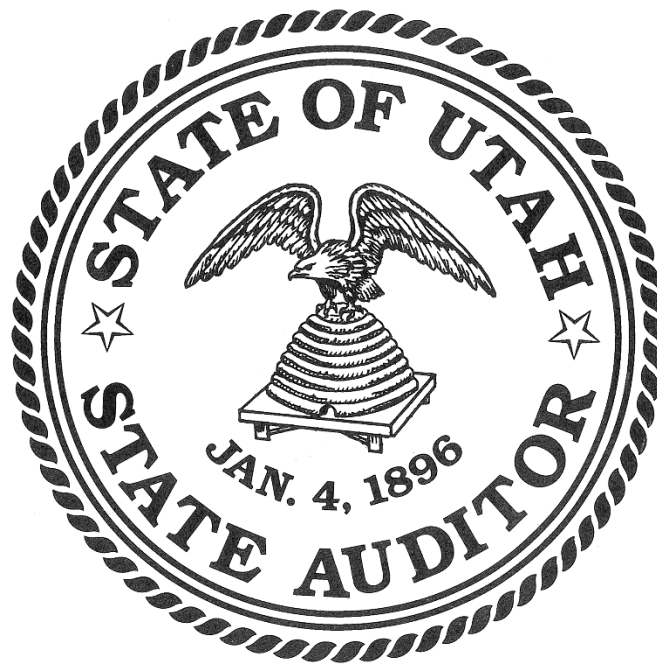


State of Utah

Uniform Accounting Manual for All Local Governments

(Revised March 2022)



OFFICE OF THE
STATE AUDITOR

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Introduction

The Uniform Accounting Manual (UAM) assists local government entities (cities, towns, metro townships, counties, local and special districts, and interlocal entities) in the accounting, budgeting, and reporting of public funds. It is intended to provide a *basic* level of understanding of both Utah statute, and accounting standards applicable to budgeting and accounting operations of Utah local governments. The UAM is *not* a comprehensive guide to all laws and standards that may apply to a local government. A comprehensive understanding of Utah state law and accounting standards may be achieved by reading those sources directly or using other applicable guides.

Because many state laws and accounting policies are parallel between local governments (cities, towns, counties, local and special districts, and interlocal entities), the UAM applies to all local government entities. The beginning of each section will use the term “local governments” to address the information that is congruent amongst cities, towns, counties, districts, and interlocal entities. After all the coinciding information has been provided, subsections will then be presented to identify information that is specific to each entity type (city, town, county, district, or interlocal entity). The UAM should be used by reading all the information in each section, understanding that the term “local governments” is applicable to all, and then identifying the subsection that is applicable to your specific local government type and reading the entity specific information that is contained therein. The left margin of each paragraph contains a reference to *Utah Code* or other authoritative guidance related to that specific topic. The following key describes the abbreviations used to make reference to the *Utah Code*:

C: Cities **T:** Towns **CO:** Counties **D:** Districts (both Local and Special) **I:** Interlocal Entities*
*includes governmental nonprofit corporations

Comments and suggestions regarding the UAM may be directed to Seth Oveson, Manager, Local Government Division, Office of the State Auditor, at: soveson@utah.gov or (435) 572-0440.

Fundamental Concepts of Governmental Accounting

Governmental Funds

All: [GASB 34](#), 54. Governmental funds account for most of an entity's activities that are financed through taxes. Governmental fund reporting often has a budgetary orientation. A balance sheet and a statement of revenues, expenditures and changes in fund balances should be included for all governmental funds. Governmental funds are classified into five types:

- 1) *General Fund*- Provides the resources necessary to sustain the day-to-day activities of a governmental entity. This fund records all assets and liabilities of the entity that are not assigned to other funds. As such, these funds are limited by law as taxpayer funds and should not be accumulated without a specific purpose.
- 2) *Special Revenue Funds*- Funds restricted or committed to a specific purpose other than debt service or capital projects.
- 3) *Capital Projects Funds*- Funds reserved for long-term capital investment projects such as the acquisition, construction, or renovation of building. This reserve fund ensures that the entity has adequate funding to finance the project. These funds would not be used for a proprietary, or revenue-generating project, but more likely for general or administrative government use. These funds are usually classified as restricted, committed, or assigned.
- 4) *Debt Service Fund*- Fund established to accumulate sufficient resources to make principal and interest payments on debt that has been issued. This fund would normally be classified as restricted, committed, or assigned. This fund should be used if a legal mandate or debt covenant exists that has liquidity, ratio, or other requirements. If the entity is not obligated, then an agency fund would be appropriate.
- 5) *Permanent Funds*- Funds with balances that are restricted. Only earnings (not principal) may be used to support governmental programs. These usually contain contractual or third party-imposed conditions.

C: [10-6-109-111](#)
 T: [10-5-107](#)
 CO: [17-36-8, 10](#)
 D: [17B-1-605-607](#)

Proprietary Funds

Proprietary funds account for an entity's business-type activities that are financed by fees or charges for services. These funds should be self-sufficient. Financial reporting should focus on operating income, changes in net position (cost recovery), financial position, and cash flow. The financial statements should include either a statement of net assets or a balance sheet; a statement of revenues, expenditures, and changes in net assets; and a statement of cash flows. Proprietary funds include the following:

- 1) *Internal Service Funds*- Account for goods or services that are provided by one department (e.g.; printing services, self-insurance, etc.) to another department on a cost reimbursement basis.
- 2) *Enterprise Funds*- Account for goods or services provided to the public on a user charge basis, similar to the operations of a commercial business (e.g., providing water and sewage utilities). An enterprise fund must be used if the activities are financed with debt solely secured by a pledge of the net revenues, if laws and regulations require that an activity's costs of providing services be recovered with fees and charges, or if the pricing policies of the activity establish fees and charges designed to recover its costs. Insignificant activities do not need to be included in an enterprise fund.

Fiduciary Funds

Fiduciary funds are trust or agency funds that are used to account for assets that are held by a local government for another organization. Reporting focuses on net assets and changes in net assets. Fiduciary funds include the following:

- 1) *Pension Trust Funds*- Used to report resources that are required to be held in trust for the members and beneficiaries of employee benefit plans.
- 2) *Investment Trust Funds* – External portion of investment pools reported by the sponsoring government.
- 3) *Private-Purpose Trust Funds* – All other trust arrangements under which principal and interest benefit individuals, private organizations, and other governments.
- 4) *Agency Funds* – Funds held by the government in a purely custodial capacity (assets equal liabilities).

C: [10-6-131~132](#) **Transactions between Funds**

T: [10-5-119~120](#)
CO: [17-36-29~30](#) When it becomes no longer necessary to maintain a separate fund, the remaining fund balance can be transferred to the general fund. Local governments may authorize inter-fund loans and transfers subject to certain specifications. These specific guidelines can be found in the cited code references.

D: [17B-1-625~626](#)
Audit Alert [2014-01](#)

Budgeting

Tentative Budget

C: [10-6-109~111](#)
 T: [10-5-107](#)
 CO: [17-36-8, 10](#)
 D: [17B-1-605~607](#)
 I: [11-13-506](#)

The annual budget process begins with the preparation of a tentative budget by the budget officer. A default budget officer is identified by *Utah Code*, but can be assigned to others by appointment. A tentative budget may be as simple as amounts requested by departments, or the same as the prior year budget. It is merely a starting point. However, a tentative budget must be created for each major fund used by the entity. Major funds include (a) the general fund, (b) special revenue funds, (c) debt service funds, (d) capital projects funds, (e) proprietary funds, and any other fund deemed significant. The tentative budget must contain estimated revenue and expenditures; do not budget for assets and liabilities. Each budget must balance, which means total revenues must equal total expenditures. When an entity does not plan to have equal revenues and expenditures, they should use the account named “appropriation to fund balance” as an expense or “appropriation from fund balance” as a revenue for the amount of the difference between anticipated revenues and expenditures. This means the entity plans to add to its fund balance or use existing fund balance in the year under consideration.

Proposed Budget and Final Adoption

Once a tentative budget is created and adopted, the board must identify the resources expected to be available during the year under consideration and then prioritize the cost of operations and projects to arrive at a final proposed budget to be considered for adoption. The entity must hold a public hearing before the final budget may be adopted. Once the public hearing is complete, the board may formally adopt the final budget. A copy of the adopted final budget must be submitted to the Office of the State Auditor within 30 days of adoption.

Budget Document Format

C: [10-6-111~114](#)
 T: [10-5-108](#)
 CO: [17-36-11~13](#)
 D: [17B-1-608~609](#)
 I: [11-13-508](#)

Budgets must have a specific format. Revenues and expenditures must be identified with a reasonably descriptive title and classification. There must be at least three columns of numerical information. A column of the most recently completed year, one for estimated amounts for the current year-end, and one for the budgeted amounts for the year under consideration. Download a budget form at resources.auditor.utah.gov.

Budgeting Procedures and Forms

Local governments are required to prepare a budget for each governmental fund and major fund. Major funds include the general fund, and those funds that meet the following GASB threshold:

- 1) Total assets, liabilities, revenues, or expenditures of that governmental or enterprise fund are at least 10% of the corresponding element total (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The same element that met the criteria above, is at least 5% of the corresponding element total for all governmental and enterprise funds combined, and funds which government officials believe are particularly important because of consistency or public interest.

Budgets should set forth in tabular form:

- 1) Estimated revenues, classified by account title
- 2) Expenditures, classified by account title

Further instructions on budget preparation are located in the *Utah Code*. Budget forms for local governments can be found at: resources.auditor.utah.gov.

The table below summarizes the timing sequence of events relating to budgetary procedures (assuming no property tax increase):

Sequence of Actions	Cities	Towns	Counties	Local & Special Service Districts & Interlocal Entities
Prepare Tentative Budget	On or before the first scheduled meeting in the last May of current period	On or before the first scheduled town council meeting of May	On or before the first day of the next to last month of fiscal period	On or before the first meeting of the board of trustees in November (calendar year entity) or May (fiscal year entity)
Make Tentative Budget Available to Public	At least 10 days prior to the adoption of a final budget	Promptly	At least 10 days prior to the adoption of a final budget	At least 7 days prior to the adoption of a final budget
Give Notice of Public Hearing	At least 7 days prior to the hearing	At least 7 days prior to the hearing	At least 7 days prior to the hearing	At least 7 days prior to the hearing
Make Adjustments & Adopt Final Budget	Before June 30 of each fiscal period	Before June 30 of each year	On or before the last day of each fiscal period	Prior to the beginning of the fiscal year
File Final Budget with State Auditor	Within 30 days after final adoption	Within 30 days after final adoption	Within 30 days after final adoption	Within 30 days after final adoption

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. Budget amendments generally must follow the same procedures as the adoption of the original budget (required public notice and hearing). Local governments 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. If an emergency exists, such as widespread damage from a fire or earthquake, a local government may amend the budget and incur deficits in fund balances. *Utah Code* discusses the special requirements that exist when such unforeseen circumstances arise.

C: [10-6-124~129](#)
 T: [10-5-116~118](#)
 CO: [17-36-23~27](#)
 D: [17B-1-620~623](#)
 I: [11-13-520](#)

Purchases and Encumbrances

Each local government is to use budgetary controls or an encumbrance system to ensure that no expenditure is made in excess of the appropriated funds of any department. An encumbrance system is a budgetary procedure where funds are reserved from an appropriation account at the point when the purchase order is made (before waiting for the merchandise or related invoice). Local governments are to implement purchasing procedures and assign a person (purchasing agent) to review and authorize expenditures. Frequently, a local government's purchasing agent is its budget officer. The "Fiscal Responsibilities and Personnel Section" of this manual gives more information as to the role of the purchasing agent ([Fiscal Responsibilities and Personnel](#)).

C: [10-6-121~123](#)
 T: [10-5-115](#)
 CO: [17-36-20~21](#)
 D: [17B-1-617~619](#)
 I: [11-13-517](#)

Budgets for Enterprise Funds

Local governments using enterprise funds are to prepare an operating and capital budget for each major fund. The process of adopting a budget for an enterprise fund is the same as the guidelines covered above, except in certain circumstances. When enterprise funds are transferred to another fund for expenditures not directly related to the goods or services provided by the enterprise for which the enterprise fund was created, a city or town must provide notice of the intended transfer. The city or town must also clearly identify:

- (1) The enterprise fund from which money is intended to be transferred
- (2) The specific enterprise fund information for that enterprise fund
- (3) Provide notice of an enterprise fund hearing
- (4) Hold an enterprise fund hearing before the adoption of the city's budget or, if applicable, the amendment to the budget.

C: [10-6-135](#),
[10-6-135.5](#)
 T: [10-5-117](#),
[10-5-107.5](#)
 CO: [17-36-32](#)
 D: [17B-1-629](#)
 I: [11-13-524](#)

Budgeting Appropriations for Existing Deficits

Local governments that have an existing deficit in the fund balance of any fund must allow for a budgeted appropriation of fund balance to the extent of at least 5% of the total current year revenue of that fund. If the deficit fund balance is less than 5% of the total current year revenue of that fund, the entity must budget an appropriation to the fund balance for the entire amount of the deficit. Since fund balances are often not finalized until the proceeding budget year is well under way, it would be appropriate for the entity to amend its budget to accommodate this required appropriation once the final deficit amounts are known.

C: [10-6-117](#)
 T: [10-5-114](#)
 CO: [17-36-17](#)
 D: [17B-1-613](#)
 I: [11-13-513](#)

Budgeting for transfers between funds

Because accounting funds behave independent of each other, transactions between separate funds must be recognized. When operations of one fund provide a service to another fund, a transaction must be booked to recognize the exchange of resources. A physical check can be cut and processed, or a journal entry may be used. When a journal entry is used, the appropriate transaction will be a "transfer from" one fund (revenue) and a "transfer to" the other fund (expenditure). The use of a transfer does not remove the need to budget for this exchange of resources. Transfers between funds must match. For example, if there is a transfer of \$50,000 from the general fund to the capital projects fund, there must be a "transfer to capital projects" line for \$50,000 in the general fund and a "transfer from general fund" line for \$50,000 in the capital projects fund.

Budgeting for restricted revenue

A balanced budget can be achieved by simply having revenues equal expenditures. However, when some of the revenues are restricted, special consideration must be given. If a restricted revenue is recognized in a special revenue fund, it is sufficiently protected, however, if a restricted revenue is recognized in the general fund, or a fund with other revenue, there should be an expenditure budgeted for the same amount as the restricted revenue. This protects against budgeting for a large amount a restricted revenue with no intention to spend any of it in the same period. In the general fund, for example, if you receive \$100,000 in Class C Road Funds and spend none because you are saving for a major project, this could allow an unintended and unfunded \$100,000 in other general fund expenditures if a corresponding Class C Road Fund expense or Appropriation to Fund Balance expenditure line is not used.

