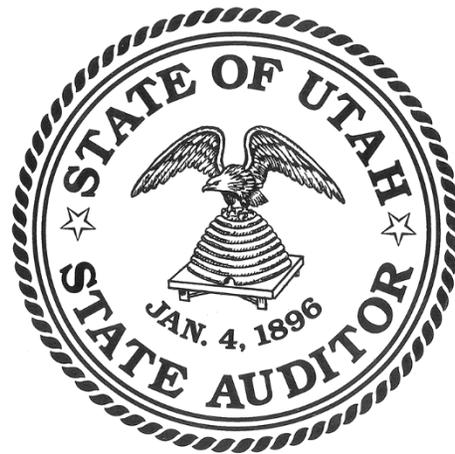


Little Manual
for
Special Districts & Special Service Districts

STATE OF UTAH
OFFICE OF THE UTAH STATE AUDITOR



TINA M. CANNON
UTAH STATE AUDITOR

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INTRODUCTION

The Office of the State Auditor has compiled the *Little Manual for Special Districts and Special Service Districts* (“*Little Manual*”) to help districts comply with financial, accounting, and reporting requirements required by Utah law and professional accounting standards. The *Little Manual* is designed to provide a basic overview and ready reference to the most frequently asked questions regarding district governance and accountability. It is not comprehensive.

Remind new board and staff members to download the latest annual version of the Little Manual at: resources.auditor.utah.gov.

Access the Reporting Requirements Manual, Compliance Dashboard, and Transparent Utah Data Quality Dashboard at: resources.auditor.utah.gov.

The Office of the State Auditor also publishes the *Uniform Accounting Manual* (“*UAM*”), which is more comprehensive; it should be used for areas not included in the *Little Manual*. The *UAM* may be downloaded at: resources.auditor.utah.gov.

If you have questions regarding the *Little Manual*, contact the Office of the State Auditor at: stateauditor@utah.gov or (801) 538-1025.

GOVERNING BOARD RESPONSIBILITIES

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

- Effectiveness – How well does the board achieve its objectives or purpose?
- Efficiency – Does the board make optimal use of the resources placed under its control?
- Compliance – Does the board comply with applicable policy, law, or regulation?
- Reporting – Does the board prepare regular financial reports that are made available to those who pay the tax or fee used to operate the district?

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

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

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

- Meetings
- Budgeting
- Accounting
- Reporting
- Internal Control
- Personnel
- Purchasing
- Records (GRAMA)
- Insurance
- Fund Balance Limitation
- District Contact Information/Registration
- Training

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

DISTRICT BOARD RESPONSIBILITIES CHECKLIST

Effectiveness

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

Efficiency

- Regularly review current contracts – Rebid contracts every 5 years.
- Review budget-to-actual reports, bank statements and reconciliations, at least quarterly.
- Encourage innovation and cost saving among employees.

Compliance

- Obtain training (training.auditor.utah.gov; archives.utah.gov/rim/certification.html):
 - Board Member Training (within 1 year of every election/appointment)
 - Open and Public Meetings Act Training (annually)
 - GRAMA training for records officers (annually)
- Implement and enforce strong internal controls – (e.g. separation of duties, appropriate oversight of financial activities, bank statements).
- Hire competent staff – use clearly defined skills and qualifications, employee performance measures, and annual evaluations.
- Ensure meeting notice and agendas are posted to the Public Notice Website (utah.gov/pmn/).
- Renew registration with Lieutenant Governor’s Office annually.

Reporting

- Adopt a budget before the end of the fiscal year.
- Ensure the board hires a CPA to perform an annual audit or AUP. Otherwise, complete a Self-Evaluation Form (for entities with revenues and expenditures < \$350,000).
- Ensure transparency uploads are made on time.
- Ensure Deposit & Investment reports are submitted for June 30 and December 31 to the State Treasurer’s Office (reporting.auditor.utah.gov/UtahTreasuryLogin)

- Ensure Impact Fee Report (if applicable) and Fraud Risk Assessment Questionnaire are submitted with financial statements to the Office of the State Auditor.

