	531,294
Parks	1,508,986	-	-	1,508,986
Recreation facilities	5,665,310	14,272	-	5,679,582
Total capital assets being depreciated	8,991,129	87,582	-	9,078,711
Less: Accumulated depreciation	(6,902,241)	(215,868)	-	(7,118,109)
Total capital assets being depreciated, net	2,088,888	(128,286)	-	1,960,602
Capital assets, net	<u>\$ 18,854,662</u>	<u>\$ 196,275</u>	<u>\$ -</u>	<u>\$ 19,050,937</u>

Depreciation is reported in the following functions:

General government	\$ 54,045
Park	97,509
Clubhouse	3,944
Pool	11,487
Golf course	15,299
Lake	5,448
Greenbelt	28,136
	<u>\$ 215,868</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4. LONG-TERM LIABILITY

On March 14, 2008, the Agency entered into a lease agreement for three vehicles. The lease agreement requires four annual payments in the amount of \$23,081, with the first payment being made in March 2008. The annual percentage rate on the lease is 10.45%. The Agency has the option to purchase the vehicles for \$1 at the end of the lease, in March 2011. The vehicles have been capitalized in the statement of net assets for \$80,028. The accumulated depreciation on these vehicles as of December 31, 2010, is \$46,014.

Following are the changes in the long term liabilities:

	Balance Outstanding <u>12/31/09</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>12/31/10</u>	<u>Due Within One Year</u>
Leases Payable	\$ 39,817	\$ -	\$ (18,920)	\$ 20,897	\$ 20,897
Total	<u>\$ 39,817</u>	<u>\$ -</u>	<u>\$ (18,920)</u>	<u>\$ 20,897</u>	<u>\$ 20,897</u>

Future payments are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	<u>\$ 20,897</u>	<u>\$ 2,184</u>	<u>\$ 23,081</u>
	<u>\$ 20,897</u>	<u>\$ 2,184</u>	<u>\$ 23,081</u>

The total amount of interest expense incurred during the year ended December 31, 2010 was \$2,308. The total amount of interest expense paid during the year ended December 31, 2010 was \$4,161.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS AND RESTRICTED NET ASSETS

\$368,303 is reported as restricted net assets in the government-wide statement of activities and restricted fund balance in the capital projects fund. This is the amount of impact fees collected and not yet expended. All of the restricted net assets are restricted by enabling legislation. The capital projects fund also reports \$947,132 of assigned fund balance, which is the amount set aside by the Board of Trustees, for future projects. The Board of Trustees is the highest level of authority within the Agency. Formal Board resolution is required to commit Agency funds.

NOTE 6. INTERFUND BALANCES

During the year ended December 31, 2010, the Board of Trustees approved a transfer of \$1,445,709 from the general fund to the capital projects fund. This transfer is for the purpose of funding future capital projects. As of December 31, 2010, the general fund had a balance due to the capital projects fund of \$421,933. This amount is due to the capital projects fund because at the time of the transfer from the general fund, there was not enough cash in the general fund to complete the transfer. Subsequent to year end, the Agency received cash due from the property tax receivable and paid the capital projects fund the remaining amount due.

NOTE 7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the auditor's report date, which is the date the financial statements were available to be issued. There were no subsequent events to disclose.

**STANSBURY SERVICE AGENCY
OF TOOELE COUNTY**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2010

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SUPPLEMENTAL REPORTS
TABLE OF CONTENTS
For The Fiscal Year Ended December 31, 2010**

	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor’s Report on Compliance in Accordance with the <i>State of Utah Legal Compliance Audit Guide</i>	3
Schedule of Findings and Recommendations	4



Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA
Gregory B. White, CPA**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***Board of Trustees
Stansbury Service Agency of Tooele County

We have audited the financial statements of the governmental activities and each major fund of Stansbury Service Agency of Tooele County (the Agency) as of and for the year ended December 31, 2010, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated June 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying *Schedule of Findings and Recommendations* that we consider to be significant deficiencies in internal control over financial reporting (1 and 2). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stansbury Service Agency of Tooele County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed immaterial instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings and Recommendations* as items 3 and 4.

The Agency's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Jensen & Keddington

June 29, 2011



Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA
Gary K. Keddington, CPA
Brent E. Christensen, CPA
Jeffrey B. Hill, CPA
Gregory B. White, CPA

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE IN ACCORDANCE WITH THE
STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE**

Board of Trustees
Stansbury Service Agency of Tooele County

We have audited Stansbury Service Agency of Tooele County's compliance with general compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended December 31, 2010. The general compliance requirements applicable to the Agency are identified as follows:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitations
Special Service and Local Districts
Other General Compliance Issues
Impact Fees
Fund Balance Limitation

The Agency did not receive any major or nonmajor State grants during the year ended December 31, 2010.