Entity Specific Information

Cities

City-specific requirements include:

- If a class “C” and collector road fund exists, the city’s budget officer is to also prepare a budget relating to this fund.
 - The budget officer is to compute and disclose in the budget the lowest property tax rate that will raise the required amount of estimated revenue.
 - Included with the budget, the budget office is also to submit the estimates of expenditures, work programs, and other supporting data which is submitted by each department head.
 - A budget message is to be prepared by the budget officer which should explain the budget and describe the important features of the budgetary plan.
- C: [10-6-109-\(1\)](#)
- C: [10-6-111-\(1\)](#)
- C: [10-6-111-\(2\)](#)
- C: [10-6-111-\(2\)](#)

Towns

Town-specific requirements include:

- The mayor is to prepare and take charge of budget preparations.
 - The mayor is to compute and disclose in the budget the lowest property tax rate that will raise the required amount of estimated revenue.
 - If a town includes allocations or transfers in its tentative budget to or from a utility enterprise fund, specific regulations may apply.
- T: [10-5-107](#)
- T: [10-5-107-\(2\)](#)
- T: [10-5-107.5](#)

Counties

County-specific requirements include:

- The finance officer is: the county auditor or person selected to perform accounting services, or for purposes of preparing the tentative budget, in a county operating under a county executive-council form of county government, the county executive.
 - The finance officer is to include with the tentative budget the estimates of expenditures, work programs, and other supporting data which is submitted by each department head.
 - The tentative budget shall also be accompanied by an estimate of all capital projects or planned projects within the budget period and the next three succeeding years.
 - For counties with a population exceeding 25,000, a budget message is to be prepared by the finance officer and included with the submitted budget.
- CO: [17-36-3](#)
- CO: [17-36-10-\(6\)](#)
- CO: [17-36-10-\(6\)](#)
- CO: [17-36-10-\(7\)](#)

Local and Special Districts and Interlocal Entities

District-specific and interlocal-specific requirements include:

- If a local government disaster fund exists, the budget officer is also to prepare budgets for these funds.
 - At least 7 days before adopting a final budget in a public meeting, the local district shall make the tentative budget available for public inspection at the principal place of business during regular business hours, on the district website, and on the Utah Public Notice Website.
- D: [17B-1-605-\(1\)](#)
- I: [11-13-506-\(1\)](#)
- D: [17B-1-608\(2\)](#)

Fund Balances

Purpose of Retained Earnings in the General Fund

The accumulation of funds in the general fund are restricted to the following purposes: (a) to finance expenditures from the beginning of the period until general property taxes, sales taxes, and other revenues are collected, (b) to provide a reserve to meet emergency expenditures, and (c) to cover unanticipated deficits for future years.

Retained Earnings of Funds

C: [10-6-116](#)
T: [10-5-113](#)
CO: [17-36-16](#)
D: [17B-1-612](#)
I: [11-13-512](#)

Local governments are permitted to accumulate retained earnings or fund balances in any fund. The general fund, however, is subject to certain restraints in order to eliminate large fund balances. Governments should tax 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 which places the burden on future taxpayers. The limit on the accumulative total of the general fund varies across local governments and will be discussed in the “Entity Specific Information” section following this discussion. The accumulation of funds in the general fund are restricted to the following purposes: (a) to finance expenditures from the beginning of the period until general property taxes, sales taxes, and other revenues are collected, (b) to provide a reserve to meet emergency expenditures, and (c) to cover unanticipated deficits for future years.

Excess Fund Balance

C: [10-6-117-\(2\)](#)
T: [10-5-113-\(3\)](#)
CO: [17-36-16-\(2\)](#)
D: [17B-1-612-\(3\)](#)
I: [11-13-512](#)

If a local government’s general fund balance is in excess of the limits described in the following “Entity Specific Information” section, the local government needs to correct the situation during the next fiscal year. This can be accomplished by including the excess in the general fund as available resources. The excess can then be transferred to a capital projects fund or left as an available resource in the general fund, which would have the effect of reducing current year property taxes.

Deficit Fund Balance

C: [10-6-117-\(3\)](#)
T: [10-5-114](#)
CO: [17-36-17-\(2\)](#)
D: [17B-1-613-\(3\)](#)
I: [11-13-513](#)

Local governments that find themselves with a deficit fund balance shall appropriate five percent of their fund revenues per year to pay off this deficit.

Transfer of Balances in Special Funds & Inter-fund Loans

C: [10-6-131~132](#)
T: [10-5-119~120](#)
CO: [17-36-29~30](#)
D: [17B-1-625~626](#)
I: [11-13-523](#)

When it becomes no longer necessary for maintaining a special fund, the remaining fund balance can be transferred to the fund balance in the general fund. Any balance remaining in a capital improvement or projects fund is to be transferred to the corresponding debt service fund as the bond covenant requires. Local governments may authorize inter-fund loans subject to certain specifications. These specific guidelines can be found in the code references mentioned herein.

Negative Fund Balance

Local governments that find themselves with a negative fund balance shall appropriate five percent of their fund revenues per year to pay off this deficit. However, if the deficit was created illegally (i.e., expenditures in excess of those budgeted), the State Auditor requires the total deficit be appropriated the following fiscal year.

Entity Specific Information

Cities

- C: [10-6-116-\(2\)](#) The accumulated general fund balance may not exceed 35% of the total revenue of the general fund.
C: [10-6-116-\(4\)](#) Additionally, 5% of total revenues must be maintained as a minimum fund balance.

Towns

- T: [10-5-113-\(2\)](#) The accumulated general fund balance may not exceed 100% of the total revenue of the general fund.

Counties

- CO: [17-36-16-\(2\)](#) The accumulated general fund balance may not exceed the greater of: (1) 100% of the current year's property tax; or, (2a) for a county with a taxable value of \$750,000,000 or more and a population of 100,000 or more, 25% of the total general fund revenues; or (2b) for any other county, 65% of the total general fund revenues.
CO: [17-36-16-\(3\)](#) Additionally, 5% of total revenues must be maintained as a minimum fund balance.

Local and Special Districts

- D: [17B-1-612-\(2\)](#) The accumulated general fund balance may not exceed the most recently adopted general fund budget, plus 100% of the current year's property tax. Additionally, 5% of total revenues must be maintained as a minimum fund balance.

Interlocal Entities

- I: [11-13-512](#) The accumulated general fund balance may not exceed the greater of: (1) 100% of the current year's property tax, or, (2a) for entities with an annual general fund budget greater than \$100,000, 35% of total general fund revenues, and (2b) for entities with an annual general fund budget equal to or less than \$100,000, 65% of total general fund revenues. Additionally, 5% of total revenues must be maintained as a minimum fund balance.

Property Tax Rates

The Real Property Tax Cycle

The real property tax cycle begins with the recognition of property ownership and classification on January 1 of each year. Next, the county assessor assigns a value to the land and improvements by May 22. Then the county auditor calculates the tax rate required to yield the same tax revenue as the prior year. This rate is called the certified tax rate and is usually lower each year since values typically increase each year. The certified tax rate is communicated to each local government which then must choose to adopt the certified rate or another rate. If the local government entity chooses to adopt a rate higher than the certified rate, this is considered a tax increase and it must undergo a process known as “Truth in Taxation.” This process requires multiple public notifications and a public hearing. The county auditor then sends a valuation notice by July 22 to inform property owners of the value assigned to their property and the anticipated tax amount they will owe. This notice also gives them information about how to appeal the valuation. Once a final tax rate is adopted and valuation appeals have been completed, the county treasurer sends a tax notice to each property owner indicating that taxes are due by the end of November. Collected taxes are remitted monthly by the county treasurer to local entities.

Truth in Taxation

Truth in Taxation laws impact all local governments that levy property taxes. Before June 22 of each year, or September 1, in the case of a property tax increase, local governments need to determine the required tax levy and adopt a proposed or final tax rate. The required tax levy is computed by using the estimated amount of revenue from property taxes, which is contained in the local government’s budget, as a basis. No debt issued by a local government and directly payable from and secured by property taxes may be created in excess of the taxes for the current year. A regular or special meeting is to be held for the specific purpose of determining the appropriate property tax levy.

Calendar year-end entities must hold a public meeting containing a separate agenda item fourteen or more days before the general or municipal election. This item must state the intent to increase property taxes, the dollar amount, the purpose for additional tax revenue, and the approximate percentage of the property tax increase. In addition, seven or more days before the election, the entity must provide a parcel specific notice by mail to each owner of property. Non-county entities must notify the county governing body of their intent to raise taxes by October 1.

If there is no increase in the certified tax rate, local governments are to adopt a final tax rate no later than June 22 and a budget before June 30. Entities electing to increase the certified tax rate are subject to additional disclosure requirements and have until September 1 to adopt a final tax rate.

A copy of the final budget is to be submitted to the State Auditor within 30 days of adoption. A copy of the budget shall also be available within each entity for inspection by the public. Property tax rate forms can be found at propertytax.utah.gov/forms.

The above text is a summary of the general requirements relating to setting property tax rates. Tax increase checklists may be accessed at: propertytax.utah.gov/tax-increases. For assistance, see the State Tax Commission, Property Tax Division contact information here: propertytax.utah.gov/contact.

C: [10-6-133](#)
T: [10-5-111~112](#)
CO: [17-36-31](#)
D: [17B-1-627](#)
I: [11-13-514](#)

All: [59-2-919\(3\)](#)

Detailed property tax specifications can also be found in section [59-2](#) of the Utah Code

Financial Reporting

Specific Reports-Interim Reports

C: [10-6-147~151](#)
 T: [10-5-129, 131](#)
 CO: [17-36-36~39](#)
 D: [17B-1-638~640](#)
 I: [11-13-527](#)

Local governments are to prepare and present quarterly (or monthly, depending on entity type and class) financial reports to the applicable governing body. An example of an appropriate quarterly interim financial report is contained in the form section of this document ([Illustrated Interim Financial Report](#)).

Annual Reports-GAAP Financial Statements

The annual financial report of entities with revenues and expenditures of \$1,000,000 or more shall be prepared in accordance with GAAP, submitted within 180 days after the close of the entity's year-end, containing the following:

- a) A statement of revenues and expenditures and a comparison with the budget of the general fund
- b) A statement of revenues and expenditures for all other funds for which budgets are required
- c) A balance sheet of each fund and a combined balance sheet of all funds
- d) A cash flow statement for any proprietary fund

Non-GAAP Financial Statements

For entities with less than \$1,000,000 in revenues or expenditures, basic financial information can be submitted without the assistance of an independent auditor (and will not require a comparison with the budget for the general fund, nor a cash flow statement for any proprietary funds). The forms to provide this information are found at reporting.auditor.utah.gov and they are submitted via this same website. We describe this process later in this section.

Financial Reporting Requirements

C: [10-6-107](#)
 T: [10-5-105](#)
 CO: [17-36-7](#)
 D: [17B-1-604](#)
 I: [11-13-528](#)

The Governmental Accounting Standards Board (GASB) establishes generally accepted accounting principles (GAAP) for state and local governments. Local governments are to adhere to the standards set by the GASB. These standards can be found at: gasb.org/jsp/GASB/Page/GASBLandingPage&cid=1176160042327.

All: [GASB 34](#)

The GASB Codification outlines the components of the Annual Comprehensive Financial Report (ACFR). The annual financial report is to contain the following sections: (1) a Management Discussion and Analysis, (2) the Basic Financial Statements, (3) Notes to the financial statements, and (4) a Required Supplemental Information section. Each audit report is to include (1) a statement by the auditor expressing positive assurance of compliance with state and federal laws identified by the State Auditor, (2) a copy of the auditor's letter to management that identifies any material weaknesses in internal controls or other deficiencies, and (3) management's response to the specific recommendations.

Fund Accounting

All: [GASB 34](#),
[GASB 54](#)

The Governmental Accounting Standards Board (GASB) has identified accountability, rather than profitability, as the primary objective of government financial reporting. The government-wide financial statements are the way in which local governments demonstrate fiscal and operational accountability. Fiscal accountability is defined by the GASB as the responsibility of governments to justify that their actions in the current period have complied with public decisions concerning the raising and spending of public monies in the short term, usually one year. Operational accountability is the responsibility to consider whether sufficient resources exist to pay for services in the long term. Local governments display both operational and fiscal accountability through proper fund accounting.

A fundamental characteristic of governmental accounting is the concept of the fund as the basic unit of financial accountability. A fund is a self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations. There are three broad categories of funds, and within each category are several fund types.

Governmental Funds

Governmental funds account for most of an entity's activities that are financed through taxes. Governmental fund reporting often has a budgetary orientation. A balance sheet and a statement of revenues, expenditures, and changes in fund balances should be included for all governmental funds. Governmental funds are classified into five types:

- 1) *General Fund* – Provides the resources necessary to sustain the day-to-day activities of a governmental entity. This fund records all assets and liabilities of the entity that are not assigned to other funds. As such, these funds are limited by law as taxpayer funds and should not be accumulated without a specific purpose.
- 2) *Special Revenue Funds* – Funds restricted or committed to a specific purpose other than debt service or capital projects.
- 3) *Capital Projects Funds* – Funds reserved for long-term capital investment projects such as the acquisition, construction, or renovation of building. This reserve fund ensures that the entity has adequate funding to finance the project. These funds would not be used for a proprietary, or revenue generating project, but more likely for general or administrative government use. These funds are usually classified as restricted, committed, or assigned.
- 4) *Debt Service Funds* – Fund established to accumulate sufficient resources to make principal and interest payments on debt that has been issued. These funds would normally be classified as restricted, committed, or assigned. This fund should be used if a legal mandate or debt covenant exists that has liquidity, ratio or other requirements. If the entity is not obligated, then an agency fund would be appropriate.
- 5) *Permanent Funds* – Funds that have restricted balances. Only earnings and not principal may be used to support governmental programs. These usually contain contractual or third party imposed conditions.

Proprietary Funds

Proprietary funds account for an entity's business-type activities that are financed by fees or charges for services. These funds should be self-sufficient. Financial reporting should focus on operating income, changes in net position (cost recovery), financial position, and cash flow. The financial statements should include a (1) statement of net assets or a balance sheet, (2) statement of revenues, expenditures, and changes in net assets, and (3) statement of cash flows. Proprietary funds include the following:

- 1) *Internal Service Funds* – Account for goods or services that are provided by one department (e.g.; printing services, self-insurance, etc.) to another department on a cost reimbursement basis.
- 2) *Enterprise Funds* – Account for goods or services provided to the public on a user charge basis, similar to the operations of a commercial business (e.g.; providing water and sewage utilities). An enterprise fund must be used if the activities are financed with debt solely secured by a pledge of the net revenues, if laws and regulations require that an activity's costs of providing services be recovered with fees and charges, or if the pricing policies of the activity establish fees and charges designed to recover its costs. Insignificant activities do not need to be included in an enterprise fund.

Fiduciary Funds

Fiduciary Funds are trust or agency funds that are used to account for assets that are held by a local government for others reporting focuses on net assets and changes in net assets. Fiduciary funds include the following:

- 1) *Pension Trust Funds* – Used to report resources that are required to be held in trust for the members and beneficiaries of employee benefit plans.
- 2) *Investment Trust Funds* – External portion of investment pools reported by the sponsoring government.
- 3) *Private-Purpose Trust Funds* – All other trust arrangements under which principal and interest benefit individuals, private organizations, and other governments.
- 4) *Agency Funds* – Monies held by the government in a purely custodial capacity (assets equal liabilities).

Fund Balance Reporting

Fund balances (net position or fund balances) should be reported in classifications that compose a hierarchy, based primarily on the extent to which the government is bound to honor the constraints on the specific purposes for which those funds can be spent. Fund balance classifications should depict the nature of the net resources that are reported. We have provided here the basic classifications used in the Statement of Net Assets and in the Fund Balance Sheet. Not all governments will have funds that fall into one of these classifications.