BOARD MEMBER RESPONSIBILITIES

State law requires a governing board to appoint a chair, clerk, and treasurer. The board may elect other officers as the board considers necessary. ***The offices of chair, clerk, and treasurer may NOT be held by the same person.*** The clerk may be a board member, part-time staff, full-time staff, or contractor. The treasurer may be a board member, part-time staff, full-time staff, or contractor. The chair may only be a board member. Noted below are the specific responsibilities of each officer, as well as financial related governing board responsibilities specifically required by law (See *Utah Code [Title 17B-1-631 through 17B-1-638](#)*)

Chair

- Conduct meetings.

Clerk (or other designated person not performing treasurer duties)

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

Treasurer

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

Entire Board

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

Appointment / Election

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

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

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

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

Compensation

A district board member may receive compensation for the member's service, as determined by the board. Before a board of trustees may adopt a compensation increase for a member of the board of trustees, the board of trustees must hold a public hearing on the compensation increase in accordance with *Utah Code* 17B-1-307(2). The board may allow a member to receive per diem and travel expenses for up to 12 meetings or activities per year, in accordance with rules adopted by the board or *Utah Code* [11-55-103](#) (*Utah Code* [17B-1-307](#)). Board members may not receive compensation for service as board members in addition to compensation the board members receive as members of a county or municipal legislative body in accordance with *Utah Code* 17B-1-308(1).

Qualification

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

- fewer than 3,000 people in the state live within 40 miles of the special district's boundaries or primary place of employment,
- the job opening has had reasonable public notice, and
- the person employed is the best qualified candidate for the position (*Utah Code* [17B-1-311](#)).

A special district is not in violation of this section if the district treats a board member as an employee *for income tax purposes* and complies with the applicable compensation

limits.

Generally, a district board member must be a registered voter and a resident within the boundaries of the district. A few exceptions exist. Consult with legal counsel to ensure these exceptions apply to your district before pursuing them ([Utah Code 17B-1-302](#)).

Ethics

[Utah Code 67-16](#) addresses ethics and conflicts of interest. Generally, ethics prohibit the acceptance and solicitation of gifts, compensation, or loans by a public officer or employee. A public officer may accept an occasional non-cash gift with a value of \$50 or less. A conflict of interest may be allowed as long as full and proper disclosure is made. In January of each year, a public officer is required to prepare a written conflict of interest disclosure statement that is to be posted on the entity's website until the public officer leaves office. Refer to [Utah Code 67-16-6, 67-16-7, 67-16-8 & 67-16-16](#) and your legal counsel for specific disclosure requirements.

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

Nepotism

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

There are some exceptions addressed in [Utah Code 52-3-1\(2\)\(a\)](#). The most important exception is that a public officer may employ, appoint, vote for, or recommend the appointment of an employee that is a relative or household member if the chief administrative officer determines the appointee is the only or best person available, qualified, or eligible for the position.

MEETINGS

The Open and Public Meetings Act ([Utah Code 52-4](#)) regulates public meetings. The law recognizes that governing boards exist to conduct the people's business and it contains provisions designed to help ensure a board's actions and deliberations are conducted openly.

To help ensure that meetings are conducted openly, *Utah Code* requires that the presiding officer of a governing board ensure that members of the governing board are provided with annual training on the requirements of the Open and Public Meetings Act. This training is also provided at training.auditor.utah.gov. The following sections may assist you in providing this training:

Open Meetings

An open and public meeting is a gathering of a governing body (public body or specified body) with a quorum (simple majority) present that is convened following the statutorily provided process for convening the governing body by an individual with authority to convene the governing body and for the express purpose of receiving public comment about, deliberating about, or taking action upon a relevant matter. A group of individuals constituting a quorum of a public body may not act together outside a meeting to predetermine an action to be taken by the public body at a meeting. Public meetings include workshops or executive sessions ([Utah Code 52-4-103, 52-4-201\(2\), and 52-4-208](#)).

Local School Boards

A local school board holding a meeting that is open to the public must allow a reasonable opportunity for the public to provide verbal comments that are germane to the authority of the local school board. A local school board must also adopt a written policy detailing how the public will be given reasonable opportunity to provide both verbal and written comments in a meeting open to the public. ([Utah Code 52-4-201.3](#))

Closed Meetings

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

- The character, professional competence, or physical or mental 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 district 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.
- Considering a loan application, if public discussion of the loan application would disclose nonpublic personal financial information, nonpublic trade secrets or nonpublic business information that would reasonably be expected to result in unfair competitive injury to the person submitting the information.

