



Independent Accountant’s Report on Applying Agreed-Upon Procedures

Board of Directors
Skyline Mountain Special Service District

In accordance with *Utah Code 51-2a-201*, we have performed the procedures enumerated below, which were agreed to by the Board of Directors of Skyline Mountain Special Service District and the Office of the Utah State Auditor, solely to assist them with respect to Skyline Mountain Special Service District’s accounting records and whether the Online Financial Survey agrees with its accounting records and in evaluating Skyline Mountain Special Service District’s compliance with applicable state laws for the year ended December 31, 2014. Management is responsible for Skyline Mountain Special Service District’s accounting records, the accuracy and completeness of the Online Financial Survey, and compliance with applicable state laws.

This agreed-upon procedures engagement was conducted in accordance with the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are summarized as follows:

Procedures	Findings
<p>Accounting Records</p> <p>1. We determined whether the design and implementation of the entity’s internal controls over receipts, disbursements, and safeguarding of assets would prevent or detect and correct material misstatements on a timely basis.</p>	<p><i>Observed that controls exist.</i></p>
<p>2. We inquired with those charged with governance, the chief administrative officer, and chief financial officer (as designated in <i>Utah Code 11-50-202</i>) of any instances indicating fraud, illegal acts, or noncompliance, and determined whether the entity has taken appropriate action, including implementing controls, to minimize the risk that the fraud, illegal acts, or noncompliance will reoccur.</p>	<p><i>No issues noted.</i></p>

Procedures	Findings
<p>3. We inquired with the chief administrative officer and the chief financial officer (as designated in <i>Utah Code</i> 11-50-202) whether there are disbursements to related parties. Also, we scanned disbursement records for disbursements to related parties. We determined who has credit cards or purchasing cards issued by the entity. We selected the lesser of 25 disbursements or 10% of disbursements ensuring that the selection included disbursements to related parties, as well as credit card or purchase card disbursements made by members of the governing body and executive level of management.</p> <p>a. We reviewed the selected disbursements for reasonableness (prudent person rule).</p>	<p><i>No exceptions noted.</i></p>
<p>b. We agreed the selected disbursements to the receipt or invoice supporting the amount and payee.</p>	<p><i>Two disbursements selected had no receipt or invoice to support amount and payee.</i></p>
<p>c. We reviewed the selected disbursements for proper authorization.</p>	<p><i>No exceptions noted.</i></p>
<p>d. We reviewed the selected disbursements for compliance with the entity's purchasing policy (bids, quotes, etc.).</p>	<p><i>No exceptions noted.</i></p>
<p>e. We agreed the selected disbursements to the general ledger to determine that disbursements have been properly classified and recorded.</p>	<p><i>No exceptions noted.</i></p>
<p>4. We obtained the year-end bank reconciliation(s) and selected the bank reconciliation(s) for one other month during the year and performed the following:</p> <p>a. We traced the bank balance on the reconciliation(s) to the balance per the bank statement.</p>	<p><i>No exceptions noted.</i></p>
<p>b. Traced the reconciled book balance to the general ledger and the amount reported on the Online Financial Survey.</p>	<p><i>No exceptions noted.</i></p>
<p>c. We tested the clerical accuracy of the reconciliation.</p>	<p><i>No exceptions noted.</i></p>
<p>d. We scanned the bank reconciliation(s) for significant or unusual reconciling items, such as checks greater than one year old. We obtained explanations and reviewed supporting documentation for any unusual reconciling items noted.</p>	<p><i>No exceptions noted.</i></p>
<p>e. We traced the lesser of 10% or five deposit transactions and 10% or five disbursement transactions to the general ledger.</p>	<p><i>No exceptions noted.</i></p>
<p>f. We traced the lesser of 10% or five reconciling items to a subsequent bank statement.</p>	<p><i>No exceptions noted.</i></p>