The classifications for the Statement of Net Position are as follows:

- 1) *Invested in capital assets, net of related debt* – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the amount of outstanding bonds, mortgages or other debt attributable to the acquisition or construction of capital assets. Unspent portions of debt would not be included.
- 2) *Restricted Net Assets* – These are assets reported as restricted when constraints are placed on them by creditors, laws, regulations, or enabling legislation. When a permanent endowment of permanent fund is included, two additional components should be included: expendable and non-expendable. Nonexpendable assets are those which are required to be retained in perpetuity.
- 3) *Unrestricted Net Assets* – These assets do not meet the definition of the previous two classifications. These may be restricted by internal constraint, or “committed.”

The classifications for the Balance Sheet are as follows:

- 1) *Nonspendable* – Amounts that cannot be spent because they are either a) in nonspendable form (inventories or prepaids) or b) legally or contractually required to be maintained intact. The long-term amount in loans, or property acquired for resale are examples. However, if the proceeds from the collection of receivables or sale of properties is restricted, committed, or assigned, then they should be included in those classifications. Non-expendable restricted net assets would fall under this classification.
- 2) *Restricted* – Amounts restricted for purposes stipulated by the Constitution, external providers, or legislation.
- 3) *Committed* – Amounts set aside internally by formal action of the highest decision making authority. These amounts cannot be changed except by government action such as a resolution or ordinance. Authorization should have the consent of the executive and legislative branches of government, if applicable. Contractual obligations for which existing resources have already been set aside should be included.
- 4) *Assigned* – Amounts constrained by the government’s intent to be used for a specific purpose, but are not restricted or committed. Deployment of these funds can be modified or unassigned more easily than committed and do not require the same high-level approval.
- 5) *Unassigned* – The residual classification for the general fund. The general fund is the only fund that reports a positive unassigned balance.

Financial Statement Audit

Before an annual financial report is submitted to the State Auditor, many local governments will be required to have an audit of their financial statements. The following criterion establishes whether a financial statement audit is required (access the *Reporting Requirements Manual* and Compliance Dashboard at resources.auditor.utah.gov):

Audit Thresholds

Detailed reporting requirements are available in the *Reporting Requirements Manual* at: resources.auditor.utah.gov. If revenues or expenditures are:

- \$1,000,000 or greater, a Financial Audit Reporting Package and Financial Certification are required.
- At least \$350,000 and less than \$1,000,000, an Agreed-Upon Procedures Report, Large Financial Survey, and Financial Certification are required.
- Less than \$350,000, a Self-Evaluation Form, Small Financial Survey, and Financial Certification are required.

The following describes the different types of financial reports (submit them at: reporting.auditor.utah.gov):

- **Audit** – Examination completed by an independent certified public accountant (CPA).
- **Agreed-Upon Procedures** – Engagement by an independent CPA following procedures that are set forth by the Office of the State Auditor. Download at: resources.auditor.utah.gov.
- **Self-Evaluation Form** – Form which contains procedures and evaluation questions to assist the governing body with improving or implementing good business practices; complying with policies, procedures, and laws; and limiting the potential for misuse of resources. Download at: resources.auditor.utah.gov.
- **Financial Survey** – Basic financial information is submitted online to the Office of the State Auditor. Download at: resources.auditor.utah.gov.

Auditor Requirements

If a local government meets the above criterion requiring an audit, an independent auditor must be selected to perform the necessary procedures. An auditor must be a licensed CPA and includes any certified public accountant firm. There is no requirement for when a local government entity needs to change auditors. However, when a local government changes auditors, certain rules must be followed. These rules include: (a) notifying potential auditors, either through invitation or by a public announcement, (b) distributing a “request for proposal” to all auditors who are interested in bidding for the audit, and (c) selecting the auditor or audit firm that the local government desires. Access the Procuring Audit Services checklist at resources.auditor.utah.gov for more information.

Noncompliance

All: [51-2a-4](#)

In the event that a local government does not comply with the accounting report requirements described in this section and in the *Utah Code*, the State Auditor shall withhold allocated state funds sufficient to pay the cost of the accounting report from the local entity. If no funds are available for withholding, the local government will reimburse the state auditor for all costs incurred in completing the accounting work. The State Auditor shall contract with a licensed CPA to complete the required accounting reports to bring the government into compliance with state law.

The Reporting Entity

All: [GASB 14](#)

What organizations should be included in the financial reporting entity?

All: [GASB 39](#)
[GASB 61](#)

A local government is financially accountable for the organizations that make up its legal entity. Additionally, it is also financially accountable for legally separate organizations, if (a) its officials appoint a voting majority of an organization’s governing body, (b) it is able to impose its will on that organization, or (c) it may receive financial benefits (burdens) because of the relationship with the separate entity. The ability to impose its will on an organization exists if a local government can significantly influence the programs, projects, and activities of the entity. A financial benefit (burden) relationship exists if the local government is entitled to the entity’s resources, or it is legally obligated to finance the debts or burdens of that entity. With those specifications now

mentioned, a local government's financial reporting entity consists of the following:

- 1) The primary government.
- 2) Organizations for which the primary government is financially responsible and in which a financial benefit/(burden) relationship exists.
- 3) Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

How should the entities appear in the financial statements?

All: [GASB 39](#),
[GASB 61](#)

The financial statements of the reporting entity generally should allow the users to distinguish between the primary government and its component units. To accomplish this goal, the financial statements should generally communicate information about the component units and their relationships with the primary government rather than create the perception that the primary government and all of its component units are one legal entity.

Most component units should be included in the financial reporting entity by discrete presentation. Discrete presentation means reporting component unit financial data in one or more columns separate from the financial data of the primary government. Certain information should be disclosed about each major component unit included in the component unit column. The required information may be presented by using more than one column in the general purpose financial statements (GPFS) for the component units, and either including appropriate combining statements for the discretely presented component units in the reporting entity's GPFS, or presenting appropriate condensed financial statements of the discretely presented component unit in the notes to the reporting entity's financial statements.

Some component units, despite being legally separate from the primary government, are so intertwined with the primary government that they are, in substance, the same as the primary government and should be reported as part of the primary government. That is, the component unit's balances and transactions should be reported in a manner similar to the balances and transactions of the primary government itself. This is referred to as "blending."

What are the required disclosures relating to the reporting entities?

All: [GASB 14](#),
[GASB 39](#),
[GASB 61](#)

The notes to the reporting entity's financial statements should distinguish between information pertaining to the primary government (including its "blended" components) and that of its discretely presented component units. The reporting entity's financial statements should make those component unit disclosures that are essential to fair presentation of the financial reporting entity's financial statements. The notes to the financial statements also should include a brief description of the component units and their relationships to the primary governments, as well as information about how the separate financial statements of component units may be obtained.

GASB Statements No. 14 and No. 39, as amended by No. 61, also require disclosures about the entity's relationships with organizations other than component units, including related organizations, joint ventures, jointly governed organizations, and component units of another government with characteristics of a joint venture or jointly governed organization. The statements also provide financial display requirements for joint ventures in which the participating government has an equity interest.

In order to help an entity determine their reporting entities that need to be included in its financial statements, a financial reporting entity worksheet & flowchart has been included in the forms section found at the end of this manual ([Reporting Entity Worksheet](#)).

Budgetary Comparison Information

The GASB requires the presentation of budget-to-actual information “for the general fund and for each major special revenue fund that has legally adopted an annual budget.” Governments are encouraged to present such budgetary comparison information either in schedules as part of the RSI (required supplementary information) or in the body of the financial report immediately after the governmental fund’s Statement of Revenues, Expenditures, and Changes in Fund Balances. The budgetary comparison schedule should present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances. A separate column to report the variance between the final budget and actual amounts is encouraged, but not required. If the budgetary comparison information is included in the basic statements, disclosures discussed in this section should be in the notes to the financial statements rather than as notes to RSI.

A potential problem exists in reporting budgets for capital projects that extend beyond one fiscal year. A capital project budget for projects extending beyond one year would be set depending upon the available financial resources to be expended. If the money to be spent is already set or will be within the current budget year, then the total amount of the capital project would normally be budgeted in one year. The amount to be presented would be the unexpended balance of ongoing projects. If revenue is to be provided each year for that year’s expenditures, then the project would need to be budgeted each year for the allowable expenditures, and only the current year’s budgeted expenditures would be reflected.

The following schedule shows when and where to submit reports:

Report	Due Date	Form Location	Electronically Submitted:
Budget	Within 30 days of adoption	resources.auditor.utah.gov	reporting.auditor.utah.gov
Fraud Risk Assessment Questionnaire	Within 180 days of fiscal year end		
Impact Fee Report	Within 180 days of fiscal year end		
Small/Large Financial Survey	Within 180 days of fiscal year end		
Agreed-Upon Procedures Report	Within 180 days of fiscal year end		
Audited Financial Statements (included in Financial Audit Reporting Package)	Within 180 days of fiscal year end	Generated by local government management via the accounting system.	
Deposit and Investment Report	July 31 & January 31 (Twice annually)	reporting.auditor.utah.gov/UtahTreasuryLogin	reporting.auditor.utah.gov/UtahTreasuryLogin

All: [11-50-201](#) Upon submission of financial data or an audit report to the Office of the State Auditor, the Chief Administrative Officer and Chief Financial Auditor are required to certify the financial statements. The Financial Statement Certification form can be found at resources.auditor.utah.gov.

All: [67-3-12](#) **Transparent Utah Website**
All entities are required to provide public financial information through the Transparent Utah Website (transparent.utah.gov). Detailed revenue and expenditure transactions are required to be posted quarterly within 30 days of fiscal quarter-end. In addition, employee compensation information is required to be posted annually within 90 days of fiscal year-end. Data is submitted via the State Reporting System at: reporting.auditor.utah.gov. For additional Transparent Utah assistance, call 801-538-3059. For individual Transparent Utah team member information, see the directory here: auditor.utah.gov/about-us/directory.

All: [Policy 01-01.02](#)

Entity Specific Information

Cities

C: [10-6-152](#) City-specific requirements include:

- Within 10 days after receiving the audit report from the independent auditor, the city is to make known to the public at least twice, by newspaper if available, that the audit of the city has been completed.

Counties

CO: [17-36-40](#) County-specific requirements include:

- Within 10 days after receiving the audit report from the independent auditor, the county is to make known to the public at least twice, by newspaper if available, that the audit of the county has been completed.

Local and Special Districts

D: [17B-1-703](#) District-specific requirements include:

- The board of each local district with an annual budget of \$50,000 or more is to send a copy of its audit report to each of its constituent entities and each of its customer agencies that has requested a copy in writing within 30 days after the report has been presented to the board. A constituent entity means any county, city, or town that levies property taxes within the boundaries of the district. A customer agency means those governmental agencies that purchase or obtain services from the local district.

Single Audit Requirements

Single audits have been required of local governments since 1986. The Single Audit Act Amendments of 1996 and the revised Uniform Guidance, dated December 26, 2014, have significantly changed the audit requirements for governmental entities that receive federal awards. This section is only a summary of the single audit requirements. Local governments which receive federal awards, whether directly or through state or other non-federal sources, should be familiar with the requirements of the revised Uniform Guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Uniform Guidance is available on the internet at the following address: [ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1)

Local Government Responsibilities

Local governments that expend \$750,000 or more of federal awards in a year must have a single audit conducted in accordance with Uniform Guidance. Local governments which meet this specification are responsible for the following actions related to the audit:

1. Identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the federal agency, and name of the pass-through entity.
2. Maintain internal control over federal programs that provides reasonable assurance that the local government is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.
3. Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its federal programs.
4. Prepare appropriate financial statements, including the schedule of expenditures of federal awards.
5. Ensure that the audits required by Uniform Guidance are properly performed and submitted when due.
6. Follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan.

Report Submissions

Each local government is responsible for putting together a single audit reporting package. The single audit reporting package consists of the following statements and schedules:

Single Audit Reporting Package Statement, Schedule, or Report	Prepared by:	Reference
Report Submission (data collection form)	Local Government & Auditor	§200.512
Financial Statements	Local Government	§200.510
Schedule of Expenditures of Federal Awards	Local Government	§200.502
Summary of Schedule of Prior Audit Findings	Local Government	§200.511
Financial Statement Opinion	Auditor	§200.515
Internal Control and Compliance Reports	Auditor	§200.515
Opinion on Schedule of Expenditures of Awards	Auditor	§200.515
Schedule of Findings and Questions Costs <ul style="list-style-type: none"> • Summary of Auditor Results • Findings related to financial statements • Findings related to question costs with federal awards 	Auditor	§200.515
Audit Findings Follow-up (corrective action plan)	Local Government	§200.511

The reporting package summarized in the above table must be submitted within the earlier of: (a) 30 days after receipt of the auditor's reports, or (b) nine months after the end of the audit period. The reporting package must be submitted online to the Federal Audit Clearinghouse (FAC) as follows:

1. Create an online report ID at facides.census.gov. Click on "Enter New Form"
2. Complete the Form SF-FAC
3. Upload Single Audit
4. Certify the Submission
5. Click "Submit"

Additionally, local governments that receive federal awards from state, local government, or other non-federal sources (pass-through entities) must submit one copy of the reporting package to the pass-through entity when there are current or prior year findings related to funding received from that pass-through entity. If there are no findings related to the pass-through entity, the local government can choose to either submit a copy of the reporting package, or provide written notification to the pass-through entity that an audit was conducted and there were no current or prior audit findings related to the federal award(s) that the pass-through entity provided.

The reporting package must also be submitted to the Office of the State Auditor and possibly other state or local government agencies as may be required by law, regulation, contract, or grant agreement.

Finally, the local government should keep one copy of the reporting package on file for three years from the date of submission to the central clearinghouse.

Subrecipient vs. Vendor Determination

Recipients and subrecipients of federal awards are subject to a single audit. Federal funds received for goods and services provided as a vendor are not considered federal awards and are not subject to a single audit. Often times, significant judgments must be made in order to determine whether a subrecipient or vendor relationship exists. The substance of the relationship is more important than the form of the agreement. The following checkpoints may be useful in determining the substance of the relationship:

Federal Award (Subrecipient)

Characteristics indicative of a federal award received by a subrecipient are when the organization:

1. Determines who is eligible to receive what federal financial assistance;
2. Has its performance measured against whether the objectives of the federal program are met;
3. Has responsibility for programmatic decision making;
4. Has responsibility for adherence to applicable federal program compliance requirements; and
5. Uses the federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

Payment for Goods and Services (Vendor)

Characteristics indicative of a payment for goods and services received by a vendor are when the organization:

1. Provides the goods and services within normal business operations;
2. Provides similar goods or services to many different purchasers;
3. Operates in a competitive environment;
4. Provides goods or services that are ancillary to the operation of the federal program; and
5. Is not subject to compliance requirements of the federal program.

Fiscal Responsibilities and Personnel

Clerk and Treasurer Responsibilities

Each local government is to appoint persons to act as the clerk and treasurer for the entity. The titles of clerk and treasurer often vary (e.g. recorder, auditor, finance officer, etc.); nonetheless, the duties of these individuals remain constant despite the job title. The entity specific section of this chapter will give examples of the job title descriptions that are most frequently common within each form of local government. For the purpose of a broad discussion relating to all local governments, the titles clerk and treasurer will be used here. In order to ensure proper separation of duties, a clerk's and treasurer's responsibilities *never* overlap. The following table depicts the different responsibilities of each local government's clerk and treasurer.