In a closed meeting, a public body may not:

- Interview a person applying to fill an elected position;
- Discuss filling a midterm vacancy or temporary absence; or
- Discuss the character, professional competence, or physical or mental health of the person whose name was submitted for consideration to fill a midterm vacancy or temporary absence.
- Approve any ordinance, resolution, rule, regulation, contract, or appointment
- Take *any* vote, except to end the closed portion of the meeting and return to an open meeting.

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 (See [Utah Code 52-4-206\(6\)](#)).

If a meeting is closed for a purpose other than those mentioned in the paragraph above, the board *must* record the closed portion of the meeting and *may* keep detailed written minutes (See [Utah Code 52-4-206](#)). 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 may be approved by a majority of the board members present at the meeting.

Public Hearings

A public hearing is a special type of open and public meeting at which members of the public are provided a reasonable opportunity to comment on the subject of the hearing. Public hearings are required when a district imposes or increases a fee, imposes a tax or increases a tax rate above the certified rate, or adopts a budget, among other actions.

Electronic Meetings

An electronic meeting is a meeting that some or all public body members attend through an electronic video, audio, or both as provided by statute. A district may conduct 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, (2) the location where the public body normally meets has been ordered closed to the public for health or safety reasons, or (3) all public body members attend the meeting remotely through electronic video, audio, or both, unless the public body receives a written request at least 12 hours before the scheduled meeting time to provide for an anchor location. The public notice of an electronic meeting must provide information on how a member of the public may participate in the meeting remotely by electronic means. See [Utah Code 52-4-207](#) for resolution/rule requirements and other required steps.

Meeting Minutes

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

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

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

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

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

Pending minutes, approved minutes, and recordings of public meetings are public records under GRAMA.

Districts shall:

- Make pending minutes available to the public within a reasonable time after holding the open meeting that is the subject of the pending minutes.
- Within three business days after approving minutes, make the approved minutes and any materials distributed at the meeting available on the Utah Public Notice Website, district website, and district office; and
 - Within three business days after holding an open meeting, make an audio recording of the open meeting available to the public for listening.
- Establish and implement procedures for the public body's approval of the written minutes of each meeting.

Content of Minutes

Open meeting minutes shall include:

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

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

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

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

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

Notice Requirements

For all meetings, the board shall give no less than 24 hours' public notice, specifying the meeting's agenda, date, time, and place. In addition, a district 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 ([Utah Code 52-4-202](#)).

Notice Classifications

Each meeting and hearing require one of two classifications of notices, class A and class B. The section of Utah Code referencing each type of meeting or hearing will prescribe a class A or class B notice for each meeting that requires public notice. General notice requirements by classification type are found in the following paragraph. Complete notice requirements for each classification type can be found in [Utah Code 63G-30](#).

Class A Notification Requirements

1. Published on the Utah Public Notice Website utah.gov/pmn/
2. Published on the public body's website if the public body maintains an official website and has an annual operating budget of \$250,000 or greater.
3. Be publicly posted. Public posting requirements vary by entity type and size. See [Utah Code 63G-30](#) for entity specific public posting requirements.

Class B Notification Requirements

1. All requirements for a class A Notification
2. Notify by mail each designated person, residence, and/or real property owner who is required to be notified by relevant statute, county ordinance or municipal ordinance.

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/.

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 their website: archives.utah.gov/public-notice.html.

Imposing or Increasing a Fee

If the district plans to impose or increase a service fee, it must hold a public hearing in the evening no earlier than 6:00 p.m. The notice requirement for increasing a fee is slightly different than the notice requirement for adopting a budget.

The notice shall state that the district board intends to impose or increase a fee for service provided by the district and will hold a public hearing on a certain day, time, and place fixed in the notice, which shall not be less than seven days after the day the first notice is published, for the purpose of hearing comments regarding the proposed imposition or increase of a fee and to explain the reasons for the proposed imposition or increase.

The notice must be posted:

- In compliance with Class A notice requirements;

OR

In lieu of posting notice in compliance with Class A notice requirements, a district may mail the notice to those within the district who:

- Will be charged the fee for a district service, if the fee is being imposed for the first time; or
- Are being charged a fee, if the fee is proposed to be increased (See [Utah Code 17B-1-643\(2\)\(d\)](#)).

[Utah Code 17B-1-643\(2\)\(g\)](#) provides that if no challenge is made to the notice given within 30 days after the public hearing date, the notice is considered adequate and proper.

Truth-in-Taxation

Districts 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.