Compliance with the requirements referred to above is the responsibility of the Agency's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, Stansbury Service Agency of Tooele County complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2010. However, the results of our auditing procedures disclosed other immaterial instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying *Schedule of Findings and Recommendations* dated June 29, 2011 as items 3 and 4.

The Agency's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

Jensen & Keddington

June 29, 2011

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**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
December 31, 2010**

SIGNIFICANT DEFICIENCIES

1. SEGREGATION OF DUTIES – CASH RECEIPTING AND DEPOSITING

Finding:

We noted that cash receipts are receipted and deposited by the office manager with no independent verification or review. This segregation of duties weakness creates the risk that funds could be misappropriated and go undetected.

This weakness is due to the limited resources of the Agency to have a different individual perform each aspect of the cash receipting function.

Recommendation:

The Agency should adopt policies and procedures addressing this segregation of duties weakness, which could include, but are not limited to, the following:

- Having an individual without posting authority prepare deposits, and the office manager post cash receipts from a deposit report.
- Having a separate individual verify amounts deposited to cash receipts documentation.

Agency's Response:

The Agency agrees with the finding and will consider additional procedures to address the finding.

2. SEGREGATION OF DUTIES – CASH DISBURSEMENTS

Finding:

We noted that the office manager writes checks, mails checks, is a check signor, and reconciles the bank accounts. In addition, there is no review of the bank reconciliations. This segregation of duties weakness creates the risk of unauthorized disbursements being made and going undetected, as well as increases the risk that misstatements could occur and not be discovered.

This weakness is due to the limited resources of the Agency to have a different individual perform each aspect of the cash disbursement function.

Recommendation:

The Agency should adopt policies and procedures addressing this segregation of duties weakness, which could include, but are not limited to, the following:

- Segregating the functions of check writing and check signing.
- Having a separate individual without posting rights mail checks after they are signed.
- Having a separate individual prepare or review the bank reconciliation.

Agency's Response:

The Agency agrees with the finding and will consider additional procedures to address the finding.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)
December 31, 2010

STATE LEGAL COMPLIANCE – Immaterial Instances of Noncompliance

3. TRUTH IN TAXATION – BUDGETED PROPERTY TAX REVENUE

Finding:

The State Legal Compliance guide states that budgeted property tax revenue reported on the TC-693 Tax Rate Summary form “should be the same as the revenue amounts in the entity’s adopted budget”. During our audit procedures, we compared the 2010 budgeted property tax revenues as per the final adopted budget to the TC-693 Tax Rate Summary form submitted to the State.

We noted that the final adopted 2010 budget reported \$18,976 less in budgeted property tax revenue than what was reported on the Tax Rate Summary form. The Agency’s budget understated its 2010 budgeted property tax revenues causing the Agency to not be in compliance with this section of the State Code.

This problem appears to be due to an error of using the 2009 budgeted property tax revenues as the 2010 budgeted property tax revenues.

Recommendation:

We recommend the Agency closely monitor the budgeted property tax revenues to ensure that it matches the revenues reported to the State.

Agency’s Response:

The Agency will review the procedure for reporting budgeted property tax revenue.

4. PURCHASING REQUIREMENTS

Finding:

The State Legal Compliance guide states that “Purchasing policies shall contain the following provisions:

- Contracts shall be awarded by competitive sealed bidding or competitive sealed proposals except for small purchases, emergency purchases, or where there is only one source for the required supply, service, or construction item. An invitation for bids or proposals shall be issued by public notice. Bids/proposals shall be opened publicly. Bids/proposals shall be accepted without alteration except as provided by the Procurement Code. (*Utah Code 63G-6-401 and 408*)
- Cost-plus-a-percentage-of-cost contracts are prohibited. (*Utah Code 63G-6-416*)
- A purchasing agent shall be appointed.
- An appeals procedure shall be included.”

During our audit procedures, we analyzed the Agency’s adopted purchasing policy. We noted that the purchasing policy did not contain the above-listed requirements. In addition, the Agency’s purchasing policy requires authorization by a board member for purchases over \$2,500. We noted that there was rarely documentation indicating approval for these purchases.

As a result, the Agency is not in compliance with this section of the State Code. This problem appears to be due to a lack of knowledge of the specific purchasing policy requirements.

Recommendation:

We recommend the Agency develop and adopt a new purchasing policy to include all of the required components. In addition, we recommend that the Agency keep documentation of approval for purchases over the limit prescribed in the purchasing policy, such as board member signature and date of approval.

Agency’s Response:

The Agency will review the purchasing policy and make changes as needed to conform to the State requirement.