C: [10-6-137~146](#)
 T: [10-5-121~128](#)
 CO: [17-36-43~45](#)
 D: [17B-1-631~637](#)
 I: [11-13-504](#)
 All: [51-4-2](#)

Responsibility	Clerk	Treasurer
Countersign contracts made on behalf of the local government and maintain an indexed record of all such contracts	X	
Maintain the general books for each fund and all subsidiary records relating to each fund	X	
Pre-audits each request for payment to ensure it is: <ul style="list-style-type: none"> • Properly Approved • Within lawful debt limit • Within budget 	X	
Prepare checks for payment, but does not sign them	X	
Prepares interim and year-end reports	X	
Custodian of all cash, bank accounts, bonds, and securities		X
Determine the cash requirements of the local government and provide for the investment of all money by following the Money Management Act (Title 51, Chapter 7 , of the Utah Code)		X
Receive all public funds and money payable, within 3 days after collection, including all taxes, licenses, fines, and intergovernmental revenue		X
Keep an accurate account and up-to-date records of all money received		X
Issue a receipt with every payment		X
Sign checks which were prepared by the Clerk <ul style="list-style-type: none"> • Verify that a sufficient amount is on deposit in the appropriate bank account in order to honor the check 		X
Deposit all public funds daily, if practicable, but no later than once every three banking days		X

If expenditures are paid by check, pre-numbered checks should be used and all checks accounted for, including those voided. Multiple-copy checks are much better to use than single-copy checks with a check stub. Credit card statements should be reconciled monthly to individual transaction receipts.

Bank statements should be reconciled monthly and agreed to the records of cash receipts and disbursements.

Records should be maintained of all amounts owed to the entity, such as customer utility charges. Records should also be maintained of all assets owned by the local government such as equipment, property, etc. Also, records of bonds or other debts owed by the local government should be maintained.

Mayors, budget officers, clerks, etc. should have a good understanding of what revenues are expected to be collected and someone independent of the person receiving the money should periodically review the records to make sure all money has been collected and deposited on a timely basis. Many local governments have independent audits; however, they should not rely solely upon the independent auditor to identify problems or record-keeping procedures that need to be improved. *Management's role is to properly account for funds in the accounting record and prepare financial statements based upon the accounting record. The independent auditor's role is to audit the financial statements.*

All: [51-7](#)

Utah Code explains in detail the responsibilities of the treasurer. The treasurer must comply with certain specifications when it comes to cash deposits, investment transactions, employee funds, purchases and sale of securities, etc. The “prudent man rule” is to be adhered to when purchasing and selling investments. It is recommended that a local government’s treasurer become familiar with treasurer responsibilities and frequently refer to the code cited. Treasurers should also refer to the “Investment of Public Funds” section contained within this manual ([Investment of Public Funds](#)). Treasurers are to submit a “Deposit and Investment Report” to the Utah Money Management Council. Upload it at: reporting.auditor.utah.gov/UtahTreasuryLogin.

Purchasing Agent Responsibilities

All: [63G-6a](#)

Each local government is to establish a purchasing policy in accordance with the State Procurement Code. A purchasing agent is to be appointed and the purchasing agent ensures compliance with the enacted purchasing policy. Often, a local government’s purchasing agent is also its budget officer. Information regarding the State Procurement Code, purchasing contracts, and purchasing policies is available on the Utah Division of Purchasing and General Services website at: purchasing.utah.gov. A template procurement policy is found at: resources.auditor.utah.gov.

All: [11-57-103](#)
All: [76-8-402](#) Note that no officer or employee of a political subdivision may use public funds for personal expenditures and that unauthorized use of public property is a criminal offense that may range from a third to second degree felony.

Records Officer Responsibilities

All: [63G-2-108](#) A records officer is “the individual appointed by the chief administrative officer of each governmental entity, or political subdivision, to work with state archives in the care, maintenance, scheduling, designation, classification, disposal, and preservation of records.” A records officer is someone in the office that is knowledgeable about the office’s records and who has been authorized to make decisions concerning them. The responsibilities of a records officer include:

- Developing and providing oversight of record management programs
- Serving as the contact person with Archives
- Inventorying agency records, developing agency retention schedules, and obtaining agency approvals
- Implementing approved records retention schedules and documenting authorized destructions of obsolete records
- Maintaining information on what records series have been scheduled and conducting periodic reviews to update information as changes occur
- Reporting agency’s classification designations on record series that it maintains
- Maintaining information on record series that have been transferred to the State Records Center to allow for their efficient retrieval
- Receiving annual training on GRAMA

Additionally, the records officer is in charge of ensuring compliance with the Governmental Records Access Management Act (GRAMA). The GRAMA Act is discussed in detail within the “Special Accounting Areas” section of this Manual ([Governmental Records Access and Management Act \(GRAMA\)](#)).

Independent Auditor Responsibilities

Independent auditors have various responsibilities in ensuring that local governments are in compliance with Utah mandates and requirements. Some of these responsibilities include:

1. Determining whether the financial statements presented fairly in all material respects in conformity with generally accepted accounting principles.
2. Determining whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole (single audits.)
3. With respect to internal controls pertaining to the compliance requirements for each major program, obtaining an understanding of internal controls; assessing control risk; and performing tests of controls unless the controls are considered to be ineffective.
4. Determining whether the non-federal entity has complied with the provision of laws, regulations, and contracts or grants pertaining to federal awards that have a direct and material effect on each major program (single audits).
5. Following up on prior audit findings, reviewing the summary schedule of prior audit findings prepared by the local government, and reporting, as a current year audit finding, when the results of the follow up are different from those reported in the summary schedule of prior audit findings.
6. Preparing the required auditor’s reports including: a) an opinion on the financial statements; b) internal control and compliance reports as required by government auditing standards; c) single audit internal control and compliance reports; d) an opinion on the schedule of expenditures of federal awards; and e) a schedule of findings and questioned costs. The schedule of findings and questioned costs has three components: the summary of auditor results; findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards; and findings and questioned costs related to federal awards.

The summary of auditor’s results is another component of the single audit reporting package. This summary report should address:

- a. The type of report the auditor issued on the financial statements;
- b. Where applicable, a statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses or significant deficiencies;
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements;
- d. Where applicable, a statement that reportable conditions in internal control over major programs was disclosed by the audit and whether any such conditions were material weaknesses or significant deficiencies. If material weaknesses, list the program(s) to which they relate;
- e. The type of report the auditor issued on compliance for major programs;
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under Uniform Guidance;
- g. An identification of major programs;
- h. The dollar threshold used to distinguish between Type A and Type B programs; and
- i. A statement as to whether the local government qualified as a low-risk auditee.

7. Retain working papers and reports for a minimum of three years after the date of issuance of the auditor's reports to the local government.
8. Make working papers available upon request to the cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or GAO at the completion of the audit, as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities consistent with the purposes of this part. Access to working papers includes the right of federal agencies to obtain copies of working papers, as is reasonable and necessary.

The Office of the State Auditor has prepared a *State Compliance Audit Guide* (SCAG) which details the various audit procedures to be performed and the corresponding legal requirements to which local governments must comply. The SCAG can be found at resources.auditor.utah.gov.

Entity Specific Information

Cities

City-specific requirements include:

- Although specific responsibilities are given by law to specific elected or appointed city officials, the overall fiscal affairs of the city are controlled by the governing body, the city council.
- Cities frequently use the job title of “city auditor” or “city recorder” to refer to what was described previously as “clerk.” Each city may choose what to call the job title, as long as the responsibilities summarized above are followed by that individual.
- Whenever a city is required to receive bids for purchases, the clerk must keep on file all bids received, along with proof of advertisement for at least three years.

C: [10-6-122](#)

Towns

Town-specific requirements include:

- Although specific responsibilities are given by law to specific elected or appointed town officials, the overall fiscal affairs of the town are controlled by the governing body, the town council.
- The mayor is the chief executive officer to whom all employees shall report. The mayor may not also serve as recorder or treasurer.
- Whenever a city is required to receive bids for purchases, the clerk must keep on file all bids received, along with proof of advertisement for at least three years.

T: [10-3b-104](#)

T: [10-5-123-\(2\)](#)

Counties

County-specific requirements include:

- *Utah Code* uses the term “finance officer” to refer to refer to the individual performing the accounting function/preparing tentative budget.
- The job description of “county treasurer” is emphasized in a separate section of the *Utah Code*. A county treasurer may have additional responsibilities beyond the discussion within this section. The governing body is to choose which tasks to delegate to the treasurer while ensuring proper separation of duties.
- Counties may appoint a “county executive.” The county executive is to exercise administrative and auditing control over all funds and assets, and supervise budgeting and accounting functions. The county executive is in charge of ensuring compliance with all laws and county ordinances.

CO: [17-36-3](#)

CO: [17-36-45](#)

CO: [17-24-1](#)

CO: [17-53-302](#)

Local and Special Districts

District-specific requirements include:

D: [17B-1-642](#)

- Even though a local or special district may elect a purchasing agent, the governing body still needs to review expenditures on a quarterly basis. The board of trustees is also to set a maximum sum over which all purchases may not be made without the board's approval.

Interlocal Entities

I: [11-13-504\(2\)](#)

I: [11-13-526](#)

I: [11-13-527](#)

Statute requires an interlocal entity “adopt and implement internal accounting controls in light of the needs and resources of the interlocal entities.” Separation of duties is a basic internal control that all entities are expected to, and can easily, maintain. Also note that some treasurer duties (depositing of funds) and some clerk duties (quarterly reports) are mentioned in *Utah Code* 11-13.

Meetings

The Open and Public Meetings Act regulates public meetings. The law recognizes that governing bodies exist to conduct the people's business and contains provisions designed to help ensure a body's actions and deliberations are conducted openly.

All: [52-4](#)

Open Meetings

An open and public meeting is when a quorum (simple majority) of a governing body meets to discuss or act upon business of the district. A quorum does not include a meeting of two elected officials by themselves when no action, either formal or informal, is taken. Public meetings include workshops or executive sessions, but do not include chance or social meetings.

All: [52-4-201](#),
[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.
- Collective bargaining issues.
- Pending or reasonably imminent litigation.
- Purchase, exchange, and lease of real property, including any form of a water right or water shares, if such discussion discloses the value or prevents the entity from completing a transaction on the best possible terms.
- Sale of real property, including any form of a water right or water shares, if such discussion discloses the value or prevents the district from completing a transaction on the best possible terms, and the entity previously gave public notice the property would be offered for sale and the sales terms were publicly disclosed before the public body approves the sale.
- Deployment of security personnel, devices, or systems.
- 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.

All: [52-4-205](#)

If a meeting is closed to discuss the character, professional 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 these purposes.

All: [52-4-206](#)

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. Recordings, transcripts, reports, and written minutes of closed meetings are protected records. See the *Meeting Minutes* section below for required elements of minutes of a closed meeting.

A closed meeting may be held only if a quorum is present, the meeting is an open meeting for which public notice has been provided, and two-thirds of the board members present at a public meeting vote affirmatively (or a majority of the board members present, for meetings required to be closed under *Utah Code 52-4-205*). A motion to end the closed portion of the meeting must be approved by a majority of the board members present at the meeting.

Public Hearing

A public hearing is a special type of open meeting and public meeting at which members of the public are provided a reasonable opportunity to comment on the hearing's subject. Public hearings are required when a local government imposes or increases a fee/tax, issues bonds, transfers funds from an enterprise fund to the general fund, or adopts a budget, among other actions.

Electronic Meetings

An electronic meeting is a public meeting convened or conducted via a conference using electronic communications. An entity may convene an electronic meeting if it has adopted a resolution, rule, or ordinance governing the use of electronic meetings. The public body must provide space and facilities at an anchor location for the public to attend the open portions of the meeting. The anchor location is not required if: (1) the meeting would present a substantial risk to health or safety to those present or who would otherwise be present, or (2) the location where the public body normally meets has been ordered closed to the public for health or safety reasons. See *Utah Code 52-4-207* for resolution/rule requirements and other required steps.

All: [52-4-207](#)

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: (1) during a site visit or traveling tour where no vote or action is taken, or (2) if a town's annual budgeted expenditures for all funds, excluding capital expenditures and debt service, are \$50,000 or less.

The written minutes and recordings of open meetings are public records under GRAMA, including "pending minutes," which are written minutes that have been prepared in draft form and are subject to change before being approved by the public body that held the open meeting. Approved written minutes shall be available to the public within three business days of approval. 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. A recording of an open meeting shall be available to the public for listening within three business days after the end of the meeting. Closed meeting protected records (a GRAMA record classification) include: recordings, written minutes, transcripts, and reports.

All: [52-4-203](#)

A public body shall establish and implement procedures for the public body's approval of the written minutes of each meeting. Written minutes that are made available to the public before approval by the public body shall be clearly identified as "awaiting formal approval" or "unapproved" or with some other appropriate notice that the written minutes are subject to change until formally approved.

Content of Minutes

Open meeting minutes shall include the following:

- a) Date, time and place of the meeting
- b) Names of council members present and absent
- c) Substance of all matters proposed, discussed, and decided
- d) Votes taken by individual members of the public body
 - For entities that have elected members, each vote must be recorded in list format; by category for each member action taken, including yes, no, and absent members; and each member's name.
- e) 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
- f) Any other information that is a record of the proceedings of the meeting that any member requests to be entered in the minutes

All: [52-4-203](#)

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:

- a) Reason(s) for holding the closed meeting
- b) Location where the closed meeting will be held
- c) Vote of each member of the governing board, either for or against the motion.

All: [52-4-204](#)

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

- a) Date, time, and location of the meeting.
- b) Names of board members present and absent.
- c) Names of all others present except where the disclosure would infringe on the confidentiality necessary to fulfill the original purpose of the meeting.

Notice Requirements

All: [52-4-202](#)

For all meetings, the governing body shall give no less than 24 hours’ public notice, specifying the meeting’s agenda, date, time, and place. In addition, an entity that holds regular meetings that are scheduled in advance over the course of a year shall give public notice at least once per year of its *meeting schedule*, providing dates, times, and places. Note that *public hearings* have additional notice requirements.

The following table illustrates budget adoption public hearing notice requirements (tax increases have additional requirements):

Entity	Requirement
T: 10-5-108 C: 10-6-113	Town, Metro Township & City Post notice 7 days before the hearing: <ul style="list-style-type: none"> • In 3 public places • On the Utah Public Notice Website • On the entity website homepage, until the hearing takes place
D: 17B-1-609	Local District & Special Service District* Post notice: <ul style="list-style-type: none"> • In 3 public places • 7 days before the hearing on the Utah Public Notice Website
I: 11-13-509	Interlocal Entity* Publish notice 7 days before the day of the hearing: <ul style="list-style-type: none"> • In at least 1 issue of a newspaper of general circulation in a county in which the interlocal entity provides service to the public or in which its members are located, if such a newspaper is generally circulated in the county or counties • On the Utah Public Notice Website
CO: 17-36-12	County Publish notice 7 days before the day of the hearing: <ul style="list-style-type: none"> • In at least 1 newspaper of general circulation within the county, if there is such a paper; or if there is no newspaper, by posting notice in three conspicuous places within the county • On the Utah Public Notice Website • On the entity website homepage, until the hearing takes place

*A local district, special service district, or interlocal entity with an annual operating budget of less than \$250,000 may satisfy the budget adoption public hearing notice requirement by mailing a written notice, postage prepaid, to each voter in the district; and posting the notice in three public places within the district.