Agendas

As noted previously, the board is required to give no less than 24 hours' notice of meeting agendas. Agenda requirements are as follows:

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

Emergency Meetings

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

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

BUDGETING

Budgets are required by law. The budget is how the public provides input on district expenditures and plans. Upon formal adoption, the budget constitutes spending authority for the district and a formal plan for spending. At adoption, the district has legally bound itself to spend no more than what was adopted in the budget. Any expenditure in excess of the budget is illegal, even if the district has money available to spend ([Utah Code 17B-1-617](#)).

Budget Amendments

Budget amendments may be made during the budget year to increase the original budget; however, budgets may not be changed after the budget year end ([Utah Code 17B-1-622](#)). Generally, budget amendments must follow the same procedures as the adoption of the original budget (public notice and hearing); however, there are some exceptions ([Utah Code 17B-1-629 and 17B-1-630](#)).

A governing body 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 ([Utah Code 17B-1-620](#)).

[Utah Code 17B-1-620\(1\)](#) requires that a board of trustees establish policies for amending budgeted line items. For example, if a district operates a general fund and within the general fund are multiple departments, a policy may authorize a budget officer, with the approval of a manager, to move money from one budgeted line to another budgeted line *within the same department* (e.g. Finance).

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

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

Budget Calendar

The budget process must be completed before the budget year begins. The following is a budget calendar for districts with a December 31 (calendar) year-end. For taxing entities undergoing the Truth-In-Taxation process, consult the checklists at: propertytax.utah.gov/tax-increases.

October

The budget officer prepares a tentative budget for the board to review at its first regularly scheduled meeting in November ([Utah Code 17B-1-607](#)).

November

On or before the first regularly scheduled meeting in November, the board shall ([Utah Code 17B-1-607](#)):

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

The tentative budget must be available to the public for 7 days prior to the public hearing for the adoption of the final budget ([Utah Code 17B-1-608](#)):

- At the district's principal place of business during regular business hours
- If the district has a website, on its website
- On the Utah Public Notice Website (or publish on the Utah Public Notice Website a link to the website where the tentative budget is published).

During November or December, but at least 7 days before the public hearing date, public notice must be given of the public hearing ([Utah Code 17B-1-609](#)).

December

Hold the public hearing, adopt the final budget by resolution, and submit a copy of the final budget to the Office of the State Auditor within 30 days ([Utah Code 17B-1-614](#)). Keep a copy of the budget for district use and public inspection. Download a budget form at: resources.auditor.utah.gov.

ACCOUNTING

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

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

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

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

REQUIRED REPORTS

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

	Report	When Due	Upload To:
1.	Adopted Budget	Within 30 days of adoption (usually in January, for calendar year entities).	<p>reporting.auditor.utah.gov</p> <p><i>You may mail your reports to Office of the State Auditor P.O. Box 142310 Salt Lake City, UT 84114</i> ONLY if internet access is NOT available.</p>
2.	Audited Financial Statements (included in Financial Audit Reporting Package) or Small/Large Financial Survey	Within 6 months of fiscal year end (usually by June 30, for calendar year entities).	
3.	Financial Certification		
4.	Financial Audit Reporting Package, Agreed-Upon Procedures Report, or Self-Evaluation Form		
6.	Impact Fee Report (only if your district assesses impact fees)		
7.	Fraud Risk Assessment Questionnaire		
8.	Deposit and Investment Report	July 31 & January 31	

Financial Report Requirements

Detailed reporting requirements are available in the *Special Districts & Special Service Districts Reporting Requirements* manual at resources.auditor.utah.gov. Thresholds are outlined below:

- Revenues or expenditures greater than \$1,000,000 – a Financial Audit Reporting Package and Financial Certification are required.
- Revenues or expenditures at least \$350,000 and less than \$1,000,000 – an Agreed-Upon Procedures Report, Large Financial Survey, and Financial Certification are required.
- Revenues and expenditures 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:

- **Financial Audit Reporting Package** – an examination completed by an independent certified public accountant (CPA). *Reasonable assurance* that the financial statements are fairly presented is provided. More information can be found at <https://auditor.utah.gov/>.
- **Agreed-Upon Procedures Report** – an engagement by an independent CPA following procedures established by the Office of the State Auditor. *No assurance* is provided on the reliability of the financial information generated by the entity and submitted to the Office of the State Auditor (downloaded at: resources.auditor.utah.gov).
- **Self-Evaluation Form** – A self-evaluation must be completed and certified by a member of the governing board annually. This form (downloaded at: resources.auditor.utah.gov) has been developed to help the governing board internally assess their district and determine if reasonable safeguards for compliance and proper fiscal management are implemented and functioning.
- **Financial Survey** – Information regarding assets, liabilities, revenues and expenses is submitted using a small/large financial survey form (downloaded at: resources.auditor.utah.gov) to the Office of the State Auditor.