Procedures	Findings
<p>6. Through inquiry with management and scanning receipt records, we determined what restricted revenue is received by the entity (grant funds, impact fees, B&C road funds, etc.). We selected the lesser of 10% or 5 disbursements from restricted funds and determined that the disbursement was in compliance with restrictions placed on the funds.</p>	<p><i>No restricted revenue noted.</i></p>
<p>7. We reviewed the governing board's meeting minutes for the period applicable to the engagement through the date of the engagement. For all financial transactions discussed in the minutes exceeding 5% of total revenues and a sample of the lesser of 10% or three less significant financial transactions discussed, we traced the transactions to the entity's accounting records to determine whether the transactions were properly recorded and reported.</p>	<p><i>Reviewed meeting minutes. No financial transaction noted.</i></p>
<p>Online Financial Survey</p> <p>8. We determined whether the entity's financial information has been submitted via the Online Financial Survey to the OSA's Online Reporting System. We obtained a copy of the generated financial reports at reporting.auditor.utah.gov.</p>	<p><i>Report was submitted; we obtained a copy.</i></p>
<p>9. We agreed amounts reported on the Online Financial Survey to the entity's general ledger.</p>	<p><i>No exceptions noted.</i></p>
<p>10. We agreed the change in assets and liabilities to income or loss reported on the Online Financial Survey.</p>	<p><i>No exceptions noted.</i></p>
<p>11. We compared each revenue account on the Online Financial Survey to the corresponding prior period amounts. We determined whether changes agree to adequate supporting documentation and are reasonable and proper for changes greater than 10% of total revenues and 15% of the individual line items from the prior year OR for changes inconsistent with the overall financial report or the governing board's meeting minutes.</p>	<p><i>No exceptions noted.</i></p>
<p>12. We compared each expense account on the Online Financial Survey to the corresponding prior period amounts. We determined whether the changes agree to adequate supporting documentation and are reasonable and proper for changes greater than 10% of total expenses and 15% of the individual line item from the prior year OR for changes inconsistent with the overall financial report or the governing board's meeting minutes.</p>	<p><i>No exceptions noted.</i></p>

Procedures	Findings
<p>Compliance</p> <p>13. We determined whether the entity has a written purchasing policy that establishes a competitive procurement process and safeguards against bias or conflicts of interest. We determined whether the policies comply with State Procurement Code established in Utah Code 63G-6a.</p>	<p><i>No exceptions noted.</i></p>
<p>14. We determined whether the entity maintained a positive fund balance for all funds at year end.</p>	<p><i>No exceptions noted.</i></p>
<p>15. We determined that the entity has a policy and procedure established to disclose nepotism and conflicts of interest.</p>	<p><i>No exceptions noted.</i></p>
<p>16. We determined whether required financial reports are prepared monthly or quarterly and reviewed by the governing body. We selected one financial report and agreed the lesser of 10% or 15 line items to the general ledger.</p>	<p><i>Selected September 2014 report; no exceptions noted.</i></p>
<p>17. We inquired and observed whether there are any relatives working together or in a direct line of authority at the entity. We determined if the entity is complying with state nepotism and hiring laws and its own policies and procedures regarding nepotism and hiring.</p>	<p><i>No exceptions noted.</i></p>
<p>18. Through inquiry with officials of the entity and observation of meeting agendas, certificates or other relevant evidence, we determined that the following training has occurred as applicable:</p> <p>a. Open and public meetings – Utah Code 52-4 requires that the presiding officer of a governing body ensure that members of the governing body are provided with annual training on the requirements of open and public meetings.</p>	<p><i>No exceptions noted.</i></p>
<p>b. Government Records Access Management Act (GRAMA) – Utah Code 63G-2-108 requires that the entity’s designated records officer shall complete annually an online training course on the requirements of GRAMA.</p>	<p><i>No exceptions noted.</i></p>
<p>c. Local and Special Service Districts – Utah Code 17B-1-312 requires that each member of a board of trustees of a local district, within one year after taking office, complete training developed by the Office of the Utah State Auditor in cooperation with the Utah Association of Special Districts.</p>	<p><i>No exceptions noted.</i></p>
<p>d. We examined the entity’s records and financial reports and determined whether the total expenditures by department stayed within the amounts appropriated in the final adopted budget.</p>	<p><i>Noted the District’s actual expenditures exceeded budgeted expenditures by \$36,306.</i></p>
<p>19. We determined whether the entity has a policy defining how to respond to a GRAMA request.</p>	<p><i>No exceptions noted.</i></p>

Procedures	Findings
20. If fees are charged for GRAMA requests, we verified that the entity has adopted a uniform fee structure.	<i>No exceptions noted.</i>
21. We selected and obtained the agenda and meeting minutes for two public meetings held during the engagement year and performed the following: a. We determined whether the public body did not take any final actions on a topic in the meeting unless the topic was listed under an agenda item.	<i>No exceptions noted.</i>
b. If a portion of the meeting was closed to the public, we determined whether the reason for holding the closed meeting was documented in the meeting minutes before the meeting was closed and whether the matter for the closed meeting was permitted under <i>Utah Code 52-4-205</i> .	<i>No exceptions noted.</i>

These agreed-upon procedures do not constitute an audit or a review of Skyline Mountain Special Service District's accounting records or the Online Financial Survey, the objectives of which is the expression of an opinion or limited assurance on the accounting records or the report. Also, we were not engaged to and did not conduct an examination or a review of Skyline Mountain Special Service District's compliance with applicable state laws, the objectives of which would be the expression of an opinion or limited assurance on compliance. Accordingly, we do not express such opinions or limited assurances. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Office of the Utah State Auditor, the Board of Directors and management of Skyline Mountain Special Service District, and is not intended to be and should not be used by anyone other than these specified parties.



Orem, Utah
May 5, 2015