Utah Public Notice Website

All public bodies are required to post notice for a public meeting on the Utah Public Notice Website at utah.gov/pmn/. Other items, such as minutes, recordings, public materials, ordinances, etc., may also be required, based on entity type.

The website allows the public to subscribe to the entity's notices and receive notification of upcoming meetings and updates to current meetings. The website also allows newspapers to subscribe to an RSS feed of website-published notices, which can then be used by a newspaper to publish its own notice, if it desires. 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.
- Access to past public meeting minutes.

The website is administered by the Division of Archives and Records Service, which has prepared a training manual and quick guide for owners and posters, as well as training sessions, which can be accessed on its website: archives.utah.gov/public-notice.html.

Special Accounting Areas

Reporting Capital Assets

All: [GASB 34-18](#) Capital assets should be reported at historical cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Donated capital assets should be reported at their estimated fair value at the time of acquisition plus ancillary charges, if any.

All: [GASB 34-19](#) Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings, except those that are an ancillary part of a network of infrastructure assets, should not be considered infrastructure assets.

All: [GASB 34-20](#) Capital assets that are being or have been depreciated should be reported net of accumulated depreciation in the statement of net assets (accumulated depreciation may be reported on the face of the statement or disclosed in the notes). Capital assets that are not being depreciated, such as land or infrastructure assets reported using the modified approach described in GASB Statement No. 34 should be reported separately if the government has a significant amount of these assets.

All: [GASB 34-23](#) Capital assets should be depreciated over their estimated useful lives unless they are either inexhaustible or are infrastructure assets reported using the modified approach. Inexhaustible capital assets, such as land and land improvements, should not be depreciated.

Impact Fees

All: [11-36a](#) An impact fee is any fee which is imposed, as a condition of development approval, to mitigate the impact of the new development on public infrastructure. The Impact Fees Act is intended to impose limitations on the use of impact fees and standardize the procedures for establishing impact fees while still leaving a method for local governments to generate revenues for expanding capacity caused by development and growth.

All: [11-36a-102\(17\)](#) Impact fees may only be imposed for the development of authorized “public facilities.” “Public facilities” means only those facilities defined in *Utah Code* that have a life expectancy of ten or more years and are owned or operated by or on behalf of a local political subdivision or private entity.

All: [11-36a-301](#)
All: [11-36a-303](#)
All: [11-36a-401](#)
All: [11-36a-502](#) Before imposing an impact fee, the local political subdivision must prepare an impact fee facilities plan and a written analysis of the impact fee. The local political subdivision must also pass an impact fee enactment. The plan and enactment must have been subject to public notice and public hearing requirements defined by the Act.

All: [11-36a-601](#) The Impact Fees Act requires the local political subdivision to separately account for the receipts and disbursements of each type of impact fee. Interest earned on impact fees must remain in the account of the appropriate impact fee. Impact fee expenditures must only be for authorized “public facilities” which have been identified in the impact fee facilities plan and for the specific public facility type for which the fee was collected.

All: [11-36a-602](#) The local political subdivision must expend or encumber the impact fees collected within six years. The fees may be held for longer than six years if the local political subdivision documents in writing the extraordinary and compelling reasons why the fees should be held longer than six years and an absolute date by which the fees will be expended.

A local political subdivision must refund any impact fee paid by a developer, plus interest earned, when:

All: [11-36a-603](#)

- a. The developer does not proceed with the development activity and has filed a written request for a refund;
- b. The fee has not been spent or encumbered; and
- c. No impact has resulted.

If an impact fee is not spent or encumbered within six years (or longer, if extraordinary reasons are documented) the local political subdivision shall refund the impact fee to:

- a) The original owner, if the original owner is the sole claimant
- b) To the claimants, as the claimants agree, if there are multiple claimants

or:

- a) Interplead the impact fee refund to a court of competent jurisdiction for a determination of the entitlement to the refund

Local governments collecting impact fees are required to submit a report to the State Auditor, certified by the local government's chief financial officer, within 180 days after the day on which the fiscal year ends, which identifies:

All: [11-36a-601](#)

- a) The year in which the impact fee funds were received
- b) The project from which the impact fee funds were collected
- c) The project for which the funds are budgeted
- d) The projected schedule for expenditure

Download an example Impact Fee Report at: resources.auditor.utah.gov.

Utility Connection Fees

Often, a local government receives utility connection fees and contributions from subdivisions for the cost of water and sewer lines laid in subdivisions. The question then frequently arises as to whether such fees represent contributions to be treated as contributed capital or whether they should be treated as operating or non-operating revenues. Governmental Accounting, Auditing, and Financial Reporting (GAAFR) gives the following guidance regarding this issue:

To connect to the existing system, new customers of a utility often are charged a special fee, such as a tap fee, a systems development fee, or a connection fee. The amount of this fee frequently exceeds the actual cost to connect new customers to the system. This excess often represents a charge to new customers for their fair share of the capital cost of the system already in place, or the cost of increasing the capacity of the system to meet the additional demand created by the connection of new customers.

Tap fees and similar fees are exchange transactions for the portion of the fee that is intended to recover the cost of connecting new customers to the system. Accordingly, that portion of the fee should be recognized as a receivable and revenue as soon as the connection is made.

The portion of a tap fee or similar fee beyond the cost of connecting new customers is properly classified as imposed non-exchange revenue. Accordingly, a receivable and revenue should be recognized as soon as the government has established an enforceable legal claim to the payment (upon connection). Such amounts should be classified either as capital contributions or non-operating revenues, rather than as operating revenues.

Public Treasurer Bonding/Insurance Requirements

All: [51-7-15](#)

Every public treasurer shall secure a fidelity bond or crime insurance in the amount shown in Money Management Council Rule 4-4 (illustrated below). Bonds must be issued by a corporate surety licensed to do business in Utah and have a current A.M. Best Rating of "A" or better.

Crime insurance must be issued by an insurer licensed to do business in Utah and have a current A.M. Best Rating of “A” or better, or it may be issued by an interlocal agency created under Utah Code 11-13-101 operating as a joint self-insurance fund.

Budget	Percent For Bond	Minimum Bond
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

See the Rules of the Money Management Council for more information:

<https://treasurer.utah.gov/money-management-council/rules-of-the-money-management-council/>.

Chart of Accounts

A chart of accounts is used to identify and appropriately classify financial transactions, balances, etc. The Uniform Chart of Accounts is available at: resources.auditor.utah.gov.

Various sections of the Uniform Fiscal Procedures Act establish the legislative intent and the State Auditor’s responsibility for uniform accounting, budgeting, and financial reporting for governmental entities.

It is recognized that there are differences in size, complexity and organizational structure of governmental entities. The Uniform Chart of Accounts for Utah local governments has been developed to collect financial information from all local governments that can be analyzed and compared across entities. Local governments are not required to use the Uniform Chart of Accounts in their operations, but are required to crosswalk their chart of accounts to the Uniform Chart of Accounts when posting detailed transactions to the Transparent Utah Website (transparent.utah.gov) via the State Reporting System (reporting.auditor.utah.gov). Local governments will likely use a more detailed chart of accounts for their operations. These detailed accounts will need to be mapped into relevant accounts identified in the Uniform Chart of Accounts. Access the Transparent Utah Data Quality Dashboard (resources.auditor.utah.gov) for an in-depth analysis of possible issues with your entity’s Transparent Utah data uploads.

All local governments are required to post transactions to the Transparent Utah Website using the Uniform Chart of Accounts. School districts and charter schools will not use the Uniform Chart of Accounts, but will use a chart of accounts developed by the State Board of Education found here: schools.utah.gov/financialoperations/reporting?mid=2159&tid=3. Note that regardless of your operational usage of a chart of accounts, year-end financial reports must conform to the basic fund structure provided by generally accepted governmental accounting principles.

Government Records Access and Management Act (GRAMA)

The Government Records Access and Management Act (GRAMA) provides for the control and disposition of public records. In enacting this Act, the Legislature recognized two constitutional rights: (1) the public's right to access information concerning the conduct of the public's business; and (2) the right of privacy in relation to personal data gathered by governmental entities. The Legislature also recognized a public policy interest in allowing a government to restrict access to certain records, as specified by this chapter, for the public good.

All: [63G-2-102](#)

Applicability to Local Governments

A political subdivision may adopt an ordinance or a policy applicable throughout its jurisdiction relating to information practices. If a political subdivision does not adopt and maintain an ordinance or policy, it is subject to this Act. However, ordinances or policies adopted by local governmental units must not be inconsistent with the Act. Every ordinance, policy, or amendment to the ordinance or policy, shall be filed with State Archives no later than 30 days after its effective date.

All: [63G-2-701](#)

Record Classifications

All: [63G-2-301](#)

Public: *Records available for public review.*

Public records include those that contain certain identifying information about public employees; laws; final interpretations of the laws or rules; transcripts, minutes, or reports of open meeting, private data on individuals where the individual consents to public release; and others as outlined in *Utah Code*. Additionally, public records are those which are normally publicly provided, but not otherwise properly classified, such as staff manuals and instructions, policy statement; compliance records with government contracts; chronological logs and initial contact reports; correspondence where government determines or states an opinion; original data in a computer program; arrest warrants after issuance; search warrants after execution, and others as outlined in *Utah Code*.

All: [63G-2-302](#)

Private: *Records available only to the individual to whom the record pertains and other authorized persons.*

Private records consist of those of an individual's eligibility for certain government benefits; medical records; certain information on public employees, individual information stored by a county for administering property taxes, and others as outlined in *Utah Code*. Additionally, performance evaluation and personal status information concerning public employees; records where disclosure would be a clearly unwarranted invasion of personal privacy; and others as outlined in *Utah Code* may be considered private records if properly classified.

All: [63G-2-304](#)

Controlled: *Records available to authorized persons or agencies but not to the individual to whom it pertains.*

Controlled records are those that contain medical, psychiatric, or psychological data on the individual when the governmental entity believes that disclosure would: (1) be detrimental to the subject's mental health or to the safety of any individual or; (2) releasing would violate professional practice and medical ethics.

All: [63G-2-305](#)

Protected: *Records containing non-personal data that are available to the person submitting the information and other authorized persons or agencies.*

Protected records are those which contain trade secrets; records where disclosure would jeopardize the life or safety of an individual, the security of government property, or programs; the security or safety of a correctional facility or their records; attorney's work product; drafts unless classified as public; the identity of a donor or prospective donor who requests anonymity in writing; and a candidate's address (if another is provided). See the 84 item list outlined in *Utah Code*.

Exempt: *Records only available expressly by statute.*

All: [63G-2-201-](#)
[\(3\)](#)

All: [63G-2-106](#)

Exempt records are those which access is restricted by court rule, another state, federal statute, or federal regulation, including records for which access is restricted as a condition of participation in a state or federal program, or for receiving state or federal funds. These records include security codes and plans, as well as plans to mitigate terrorist activity and prepare for disaster response and recovery.

Records Retention

State Archives prepares general records retention schedules and the State Records Committee approves those schedules to provide assistance to state and local governments in the retention and disposition of common public record series. A complete General Records Retention Schedule can be obtained by going to the State Archives website at archives.utah.gov/rim/retention-schedules.html. Errors or recommended changes to the schedules should be forwarded to State Archives, Records Analysis Section. All approved retention schedules are available on the internet.

To have retention schedules prepared for record series not listed in the general schedule you would need to prepare an inventory worksheet and send it to State Archives. A records analyst from State Archives will work with individual government entities to schedule those record series specific to your own office. For more information call State Archives at (801) 531-3848. Records management and GRAMA Training Sessions are held annually throughout Utah and are available online at archives.utah.gov/rim/training.html.

Purpose of Classification Worksheet

The Designation and Classification Worksheet was developed to allow for the reporting of record series classifications. Local government entities may use this form to report classifications to State Archives and to indicate which general schedule items exist in their office. It is important that this sheet be completed and returned to the State Archives to report your entity's designated classification. Copies of the Classification Worksheet can be obtained at archives.utah.gov/rim/forms/index.html.

Preparing for a GRAMA Request

Local governments are to adopt a policy establishing who handles record requests. Each person within a local government should know who handles record requests. The records officer is to ensure that policy is in compliance with the law. Local governments are to create a standard GRAMA request form. A sample form can be found at archives.utah.gov/rim/forms/forms-records-request-response.html.

All: [63G-2-108](#)

Receiving and Responding to a GRAMA Request

Local governments must respond to a GRAMA request within 10 business days (5 days for an expedited response). Local governments may deny the request if necessary (failure to respond is considered a denial). If extraordinary circumstances exist; i.e. another agency is using the record, the record is undergoing an audit, a large number of records are being processed, etc., the local government must notify the requester of any such circumstances. Requesters can appeal a denial to the chief administrative officer. A response to this appeal needs to be made ten business days after the appeal is received (or five days, if the requester or interested party demonstrates that an expedited decision benefits the public).

All: [63G-2-401](#)

Additionally, an entity is not required to respond to or provide a record in response to a record request if the request is submitted by or in behalf of an individual who is confined in a jail or other correctional facility following the individual's conviction. However, this does not apply if the request is either:

All: [63G-2-201](#)

- One of the first 5 record requests submitted to the entity by or in behalf of an individual described above during any calendar year requesting only a record that contains a specific reference to the individual
- A record request submitted by an attorney of an individual described above

If an entity denies a request, in whole or in part, it must provide notice of denial to the requester in writing. A notice of denial example is included at archives.utah.gov/rim/forms/forms-records-request-response.html.

GRAMA Training

A local government's records officer is to receive annual training on GRAMA. The training is located at archives.utah.gov/rim/certification.html.

Lease-Purchase Agreements

Governmental units frequently obtain needed assets through lease-purchase agreements. These agreements need to contain a "fiscal funding" or cancellation clause which permits the governmental unit to terminate the agreement on an annual basis to ensure the debt restrictions set forth in Article XIV Section 3 of the State Constitution are not violated. Also, governmental units sometimes create public authorities, such as building authorities, to construct or purchase assets that are leased back to the governmental unit.

All: [GASB 13](#)
[Section L20](#),
["Leases"](#)

In both cases, these lease purchase agreements should be reflected in the financial statements of the local governmental units if certain criteria are met (in most cases these criteria are met). Leases that transfer title at the end of the lease term, or contain a bargain purchase option, or cover 75% of the useful life of the asset, or equal 90% more of the fair market value of the asset, are capital leases.

In governmental funds, capital leases, even if they contain fiscal funding clauses, should be reported as assets in the government-wide statements.

When a governmental unit contracts with a public authority that has been created by the governmental unit for the purpose of purchasing or acquiring to be leased to the governmental unit, these agreements should be treated as long-term contracts for accounting and financial reporting purposes.

In determining the accounting and financial reporting treatment for lease agreements of state and local governments, consideration must be given to the accounting and reporting of capital assets and long-term liabilities in both the fund and the government-wide financial statements. The GASB provides explanation on this and sets forth the requirements within the GASB Codification. Refer to the GASB references in this section for more detailed information on the proper governmental accounting for leases.