A district may choose to have a report prepared that exceeds the reporting requirements outlined above if the district desires to obtain greater assurance that its financial statements are accurate. For example, a district with \$500,000 in annual revenues may choose to undergo an audit, although only an Agreed-Upon Procedures report is required.

Financial Certification

[Utah Code 11-50-202](https://legislature.utah.gov/code/2021/11-50-202) requires the annual financial report submitted to the Office of the State Auditor be certified by the district's Chief Administrative Officer (individual who supervises the day-to-day activities of the district) and the Chief Financial Officer (individual who has the primary responsibility for preparing the annual financial report). This certification form is found at: resources.auditor.utah.gov.

Transparent Utah Website

All entities are required to provide public financial information through the Transparent Utah Website at transparent.utah.gov. Data is uploaded to reporting.auditor.utah.gov.

All entities are required to upload:

- 1) Quarterly detailed revenue and expenditure transactions
 - a. Within 30 days after fiscal quarter end.
- 2) Annual employee compensation information
 - a. Within 90 days after fiscal year end.
 - b. If you do not have employees, you must inform the Transparent Utah team.
 - c. If you have hired employees after previously not having employees, you must inform the Transparent Utah team.

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.

INTERNAL CONTROL

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

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

As the Office of the State Auditor has investigated entities, it has found *lack of internal controls, particularly separation of duties (explained earlier in this manual) is the **main contributing factor of public fund theft.***

The following procedures should be followed by board members:

- NEVER SIGN A BLANK CHECK. Signing blank checks is an open invitation for theft. Consider writing checks monthly; then check signers are only inconvenienced monthly.
- Require two signatures on checks. [Utah Code 17B-1-635\(2\)\(b\)](#) states that, "In a special district with an expenditure budget of less than \$50,000 per year, a member of the board of trustees shall *also* sign all checks." It is also recommended for districts with budgets larger than \$50,000. However, do not rely on the bank to ensure proper payment. Banks will almost always process checks requiring dual signatures which only include a single signature.
- Deposits and disbursements should be reviewed by a governing board at least quarterly. Board members should ask questions if something is unclear or appears unusual ([Utah Code 17B-1-638](#)).
- In small districts, the monthly reconciliation of the checkbook to the bank statement should be made, or at least reviewed, by a board member who does not sign checks. In larger districts, a review of the bank reconciliation by a board member is also an effective control.
- Board members should take a healthy interest in the finances of the district by reviewing the annual financial statements and physically inspecting other assets, such as pipes, trucks, lawnmowers, etc., to be sure they have not been lost or stolen and are in good condition.

PERSONNEL

Personnel Policy

[Utah Code 17B-1-801 through 805](#) address personnel. [Utah Code 17B-1-8](#) does not apply to districts with annual revenues less than \$50,000.

Each district which has full-time or part-time employees shall annually review its personnel policies to ensure that they conform to requirements of state and federal law. Districts should contact their legal advisor (or another district that provides a similar service) for assistance in drafting a personnel policy.

Additionally, districts with full or part-time employees shall assign human resource responsibilities to an individual and ensure this individual receives human resource management training on his or her responsibilities. These responsibilities include complying with federal and state employment law, administering compensation and benefits, and ensuring employee safety.

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

- Vacation, sick leave, and holidays
- Reimbursement of expenses such as mileage, meals, and lodging while traveling
- Personal use of public property
- Grievance process
- Work hours
- Approval of leave and overtime pay
- Reporting of accidents (vehicle and workers' compensation)
- Sexual harassment
- Drugs

Note that unauthorized use of public money or property, in violation of *Utah Code 76-8-402*, carries various criminal penalties, ranging from class C, B, and A misdemeanors, to ***third and second degree felonies***. Adopting a policy helps protect public assets and helps protect employees from serious criminal charges.

Independent Contractor or Employee?

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

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

The following is an excerpt from IRS *Publication 1779* regarding factors determining whether a worker is an employee or independent contractor. Understanding these factors is important because you may be able to design an agreement that meets your needs.

IRS Publication 1779

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

Behavioral Control

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

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

- If you receive less extensive instructions about what should be done, but not how it should be done, you may be an independent contractor. For instance, instructions about time and place may be less important than directions on how the work is performed.
- Training – if the business provides you with training on required procedures and methods, this indicates that the business wants the work done in a certain way, and this suggests that you may be an employee.

Financial Control

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

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

Relationship of the Parties

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

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

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

Each independent contractor that receives more than \$600 in rent or compensation from the district must be issued an IRS Form 1099-MISC at the end of the tax year. Employees must be issued an IRS Form W-2.

Approved Vendor List

The Office has solicited bids from firms across the state for non-accounting services, such as bookkeeping, compliance reporting, and financial statement preparation. The intent of this solicitation is to increase the quality of financial reporting for compliance and decision-making while improving the independence of external auditors. Find the Approved Vendor List at: resources.auditor.utah.gov.

PURCHASING

[Utah Code 17B-1-618](#) requires: “all purchases or encumbrances by a special district shall be made or incurred according to the purchasing procedures established for each district by the district's rulemaking authority...and only on an order or approval of the person or persons duly authorized.” The district’s rulemaking authority is the governing body or its designee.

Without a written purchasing policy, the district cannot legally spend money. The district’s purchasing policy must conform to the Utah Procurement Code ([Utah Code 63G-6a](#)).

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

A template purchasing policy is found at the Local Government Resource Center (resources.auditor.utah.gov). Adapt it for your entity’s needs and work with your legal advisor for assistance.

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

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

Per [Utah Code 63G-6a-506\(8\)](#) and [Utah Code 63G-6a-2404.3\(1\)](#), it is unlawful for a person to intentionally or knowingly divide a purchase into smaller purchases to avoid using the standard procurement process. A violation carries various criminal penalties, ranging from class B to a class A misdemeanor to **third and second-degree felonies**.

Records Retention

In accordance with [Utah Code 63G-6a-2002 and 2003](#), documents associated with purchases of \$100 or more are to be kept and made available to the public, upon request, for a minimum of 6 years. In addition, the procurement officer shall maintain a record of all contracts made pertaining to small purchases, sole-source procurement, and emergency procurement in accordance with the district's record retention schedule.

Large Procurements and Construction Projects

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

Multi-year Contracts

In accordance with [Utah Code 63G-6a-1204\(7\)](#), a multi-year contract, including any renewal periods, may not exceed a period of 5 years unless the district determines in writing that:

- 1) A longer period is necessary in order to obtain the procurement item;
- 2) A longer period is customary for industry standards; or
- 3) A longer period is in the best interest of the district.

However, the above circumstances would be considered exceptions rather than the rule. Therefore, generally, all multi-year contracts should be rebid at least every 5 years.

Division of Purchasing

Utah Division of Purchasing and General Services has entered into multiple contracts for a variety of products and services that *can be used by districts without having to go through the RFP and bidding process themselves*. This provides districts with access to high-quality products at a lower price. In addition, State Purchasing offers assistance to districts undergoing the bidding and RFP process, which lack experience and expertise in this area. For more information about state contracts and other purchasing assistance, visit purchasing.utah.gov or call State Purchasing at 801-538-3026.

RECORDS (GRAMA)

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

Policy

A district should adopt a records policy that is consistent with *Utah Code* and procedures established by the Division of Archives and Records Service.

Record Series

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

Retention

There are different retention requirements for each record series. Districts are to follow record retention schedules for municipalities which may be found at: archives.utah.gov/rim/retention-schedules.html.

State Archives and Records Service is available as a resource to help you comply with record retention requirements. Contact Monica Minaya, Government Records Ombudsman at: 385-227-1226 or mminaya@utah.gov.

Classification

Classification indicates the level of access to your records. A classification is assigned to each record series. There are four classifications defined in the law: public, private, controlled, and protected. Only public records are open to the public (note: most records are public). Some record series may have more than one classification or have exceptions. Read [Utah Code 63G-2](#) and consult your legal counsel if you have questions.