Interest Allocation between Funds

Local governmental units generally pool available resources from all funds for investment and money management practices. While this practice is encouraged as a means of effective money management, questions arise as to whether the interest earnings should be allocated to all funds or retained in the general fund.

C: [10-6-131~132](#)
T: [10-5-119~120](#)
CO: [17-36-29~30](#)
D: [17B-1-625~626](#)

There are no statutes that address this question specifically. Statute does authorize the governing body of a local government to "authorize inter-fund loans from one fund to another at such interest rates and upon such repayment terms and conditions as it may prescribe." In some cases, such as B and C Road funds or Cemetery Perpetual Care Funds, interest must be credited to the appropriate fund. Also, there are some regulations for federal and state grants requiring that a reasonable allocation of interest be made to them.

It is recommended that interest earnings be allocated to the various funds based on their contribution to the investment pool. The most significant factor to consider is that the governing body has that authority, unless otherwise specified by law, to make this decision. A formal approval of the governmental unit's policy regarding interest allocation should be made.

Unclaimed Property

All: [77-24a](#)

“Lost or mislaid” property is any property that comes into possession of a peace officer or law enforcement agency that is not claimed by anyone who is identified as the owner of the property. If tangible property comes into possession of a law enforcement agency either through execution of a search warrant, the arrest of a person, or as evidence in connection with a public offense, the owner has three months to claim the property. If no owner is identified within those three months, the agency having possession may (1) appropriate the property for public use, or (2) sell the property and appropriate the proceeds. Tangible property is defined as any property that is not intangible property.

Intangible property is extensively defined in the *Utah Code*. Some examples of intangible properties include: money, checks, security deposits, refunds, stocks, bonds, etc. Intangible property held by a local government officer and left unclaimed for over one year must be remitted to the State Treasurer’s Office for deposit in the Uniform School Fund. The local government should attempt to notify the owner of the intangible property prior to remitting the property to the State.

Investment of Public Funds

All: [51-7-11.17](#)

With the cost of providing public services increasing, it is imperative that local governmental officials invest available resources to the benefit of their governmental units. *Utah Code* 51-7 (State Money Management Act) defines the criteria for investment of public funds and the types of investments that may be made.

The Office of the State Auditor encourages the investment of local funds through the Public Treasurer’s Investment Fund (PTIF) managed by the State Treasurer. The investment expertise available in the State Treasurer’s Office and the high yields that can be obtained through their pooling concept are difficult for most local government units to match. For more information, see this page: treasurer.utah.gov/for-government/public-treasurers-investment-fund/

The State Treasurer has prepared the following information for public treasurers of local governmental units:

Introduction

Most Utah public treasurers face a fiscal profile characterized by cyclical revenue and ratable expenses. Revenue is collected on a quarterly or annual basis in relatively substantial surges of activity. Expenses are primarily personnel-related costs, and are generally stable. Receipt of bond proceeds and payment of related debt service costs are controlled and predictable with a high degree of accuracy. In this environment, the most critical concerns for the public treasurer should be: (1) appropriate cash management and (2) matching of collections with expenditures. An appropriate investment strategy will include objectives which address these two areas.

Cash Management

The most basic statement of the principle of cash management: is “speed-up all collections, slow down all expenditures, and keep all available funds fully invested.” The treasurer should review all sources of revenue to identify the point of collection, the method of collection, and the timing and volume of receipts. Each class of revenue should be examined to determine if there are alternatives which might result in faster collection. Any bottlenecks should be identified and eliminated. This may require cooperation between several municipal departments, particularly if revenue is collected in multiple locations. Some generalized suggestions follow:

1. Review mail room procedures and ascertain that all mail is distributed daily and early enough to facilitate deposit of incoming checks.
2. Instruct your bank to credit your account with interest due upon maturity of time deposits. (Many banks issue a check which is mailed to the depositor. This practice should be discouraged.)

3. Consider having any revenue payable through the state deposited directly into the Public Treasurer's Investment Fund as opposed to being mailed-out.
4. Use wire transfers or ACH (electronic fund transfers) directly to your account for investment maturities and any revenue which can be controlled by the local government.
5. Accelerate the processing of receipts within government departments:
 - a. Discourage departments from holding receipts; cite the importance of depositing and investing funds as quickly as possible.
 - b. Establish control over receipts as early in the process as possible; then separate checks and cash from related paperwork, and deposit.
6. Always deposit large checks immediately; do not wait for supporting paperwork, even if the receipt is "unidentified."
7. Consider sorting checks by the bank on which they are drawn and depositing into accounts at that bank. These represent "on us items" at the bank, and are "good funds" in your account on the day deposited. Use wire transfers to concentrate these funds for investment.
8. Carefully monitor the balance in your bank account(s) to avoid building up excess balances which should be invested.
9. Consider use of a lock box at your bank or internet payment processing for recurring voluminous receipts, such as utility collections.

On the expenditure side, the treasurer should usually ascertain that payments are made on the due date (not prior to the due date) and are made as efficiently as possible. Funds should be provided in demand accounts at the time checks are expected to clear, not at the time checks are issued. For bond payments and other transactions processed through a bank acting as trustee or paying agent, the treasurer should provide collected funds on the due date. Frequently, the bank will request payment prior to the due date to assure that funds are available on the due date. This practice should be discouraged.

The treasurer should prepare a cash forecast as a basic tool in the development of an investment program. The cash forecast may be as simple as a large calendar on which scheduled expenditures and anticipated revenues are entered, worksheet fashion. An important use of the cash forecast, often overlooked, is a continual comparison of the forecast to the actual flow of cash. This may point out significant variances which could indicate procedural problems requiring corrections.

Investment Strategy

Generally speaking, treasurers are working with funds that will be expended over a relatively short period of time. The basic precept of a "balanced budget" is that revenues equal expenditures during the budget period, usually comprising one year. The Money Management Act requires a public treasurer to match the maturity of investments with the anticipated expenditure of these funds. As a consequence, it is improbable that any treasurer would have funds that could be invested in an instrument having a term beyond one year.

Remembering that the objective is to match cash collections with expenditures, most treasurers will reject longer-term investment alternatives, regardless of "yield" or "liquidity." Note that term to maturity maximums vary depending on the type of entity investing (city or county of the first class, institution of higher learning, public agency insurance mutual, etc.) and the type of investment.

Given these parameters, most public treasurers will be using short-term, very liquid investment securities such as:

1. Money Market Demand Accounts: daily demand accounts earning “market rates” of interest usually based on current Treasury Bill yields. Beware of withdrawal restrictions on most such accounts.
2. “Sweep” Accounts: non-interest bearing checking account, some portion of which is automatically “swept” into a repurchase agreement each night upon determination of the collected balance in the account. The repurchase agreement is usually a pooled “repo” earning interest at a rate somewhat below that of a negotiate repo, but comparable to rates paid on money market demand accounts.
3. Money Market Mutual Funds: a pool of short-term money market instruments typically comprised of commercial paper, bankers’ acceptances, certificates of deposit, and treasury bills.

These mutual funds are generally operated and administered by major brokerage houses, and must be registered with the SEC. These investments have no maturity date; thus, one can put and take monies on demand, earning interest at the daily rate generated by the investments in the fund during the investment period.

4. Repurchase agreements: a simultaneous purchase and resale of the same securities at an agreed price and time. Collateral for “repos” includes governmental and agency obligations. Repos of up to three months are not uncommon. The important point is that a repo can be written for any term, and can coincide exactly with a specific cash need. The securities purchased (the “collateral”) should have an aggregate market value greater than the dollar amount on repo to provide some protection. The treasurer must take physical possession of the collateral or have it delivered to a third party holder to perfect his interest in the securities. Where broker repos are involved, securities must be delivered to the treasurer’s safekeeping bank.
5. Time Certificates of Deposit: term deposits earnings interest at a negotiated rate for a negotiated period of time. TCDs may be negotiable or non-negotiable. Most Utah banks issue only “non-negotiable” TCDs, meaning that they cannot be sold and must be held to maturity. Generally TCDs of less than \$100,000 par value will not earn the same rate as larger time deposits. Utah law requires interest on TCDs of \$100,000 or more to be calculated on the basis of actual number of days divided by 360 days.
6. Public Treasurers Investment Fund: the “pool” is a convenient deposit-type investment administered by the State Treasurer’s Office and offering daily liquidity. There are no minimum balance requirements, no limitations on transactions, and no “commissions.” Pool deposits are invested mainly in short-term investment securities, including time certificates of deposit, government agency obligations, corporate notes, and commercial paper.
7. Banker’s Acceptances: short-term (usually 180 days or less) debt issued through the banking system secured by title to salable merchandise. The “BA” is an irrevocable primary obligation of the accepting bank, and contingent obligation of the drawer and of any endorsers. BAs of top banks are sold at a discount, maturing at face value, and are routinely marketed by brokers. BAs must be eligible as collateral for borrowing from a Federal Reserve Bank in order to meet requirements of the Money Management Act.

8. Commercial Paper: short-term unsecured promissory notes issued by corporations and government entities. Commercial paper is usually sold at a discount in multiples of \$100,000, although coupon issues in denominations as small as \$25,000 are available. The term of commercial paper is typically one day to nine months (270 days). Rates are comparable to, or slightly above, banker's acceptances and certificates of deposit issued by top name banks. Commercial paper is marketed by brokers, or directly by the issuer, and is usually delivered in New York City. To comply with the Money Management Act, commercial paper must be rated in the top rating category by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services, or Standard and Poor's, Inc.
9. U.S. Treasury Bills: direct obligations of the United States issued for terms of 91 days, 182 days, or 364 days. Treasury Bills maturities are scheduled every Thursday of the year, except Thanksgiving Day. Bills are sold at a discount, and mature at par. Yields are usually slightly below time certificates of deposit, but may exceed local certificate yields at any point in time. Bills may be sold at any time to meet unexpected cash needs. Sale prior to maturity can result in a substantially reduced yield due to interest rate fluctuations. Treasury Bills may be purchased from a broker, or from your local bank, and are considered to be the most liquid of all investments.

Custody of Securities

The Money Management Act requires public treasurers to take physical delivery of all securities purchased. In the case of out-of-state time deposits, commercial paper, bankers' acceptances, and government and agency bonds, physical delivery will be to a safekeeping account established by the treasurer at a bank, usually in New York. Safekeeping by the selling broker is not permitted under the Act. Any security not physically held by the treasurer must be supported by a safekeeping receipt issued by a qualified depository or by the treasurer's safekeeping money center bank.

Conclusion

The small entity public treasurer should normally concentrate the investment program in short-term, liquid securities. Some mix of demand accounts (interest bearing or non-interest bearing), repurchase agreements, time deposits, and deposits in the Public Treasurer's Investment Fund will result in the most prudent, efficient program. Larger entity treasurers may wish to diversify by adding treasury bills, bankers' acceptances, commercial paper, and out-of-state negotiable certificates of deposit. Use of these instruments will require establishment of a safekeeping arrangement with a money center bank to be efficient and to comply with statute. Only in unusual circumstances would a treasurer consider Treasury bonds, or government agency issues (GNMAs, FNMA's, etc.) as an investment, due to their long terms. Generally speaking, a public treasurer will obtain the best results by carefully managing cash flow and investing all available funds in short-term, familiar investment securities such as time deposits, repurchase agreements, and the Public Treasurer's Investment Fund.

Entity specific information

Cities, Towns, and Counties

In addition to the special accounting areas summarized previously, cities, towns, and counties have specific areas that relate solely to cities, towns, and counties. These special areas are discussed below.

Additional
Info.

[11-55-103](#)
[FIACCT](#)
[10.00.00](#)

Board Per Diem & Travel Expenses

Legislative bodies may not establish rates for per diem and travel expenses for board members serving on boards within or created by a government entity that exceed rates established by the Division of Finance.

Class B & C Road Funds

The Class B & C road system funding program was established by the Utah Legislature in 1937 as a means of providing assistance to counties and incorporated municipalities for the improvement of roads and streets throughout Utah. The funds differ from ordinary local revenues inasmuch as they are subject to administrative direction by the State in accordance with legislative provision. The Utah Department of Transportation (UDOT) is the administrative authority on behalf of the State. UDOT has established rules and regulations governing the expenditure of these funds and the required reporting. These guidelines are found within *Regulations: Governing Class B and Class C Road Funds*, along with fund allocation reports and the Mileage Update Submittal Form, accessed at: udot.utah.gov/connect/business/public-entities/local-government-program-assistance/. For more information or inquiries regarding class B & C road funds, contact Chris Potter at cpotter@utah.gov, or (801) 633-6255.

Class B Roads

[72-3-103](#)

Class C Roads

[72-3-104](#)

Class D Roads

[72-3-105](#)

Additional
Info.

[72-3](#)

[72-6](#)

Justice of the Peace Procedures

Justices of the Peace are employees of the city, town, or county within which the jurisdiction they administer is located. Money collected by Justices of the Peace is subject to the same fiscal controls as other monies of the cities, towns, or counties. Specific laws setting forth the duties and responsibilities for justices do not appear to be in conflict with the respective Fiscal Procedures Acts.

Money received by Justices of the Peace should be given to the town, city, or county treasurer and deposited directly into bank accounts in the local government's custody or control. Money received should be deposited daily when possible, but not later than 3 days after receipt. These accounts, which in many cases will be transfer type accounts, should be established as close as possible to the place of business of the various Justices of the Peace. To provide a means whereby money, such as bail money, can be returned "within 7 days," a revolving account may be established with the approval of the governing body from which a check could be written as approved by the treasurer and the court clerk or the Justice of the Peace, but without requiring the approval of the governing body, recorder, or auditor.

C, T, CO:

[78A-7-121](#)

Every justice court judge shall monthly file with the State Court Administrator a report of the judicial business of the judge. The report shall be on forms supplied by the State Court Administrator. The report shall state the number of criminal and small claims actions filed, the disposition entered, and other information as specified in the forms. A copy of the report shall be furnished by the justice court judge to the governing body in the municipality or county, or to the person or office in the county, city or town designated by the governing body. Copies of forms can be found at utcourts.gov/forms/.

C, T, CO:

[78A-7-215](#)

Revenue from traffic fines may not exceed 25% of a local government's total general fund revenue for a fiscal year. No later than 30 days after fiscal year end, a local government that receives traffic fine revenue shall, for the immediately preceding fiscal year, determine the amount of traffic fine revenue that exceeds 25% and transfer the amount to the State Treasurer to be allocated to the Department of Transportation for class B and class C roads.

C, T, CO:

[78A-7-120\(7\)](#)

Liquor Law Enforcement

C, T, CO:
[32B-2-403~404](#)

The State provides funds to counties and municipalities for projects which prevent, detect or prosecute alcohol-related offenses. These funds are distributed based on population, convictions for alcohol-related offenses, number of state liquor stores and liquor licenses, package agencies, and number of confinements and rehabilitations.

Cities, towns and counties submit qualification letters to the State Tax Commission. The Department of Alcoholic Beverage Control provides the number of outlets by location. The State Court Administrator's Office provides the number of DUI/alcohol-related convictions by location. These factors are used to distribute the funds per *Utah Code*. It is recommended that activities financed from these funds be accounted for in a separate account.

Funds must be used for programs or projects targeted for the prevention, detection, or prosecution of alcohol-related offenses. Counties may also use funds for construction or maintenance of facilities for confinement or rehabilitation. Funds are available to all incorporated towns, cities, and counties. Entities are required to submit a letter detailing the programs for which funds will be used.

Liquor Law Enforcement funds are intended to supplement the budget of law enforcement agencies, and are not intended to replace funds which would otherwise be allocated for law enforcement and confinement or rehabilitation of persons arrested for or convicted of alcohol-related offenses.

Counties

In addition to the special accounting areas summarized above, counties have specific areas that relate solely to counties. These special areas are discussed below.

County Hospitals

A county hospital which is run by the county, or hospitals for which the fiscal controls remain with the county, including the responsibility to cover operating losses of the hospital, should be reported as an enterprise fund of the county.

An annual audit is required for all hospitals. The audit may be performed by the county's independent auditors, or by other independent auditors, but the hospital should be included in the financial statements of the county if the county has any fiscal responsibility for the hospital or other obligations relating to the hospital. If a county has transferred all fiscal and managerial responsibility to an independent company, the hospital's operations would not have to be reported in the county audit report, but such information should be footnoted in the county's financial statements.

The State Auditor has prepared the following accounting procedures for counties that have adopted an appropriate fiscal administration ordinance. For counties that have not adopted such an ordinance, all disbursements and receipts would need to follow the same procedures as other county funds.

These accounting procedures for county hospitals would not affect a county hospital where the administration and all fiscal responsibility has been transferred to an independent company and the county has no additional managerial or fiscal responsibility. The proposal is also considered a minimum level of accountability and control by the county and greater control may be exercised by the county if so desired by the governing body.

1. Receipts and revenues collected by the county hospital should be recorded on the records and accounts of the hospital and then given to the county treasurer or deposited into an account within the control and custody of the county treasurer within 3 working days of receipt.

2. A hospital checking account may be established to function as provided by this policy. A monthly (or semi-monthly) deposit shall be made to the account by the county treasurer as budgeted and approved by the county auditor and commission. Normal operating expenditures of the hospital, as approved and defined by the county commission, may be made from this account provided that the checks have been signed by an individual or individuals approved by the county commission. Expenditures that are not normal operating expenditures or that exceed certain dollar amounts or other limits as established the commission must be approved by the commission and county auditor as provided by *Utah Code* 17-19.
3. A monthly report of all receipts and disbursements of the hospital shall be prepared by the appropriate hospital personnel and after being audited by the county auditor shall be presented to the county commission within 30 days of the end of the month being reported. The audit by the county auditor shall include a reconciliation of receipts to those given to the county treasurer and to the accounts receivable and revenue reports of the hospital. The auditor shall also indicate on the report whether or not disbursements made from the hospital account are proper and in accordance with the policy for disbursements approved by the county commission.

Health Departments and Mental Health Authorities

Health departments and mental health authorities are considered to be a part of county operations and have many of the county fiscal administrative requirements as other county operations. An exception to this is a multi-county health department or mental health authority that operates as a separate joint venture and accordingly does not operate through an agent county. While most health departments also cover a multi-county area, they are required to operate through an agent county.

CO: [26A-1-103](#)
CO: [17-43-3](#)

In the case of single county health departments or mental health authorities or where a county is acting as an agent county, the county governing body may want to pass a financial administration ordinance and establish procedures for the receipt, disbursement, and budgetary control of these funds similar to that previously explained for county-operated hospitals.

In the case of health departments, such an ordinance may not be necessary for the disbursement of funds. According to *Utah Code*, “claims or demands against the fund (Health Department Fund) shall be allowed on certification by the health officer or other employee of the local health department designated by the board” (local board of health). Based on this law, neither the county governing body nor the county auditor would be required to approve expenditures except for overall budgetary control from the health district’s fund.

CO: [26A-1-119](#)

Most of the money health districts receive is legally restricted for health department purposes either by grants, special mill levies, or by other counties. In order to not distort the general fund of the agent county’s financial statements, we recommend that the health districts be shown as a special revenue fund of the agent county.

Local and Special Districts

In addition to the special accounting areas summarized above, local and special districts have specific requirements based on district type. Different types of districts, along with relative information pertaining to each district, are summarized in the following table.

As an alternative to establishing a district, *Utah Code* allows a municipality or county to levy property taxes for all services that can be provided by local and special service districts, and account for revenues separately in a special revenue fund, which legally restricts the revenues collected to be expended for the service for which the tax was levied.

C, T: [10-6-133.4](#)
CO: [17-36-31.5](#)

District Classification Laws

Code Reference	District Type	Code Description/Summary
17B-1-1401~1402	Basic Local District	Board of trustees members may be elected or appointed by the responsible body. Creation is prohibited after May 12, 2020.
17B-2a-102~107	Cemetery Maintenance District	May issue bonds; board of trustees members shall be appointed; property is to be proportionately benefitted and equally assessed
17B-2a-203~211	Drainage District	No new drainage district may be created; drainage district powers, board of trustees members are to be appointed by legislative body of the county in which district is located
17B-2a-302~306	Fire Protection District	May issue bonds; board of trustees members may be appointed or elected
17B-2a-402~406	Improvement District	Improvement district powers; board of trustees requirements outlined
17B-2a-502~516	Irrigation District	No authority to levy property tax; may issue bonds, additional powers outlined
17B-2a-602~608	Metropolitan Water District	Rates and charges, board of trustees members are to be appointed
17B-2a-702~705	Mosquito Abatement District	Board of trustees requirements; mosquito abatement district powers outlined
17B-2a-803~825	Public Transit District	Specific provisions applicable to public transit districts outlined; board of trustees requirements; power and authority of public transit districts
17B-2a-902~907	Service Areas	May issue bonds, board of trustees members may be appointed or elected
17D-1	Special Service District	Subject to other provisions beyond other districts; creation of special service districts and services to provide are outlined; delegation of authority, administrative control board requirements
17B-2a-1001~1010	Water Conservancy District	District powers outlined; limitations on property tax levy
17B-2a-1101~1112	Municipal Services District	Created within counties unincorporated areas within a county of the first class; can provide no more than six services; may issue bonds
17D-4-101~305	Public Infrastructure District	Requires 100% of registered voters' signatures & 100% of property owners' signatures; may issue bonds; tax increment financing
17D-2 17D-3 17C	Other Entities	Local Building Authority Conservation District Community Reinvestment Agency

Resources

Local governments are provided many resources to comply with law, rule, and professional standards:

Compliance Dashboard: Contains individualized entity compliance reports, filtered by entity type, name, tax holding county, and compliance status. Use this resource to quickly learn what reports your entity needs to submit to the Office of the State Auditor. Access at: resources.auditor.utah.gov.

Little Manual for Local and Special Service Districts: Contains comprehensive requirements for local and special service districts, with included *Utah Code* references. Access at: resources.auditor.utah.gov.

Local Government Resource Center: Hosts reporting requirements, policy templates, checklists for key processes, brief explanations of terms and concepts, videos, *Fraud Risk Assessment Implementation Guide*, Compliance Dashboard, Transparent Utah Data Quality Dashboard, and other related resources. Access at: resources.auditor.utah.gov.

Office of the State Auditor Website: Access public, press, state agency, and local government resources. Also hosts fraud hotline and office directory. Access at: auditor.utah.gov.

Office of the State Treasurer Online Tools: Sister website to the State Reporting System. Upload Deposit and Investment Reports to State Treasurer's Office. Access at: reporting.auditor.utah.gov/UtahTreasuryLogin.

Online Training Portal: Hosts introductory courses for different entity personnel. Also hosts the Board Member Training course (required for local and special service district board members within one year of every appointment/election) and Open and Public Meetings Act course (required for all public officials annually). Access at: training.auditor.utah.gov.

State Reporting System: Upload budgets, financial reports and Transparent Utah data; and edit contact information. Access at: reporting.auditor.utah.gov.

Transparent Utah Data Quality Dashboard: Contains comprehensive individualized entity Transparent Utah data quality reports. Use this resource to quickly learn the possible issues with data your entity has uploaded to the Transparent Utah website via the State Reporting System. Access at: resources.auditor.utah.gov.

Transparent Utah Website: Download quarterly revenue and expenditure data, as well as annual payroll data, for local governments. For help on creating a State Reporting System account or uploading Transparent Utah data, access the *State Reporting System* and *Transparent Utah: Uploading Files* videos on the State Auditor [YouTube Channel](#). For smaller districts, the *Transparent Utah File Converter* [YouTube playlist](#) shows you how to simply copy and paste your limited data into a web form to prepare it for upload to Transparent Utah via the State Reporting System. Access the Transparent Utah Data Quality Dashboard (resources.auditor.utah.gov) (and its associated [YouTube playlist](#)) for an in-depth analysis of possible issues with your entity's Transparent Utah data uploads. For additional Transparent Utah assistance, call 801-538-3059. For individual Transparent Utah team member information, see the directory here: auditor.utah.gov/about-us/directory.

Uniform Accounting Manual: Contains requirements, across all entity types, with included *Utah Code* references. Access at: resources.auditor.utah.gov.

Utah Code: Title 10 contains the Utah Municipal Code. Title 11 contains city, town, interlocal, and local taxing unit requirements. Title 17 contains county requirements. Title 17B contains local district requirements. Title 17D contains special service district requirements. Access at: le.utah.gov.

Utah Community Development Office: Housed in the Department of Workforce Services, Housing and Community Development Division. This office was established in 2013 as a resource for rural Utah. With funding from the Permanent Community Impact Fund Board, the office supports regional planning professionals, facilitates communication and coordination between stakeholders, and creates and delivers training, tools, and informational resources. Access at: jobs.utah.gov/housing/community/planning/index.html.

Utah Division of Archives and Records Service: Available as a resource to help you comply with record retention requirements. Contact Rosemary Cundiff, Division of Archives and Records Service, at: 801-531-3858 or rcundiff@utah.gov. Access record retention schedules at: archives.utah.gov/rim/retention-schedules.html.

Utah Division of Purchasing and General Services: Has entered into multiple contracts for a variety of products and services that *can be used by entities without having to go through the RFP and bidding process themselves*. This provides entities with access to high quality products at a lower price. Access at: 801-538-3026 or purchasing.utah.gov.

Utah Public Notice Website: Enables local governments to post required public meeting/hearing notices, agendas, minutes, and contact information. Administered by Division of Archives and Records Service. Access the training manual and quick guide for owners and posters, as well as training sessions, at: archives.utah.gov/public-notice.html or contact Dylan Mace, Division of Archives and Records Service, at: upnw@utah.gov or 801-531-3853. For questions regarding using the website, posting a notice, or registering an individual to post notices on the website, contact Utah Interactive at: support@utahinteractive.org or 801-983-0275. Access at: utah.gov/pmn/.

Utah State Tax Commission: Local governments are subject to the "Truth-in-Taxation" process, which regulates tax increases. *Utah Code 59-2-919* provides notice and public hearing requirements for tax increases. Tax increase checklists may be accessed at: propertytax.utah.gov/tax-increases. For assistance, see the State Tax Commission, Property Tax Division contact information here: propertytax.utah.gov/contact.

YouTube Channel: Hosts brief videos on basic topics such as: uploading reports, budgeting, separation of duties, reports, fraud, fund types, fund balances, reporting roles, and independent auditors. Channel name: Utah Office of the State Auditor Local Government Division; Access at: youtube.com.

Illustrated Interim Financial Report
 & Comparison with the Budget
 Governmental Fund Types
 (General, Special Revenue, Debt Service, Capital Projects)

_____ FUND

FOR THE _____ MONTHS ENDED _____

	Annual Budget	Current Period	Year to Date	Percent of Budget	
				Current Year	Prior Year
REVENUES:					
Property tax	_____	_____	_____	_____	_____
Sales tax	_____	_____	_____	_____	_____
Intergovernmental	_____	_____	_____	_____	_____
Fines/forfeitures	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL REVENUES	_____	_____	_____	_____	_____
EXPENDITURES:					
General government	_____	_____	_____	_____	_____
Public safety	_____	_____	_____	_____	_____
Public health	_____	_____	_____	_____	_____
Highways & public improvements	_____	_____	_____	_____	_____
Parks & recreation	_____	_____	_____	_____	_____
Economic development	_____	_____	_____	_____	_____
Principal & interest	_____	_____	_____	_____	_____
Capital outlay	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL EXPENDITURES	_____	_____	_____	_____	_____
Excess of revenues over (under) expenditures	_____	_____	_____	_____	_____
OTHER FINANCING SOURCES & USES:					
Transfers from (to) other funds	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL OTHER FINANCING SOURCES & USES	_____	_____	_____	_____	_____
Excess of revenues over (under) expenditures & other sources & uses	=====	=====	=====	=====	=====

(Enterprise and Similar Fund Operations)

_____ FUND

FOR THE _____ MONTHS ENDED _____

	Annual Budget	Current Period	Year to Date	Percent of Budget	
				Current Year	Prior Year
REVENUES:					
Charges for services	_____	_____	_____	_____	_____
Interest	_____	_____	_____	_____	_____
Contributions/Grants	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL REVENUES	_____	_____	_____	_____	_____
EXPENSES:					
Personal services	_____	_____	_____	_____	_____
Contractual services	_____	_____	_____	_____	_____
Materials & supplies	_____	_____	_____	_____	_____
Utilities	_____	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____	_____
TOTAL EXPENSES	_____	_____	_____	_____	_____
Transfers from (to) other funds	_____	_____	_____	_____	_____
Net income	_____	_____	_____	_____	_____
Beginning retained earnings	_____	_____	_____	_____	_____
Ending retained earnings	=====	=====	=====	=====	=====

Reconciliation of Accounts Receivable
Customer Charges and Collections

Accounts receivable - beginning of period	\$ _____
ADD: Billings this period	\$ _____
(LESS): Collections this period	\$ _____
Accounts receivable - end of period	\$ _____

Reporting Entity Worksheet
OFFICE OF THE STATE AUDITOR

Potential Component Unit:	Year End:
Contact Name:	Title:
	Phone #:

INTRODUCTION

GASB Statements 14 & 39, as amended by GASB Statement 61, establishes standards for defining and reporting on the financial reporting entity. GASB 14 also establishes standards for reporting participation in joint ventures. These standards apply to financial reporting by primary governments, governmental joint ventures, jointly governed organizations, and other stand-alone governments. They also apply to the separately issued financial statements of governmental component units. In addition, the Statement should be applied to governmental and nongovernmental component units (CU) when they are included in a governmental financial reporting entity.

The financial reporting entity consists of the primary government (PG) and organizations for which the primary government is financially accountable. In addition, the primary government may determine that inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit.

The definition of the reporting entity is based primarily on the notion of financial accountability. A PG is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the PG. A PG may also be financially accountable for governmental organizations that are fiscally dependent on it and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the PG.

A PG has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the PG (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Other organizations – Certain organizations warrant inclusion because of the nature and significance of their relationship with the PG. A legally separate, tax-exempt organization is a CU if all of the following criteria are met: a) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the PG, the PG's component units, or its constituents; 2) the PG, or its CU, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; 3) the economic resources received or held by an individual organization that the PG is entitled to, or has the ability to otherwise access, are significant to the PG. In addition, other organizations should be evaluated for inclusion if they are closely related to, or financially integrated with, the PG.