- Public records are records that are open to everyone. They include:
 - Minutes from open meetings
 - Compensation paid to a contractor
 - Names, gender, and gross compensation paid to public employees

- Private records are information about individuals that may only be accessed by those individuals and others specified in [Utah Code 63G-2-302](#). They include:
 - Unemployment insurance, social service, and welfare benefits
 - Medical history, diagnosis, condition, treatment, and evaluation
 - Public employee home address, home telephone number, Social Security number, insurance coverage, marital status, or payroll deductions
 - Individual’s email, phone number, and payment information maintained by a county for administering property taxes and property tax relief

- Controlled records are records that may only be released to certain individuals, such as social workers and health care providers, and may not be disclosed to the individual to whom they pertain. They include:
 - Medical, psychiatric, or psychological data
 - Information detrimental to the subject’s mental health or to the safety of any individual
 - Information that, were it released, would constitute a violation of professional practice or medical ethics

- Protected records are non-personal data that may only be released to the person who submitted the information. See [Utah Code 63G-2-305](#) for a comprehensive, 84 item list. Some protected records include:
 - Trade secrets
 - Closed meeting minutes
 - Records that would jeopardize the life or safety of an individual
 - Records that would jeopardize the security of a correctional facility
 - A candidate’s residential or mailing address, if the candidate provides another address where the candidate may be contacted

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

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

GRAMA Requests

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

Preparing for a GRAMA Request:

- Adopt a policy establishing who handles record requests.
 - Designating and training a records officer will help ensure that the response is consistent and complies with the law.
- Ensure everyone within the district knows who handles record requests.
- Create a standard GRAMA request form. A sample form can be found on the State Archives website at: archives.utah.gov/rim/forms/forms-grama.html. A well-designed form will help collect information that will assist the district in properly responding to the request and minimize misunderstandings.
- Get advice from administration and legal counsel in responding to a request.

Receiving a GRAMA Request ([Utah Code 63G-2-204\(1\),\(2\)](#)):

- The law requires that the requester submit the request to the agency that prepares, owns, or retains the record. Records are subject to the classification and retention schedules of the originating entity. Releasing another entity's record, even if a copy is held by your district, could violate the records classification. A single records request may not be submitted to multiple government entities.
- The requester is also required to provide the following information in writing:
 - Name
 - Address
 - Phone Number
 - Email Address (if the requester desires communication via email)
 - Description which identifies the record requested with reasonable specificity.

Responding to a GRAMA Request ([Utah Code 63G-2-204\(3\),\(4\)](#)):

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

Extraordinary Circumstances Include ([Utah Code 63G-2-204\(6\)](#)):

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

Appropriate Response to Extraordinary Circumstances ([Utah Code 63G-2-204\(7\)](#)):

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

In Response to a Request, a District is Required to ([Utah Code 63G-2-201\(1\),\(13\),\(14\)](#)):

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

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

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

Fees

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

An Agency May Charge For ([Utah Code 63G-2-203\(2\)](#)):

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

An Agency May Not Charge For ([Utah Code 63G-2-203\(5\)\(b\)](#)):

- The first 15 minutes of a search (unless the requester is not a Utah media representative and previously submitted a separate request within 10 days before the date of the current request).
- Allowing the requestor to inspect the record.
- Reviewing a record to determine whether it is the subject of a request.

An Agency is Encouraged to Fill the Request Without Charge When ([Utah Code 63G-2-203\(4\)](#)):

- Releasing the record will primarily benefit the public.
- The requester is the subject of the record.
- The requester's legal rights are implicated and the requester is impecunious.

Denial of Request ([Utah Code 63G-2-204\(7\),\(9\); 63G-2-205\(1\),\(2\),\(3\)](#)):

- If the agency denies a request in whole or in part, it must provide notice of denial to the requester in writing. A sample form can be found on the State Archives website at: archives.utah.gov/rim/forms/forms-grama.html
- The notice of denial shall contain a description of the record, citations to the applicable provisions of GRAMA, a statement that the requester can appeal the denial to the chief administrative officer (CAO) of the agency with the name and address of the CAO, and the time limits for filing an appeal.
- An agency must maintain the record until time limits for appeals have expired.

Access

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

Ombudsman

A records ombudsman can assist government records officers who are responding to records requests. They can recommend solutions to difficult records access issues. Contact the State Archives Records Ombudsman at 801-531-3848.

Training

Designated records officers of each district are required to complete an annual online training course to certify in GRAMA. This training must be completed each year that they are the officially designated records officer per *Utah Code* 63G-2-108. This training can be accessed online at archives.utah.gov/rim/certification.html.