Most CU's should be included in the financial reporting entity by discrete presentation. Some CU's, despite being legally separate from the PG, are so intertwined with the PG that they are, in substance, the same as the PG and should be reported as part of the PG by blended presentation.

There may be organizations that do not meet the definition for inclusion in the financial reporting entity. They should, nevertheless, be reported as a fiduciary fund of the primary government if the primary government has a fiduciary responsibility for them.

CONCLUSION

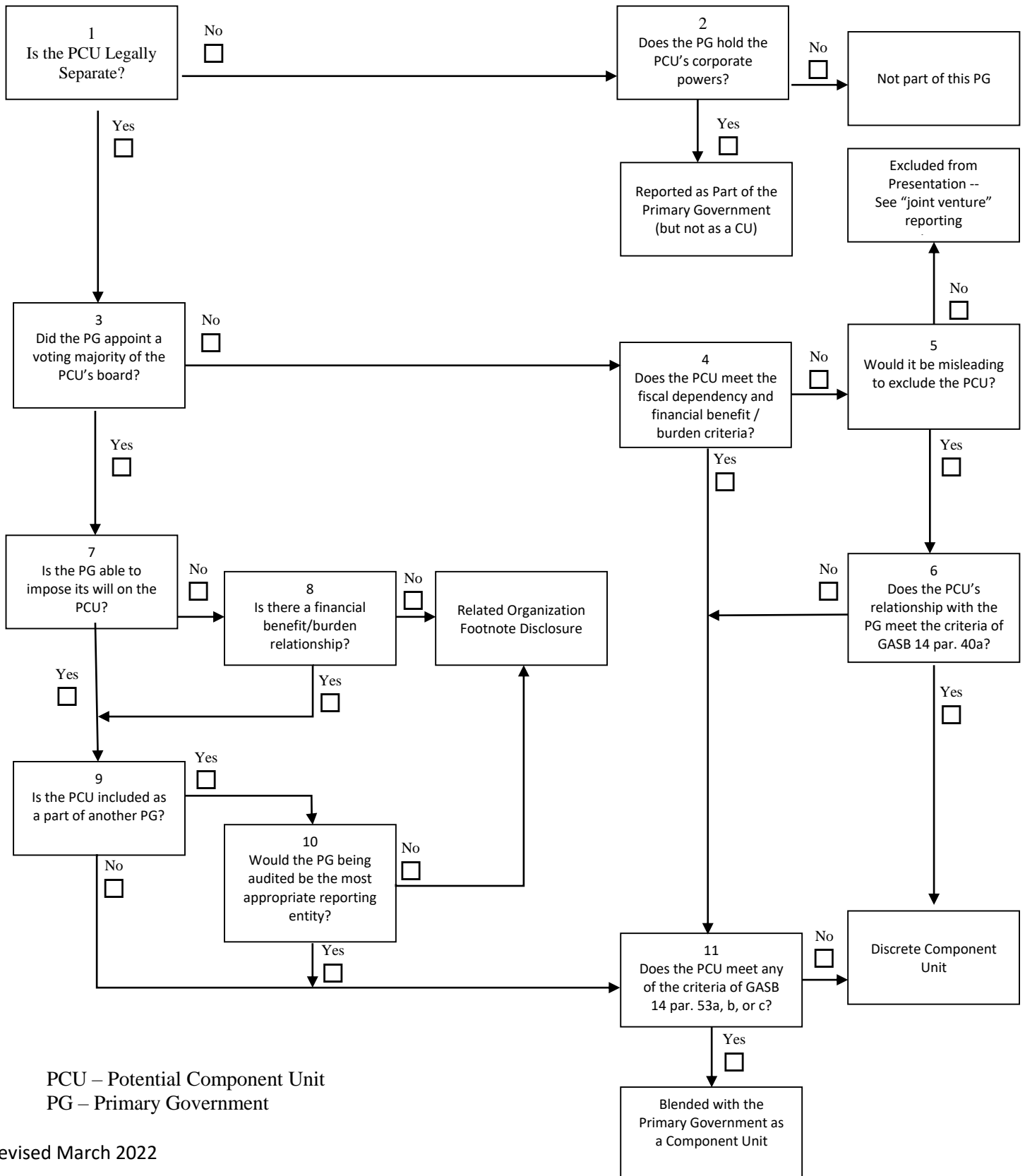
(Check one)

This potential component unit should be reported (in the financial statements of the primary government) in the following manner:

	Excluded from Presentation		Reported as Part of the Primary Government (not as a CU)
	Related Organization Footnote Disclosure		Blended with Primary Government (as a CU)
			Discrete Component Unit

FINANCIAL REPORTING ENTITY FLOWCHART

Check the appropriate boxes:



Flowchart Questions

These questions correspond to the flowchart questions of the previous page. ¶ numbers refer to GASB statement No. 14 as amended by GASB Statement No 61.

#	Questions	Yes	No	N/A
1	<p>Is the PCU legally separate? (¶15) If answer is “Yes,” proceed to question #3, otherwise proceed to next question.</p> <p><u>Consider:</u> Do either of these conditions exist?</p> <p>a. Per review of the (check as applicable) _____ corporate charter or _____ <i>Utah Code</i> (provide <i>Code</i> reference _____), the PCU was created as a “body corporate” or a “body corporate and politic.”</p> <p>b. The PCU possesses the corporate powers that would distinguish it as being legally separate from the PG. [See description of “corporate powers” in question #2 below.]</p> <p><u>Explanations:</u></p>			
2	<p>Does the PG hold the PCU’s corporate powers? (¶15) After answering this question, proceed to page 2 of this form and conclude.</p> <p><u>Consider:</u> Corporate powers generally give an organization the capacity to have a name; the right to sue and to be sued in its own name without recourse to a state or local governmental unit; and the right to buy, sell, lease, and mortgage property in its own name.</p> <p><u>Explanations:</u></p>			
3	<p>Did the PG appoint a voting majority of the PCU’s board (¶22-24) If answer is “Yes,” proceed to question #7, otherwise proceed to next question.</p> <p><u>Consider:</u> Do <u>all</u> of the following conditions exist?</p> <p>a. The PG appoints a controlling majority of the PCU’s governing board.</p> <p>b. The legal provisions for appointment of the PCU’s officials provide for continued appointment authority, <u>or if not</u>, the PG has the ability to unilaterally abolish the PCU.</p> <p>c. The PG’s appointment authority is substantive and not severely limited by a nominating or confirming process.</p> <p><u>Explanations:</u></p>			
4	<p>Do the fiscal dependency <u>and</u> fiscal benefit / burden criteria apply? (¶16-18, 21b) If answer is “Yes,” proceed to question #11, otherwise proceed to next question.</p> <p>Fiscal Dependency</p> <p>a. Does the PG have substantive authority to do <u>any</u> of the following:</p> <p>1) Approve and modify the PCU’s budget.</p>			

#	Questions	Yes	No	N/A
	<p>2) Approve the PCU’s tax rates or other rates or charges. 3) Approve the PCU’s issuance of bonded debt, if it is legal to issue bonded debt. Note: PCU dependence upon PG funding is not considered when answering this question. However, this <u>may</u> be considered in answering question #5.</p> <p>Financial Benefit / Burden</p> <p>b. If the answer is “Yes” to any of the questions in 4.a, is there a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government?</p> <p><u>Consider:</u> An organization has a financial benefit or burden relationship if <u>any</u> of these conditions directly or indirectly exist (a transaction did not have to occur in order to meet any of the following):</p> <ol style="list-style-type: none"> 1) The primary government is legally entitled to or can otherwise access the organizations resources (other than a residual interest in the event of dissolution). 2) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization. 3) The primary government is obligated in some manner for the debt of the organization. <u>Any</u> of the following conditions would indicate that a PG is obligated “in some manner.” <ol style="list-style-type: none"> a. The PG is legally obligated to honor deficiencies to the extent that proceeds from other default remedies are insufficient. b. The PG is required to temporarily cover deficiencies with its own resources until funds from the primary repayment source or other default remedies are available. c. The PG is required to provide funding for reserves maintained by the debtor PCU, or to establish its own reserve or guarantee fund for the debt. d. The PG is authorized to provide funding for reserves maintained by the debtor PCU or to establish its own reserve or guarantee fund and the PG establishes such a fund. (If a fund is not established, the considerations in 6) and 7) below may nevertheless provide evidence that the PG is obligated “in some manner.”) e. The PG is authorized to provide financing for a fund maintained by the debtor PCU for the purpose of purchasing or redeeming the PCU’s debt, or to establish a similar fund of its own, and the PG establishes such a fund. (If a fund is not established, the considerations in 6) and 7) may nevertheless provide evidence that the PG is obligated “in some manner.”) f. The debtor PCU explicitly indicates by contract, such as the bond agreement or offering statement, that in the event of default the PG may cover deficiencies although it has no legal obligation to do so. That is, the bond offering statement may specifically refer to a law that authorizes the PG to include an appropriation in its budget to provide funds, if necessary, to honor the debt of the PCU. g. Legal decisions within the state or previous actions by the PG related to actual or potential defaults on another organization’s debt make it <u>probable</u> that the PG will assume responsibility for the debt in the event of default. <p><u>Explanations:</u></p>			
5	<p>Would it be misleading to exclude the PCU because of its relationship with the PG? (§39-41) If answer is “Yes,” proceed to question #6, otherwise proceed to page 2 of this form and conclude. Also, if answer is “No,” consider the joint venture reporting requirements in ¶69-78.</p> <p><u>Consider:</u></p>			

#	Questions	Yes	No	N/A
	<p>a. Is the nature and significance of the relationship between the PCU and the PG such that exclusion from the financial reporting entity would render the PG's financial statements incomplete or misleading?</p> <p>Some specific criteria that <u>may</u> be considered include the following:</p> <ol style="list-style-type: none"> 1) Was the PCU created to provide temporary fiscal assistance to a PG? 2) Does the PCU issue debt on behalf of the PG and collect dedicated revenues to pay off the PG's debt? 3) Does the temporary nature of the PCU emphasize that the debt and revenues are, in substance, the debt and revenues of the PG? 4) Is the PCU so closely related to or so financially integrated with the PG that it would be misleading to exclude? For example, such a relationship may exist if there is a potential significant financial benefit to, or financial burden on, the primary government that is determined to be other than temporary. <p><u>Explanations:</u></p>			
6	<p>Does the PCU's relationship with the PG meet the criteria of ¶40a? If answer is "Yes," the PCU should be included as a discrete component unit. If answer is "No," proceed to question #11.</p> <p><u>GASB 14 ¶40a Criteria to Consider:</u> Is the PCU a tax exempt organization that meets <u>all</u> of the following:</p> <ol style="list-style-type: none"> a. The economic resources received or held by the PCU are entirely or almost entirely for the direct benefit of the PG, its component units, or its constituents. b. The PG, or its CU, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the PCU. The ability to otherwise access the resources of an organization does not necessarily imply control over that organization's resources; rather it entails a broader concept. As noted in paragraph 29 of Statement 14, the ability to access the resources of an organization – not necessarily whether there was an actual transaction during the period – is the important factor for determining when a primary government is entitled to an organization's resources. A PG's ability to otherwise access may be demonstrated in several ways. For example, the PG or its CU historically may have received, directly or indirectly, a majority of the economic resources provided by the organization, the PCU previously may have received and honored requests to provide resources to the PG, or the PCU is a financially interrelated organization, a recipient organization that has a duty to hold and manage assets for the benefit of the PG or its CU in accordance with a charitable trust agreement, as defined by FASB Statement No. 136. c. The economic resources received or held by the PCU that the PG, or its component unit, is entitled to, or has the ability to otherwise access, are significant to the PG. <p><u>Explanations:</u></p>			
7	<p>Is the PG able to impose its will on the PCU? (¶25-26) If answer is "Yes," proceed to question #9; otherwise proceed to question #8.</p> <p><u>Consider:</u></p> <ol style="list-style-type: none"> a. Does the PG have the ability to do <u>any</u> of the following: <ol style="list-style-type: none"> 1) Remove appointed members of the PCU's board at will? 2) Modify or approve the budget of the PCU? 3) Modify or approve rate or fee changes affecting revenues? 			

#	Questions	Yes	No	N/A
	<p>4) Veto, overrule, or modify the decisions (other than those in 2) and 3) above) of the PCU's governing body?</p> <p>5) Appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations (management) of the PCU?</p> <p>b. This criterion is based on the PG's <u>ability</u> or authority, not necessarily the demonstrated ability, to impose its will on the PCU.</p> <p>c. Other conditions may also indicate that a PG has the ability to impose its will on a PCU.</p> <p><u>Explanations:</u></p>			
8	<p>Is there a financial benefit/burden relationship? (§27-33) If answer is "No," proceed to page 2 of this form and conclude; otherwise, proceed to next question.</p> <p><u>Consider:</u> See the description of financial benefit/burden in question #4.b above.</p> <p><u>Explanations:</u></p>			
9	<p>Is the PCU included as a part of another PG? (§38) If answer is "No," proceed to question #11, otherwise proceed to next question.</p> <p><u>Consider:</u> In some instances, the financial accountability criteria indicate that a PCU is a component unit of a particular PG. However, that PCU may also be fiscally dependent on another state or local government. However, a PCU should be included as a component unit of only one reporting entity</p> <p><u>Explanations:</u></p>			
10	<p>Would this PG be the most appropriate reporting entity? (§38) If answer is "Yes," proceed to question #11, otherwise proceed to page 2 of this form and conclude.</p> <p><u>Consider:</u> Professional judgment should be used to determine the most appropriate entity. Usually, fiscal dependency on a local government, not the financial burden on the state created by legislatively established aid distribution formulas, should govern in determining the appropriate reporting entity of school districts.</p> <p><u>Explanations:</u></p>			

#	Questions	Yes	No	N/A
11	<p>Does the PCU meet <u>ANY</u> of the following three criteria? (¶53a, b, or c) If answer is “Yes,” the PCU should be included as a blended component unit. If answer is “No the PCU should be included as a discrete component unit</p> <p>a. Are the two boards substantively the same <u>and</u> either of the following apply? (¶53a)</p> <ol style="list-style-type: none"> 1) There is a financial benefit or burden relationship between the primary government and the component unit (see description of financial benefit /burden relationship in question #4 above) or 2) Management of the primary government has operational responsibility for the component unit <p><u>Consider:</u> “Substantively the same” means sufficient representation of the PG’s entire governing body on the component unit’s governing body to allow complete control of the component unit’s activities. This criterion will rarely, if ever, apply to a state government because of the impracticality of providing sufficient representation of the state’s entire governing body.</p> <p>b. Does the PCU provide services entirely or almost entirely to the PG? (¶53b)</p> <p><u>Consider:</u> Do any of these conditions exist?</p> <ol style="list-style-type: none"> 1) The PCU provides direct services <u>entirely, or almost entirely</u>, to the PG. 2) The PCU provides services <u>exclusively, or almost exclusively</u>, which benefit the PG even though the PCU does not provide the services directly to the PG? 3) The PCU’s total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the PG? <p>c. Is the PCU’s total debt outstanding, including leases, expected to be repaid entirely or almost entirely with resources of the PG? (¶53c)</p> <p><u>Explanations:</u></p>			