CRIME INSURANCE

All public treasurers are required to obtain crime insurance in accordance with [Rule 4](#) of the Utah Money Management Council (*Administrative Code R628-4*)(See also Utah Code [51-7-15](#)). [Utah Code 51-7-3\(28\)](#) states: “‘public treasurer’ includes ... the official of any...political subdivision, or other public body who has the responsibility for the safekeeping and investment of any public funds.” This is a broad definition that includes the person or persons of a district with the responsibilities defined above.

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

Budget	Percent for Crime Insurance Coverage	Minimum Crime Insurance Coverage
\$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

Crime insurance 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.
 - OR
- Be issued by an Interlocal agency created under [Utah Code 11-13-101](#) operating as a joint self-insurance fund.

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

FUND BALANCE LIMITATION

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

[Utah Code 17B-1-612](#) limits the amount that can be retained as unrestricted (sum of committed, assigned, and unassigned designations) fund balance in the *general fund*. The accumulation of a fund balance in the general fund may not exceed:

- The most recently adopted general fund budget
PLUS
- 100% of the current year's property tax

Entities may accumulate funds for the purpose of financing specific capital projects, including new construction, capital repairs, replacement, and maintenance, *under a formal long-range capital plan adopted by the governing body*. The accumulation of these funds should be reported in a *capital projects fund*, which is not subject to the fund balance limitation.

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

DISTRICT CONTACT INFORMATION

In accordance with [Utah Code 17B-1-303](#), districts shall post the name, phone number, and email address of each member of the district's board of trustees to the Public Notice Website within 30 days of the board member taking office and whenever the contact information changes.

DISTRICT REGISTRATION

On or before July 1, districts must register their local government with the Lieutenant Governor's Office ([Utah Code 67-1a-15](#)). The district will provide the following:

- 1) The resolution or other legal or formal document creating the entity
- 2) A map or plat establishing the geographic boundaries of the entity
- 3) Entity name
- 4) Local government type
- 5) Governmental function
- 6) Website, physical address, and phone number, including the name and contact information for the primary contact
- 7) Board member names, email addresses, phone numbers, term begin and end dates, and the method by which they are appointed, elected, or otherwise designated
- 8) Source of revenue
- 9) Information regarding the creation, purpose, and boundaries of any assessment areas, as applicable

Register at: entityregistry.utah.gov. Contact the Lieutenant Governor's Office at: entities@utah.gov or (801) 538-1041.

All districts are required to renew this registration *annually*, ensuring the information provided is correctly and consistently updated. Districts are also required to notify the Lieutenant Governor's Office of any changes to this information within 30 days of such changes.

TRAINING

[Utah Code 17B-1-312](#) requires that each member of a board of trustees of a district shall, within one year after taking office, complete training developed by the Office of the State Auditor in cooperation with the Utah Association of Special Districts. A member of a board of trustees “takes office” each time the member is elected or appointed to a new term, which typically is every four years. This training is designed to help governing boards increase their understanding of their role, functions, and responsibilities. The course covers this manual’s topics, as well as emerging issues of which the Office of the State Auditor has become aware.

An online training course that fulfills this requirement is available at training.auditor.utah.gov. The majority of board members complete the training via this method. The Office of the State Auditor also occasionally provides in-person training to large gatherings of districts.

It is the intention of the Legislature, the Office of the State Auditor, and the Utah Association of Special Districts to ensure board members participate in this training to enhance governance and accountability of special districts and special service districts. If you have questions regarding this training, contact the Office of the State Auditor at: stateauditor@utah.gov or (801) 538-1025.

UTAH ASSOCIATION OF SPECIAL DISTRICTS

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

Mr. LeGrand W. Bitter, Executive Director
Utah Association of Special Districts
1272 West 2700 South
Syracuse, UT 84075
(801) 614-0405
E-mail: legrand@uasd.org
Website: uasd.org

RESOURCES

Local governments are provided with many resources to comply with laws, rules, 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 Special Districts and Special Service Districts: Contains comprehensive requirements for special 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 a 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 special districts and special service district board members within one year of every appointment/election) and an n 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 special 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 Monica Minaya, Government Records Ombudsman, Division of Archives and Records Service, at 801-531-3848 or mminaya@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 the 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: Districts 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.