GWSSA Full Board and District Meetings

GRAND WATER & SEWER SERVICE AGENCY, SPANISH VALLEY WATER & SEWER IMPROVEMENT DISTRICT, GRAND COUNTY WATER CONSERVANCY DISTRICT, AND THE GRAND COUNTY SPECIAL SERVICE WATER DISTRICT

3025 E. Spanish Trail Road, Moab, Utah

Thursday, April 17th, 2025 - 7:00 p.m.

Spanish Valley Water & Sewer Improvement District

The Meeting was called to order by Chairman Gary Wilson at 7:00pm. Board Members in attendance were Mike Holyoak, Rick Thompson, Dale Weiss, and Ken Helfenbein.

Also in attendance were Kevin Clyde, Steve Getz, Mike Duncan, Rani Derasary, Luke Wojciechowski, Brian Martinez, Preston Paxman, and Brian Backus.

Not in attendance were Dan Pyatt and Ben Wilson.

Also in attendance was GWSSA Staff: Agency Manager Ben Musselman and Agency Operations Assistant/Records Officer Josh Green.

Minutes for Board Meeting – MOTION to approve minutes by Mike Holyoak. SECONDED by Rick Thompson. MOTION CARRIES UNANIMOUSLY.

Citizens to be Heard – None.

Financial Statement – Presented by Ben Musselman. All Finances are in order.

Colorado River Authority River Negotiations Update – Presented by Marc Stilson – Marc Stilson presented a slide show in regards to the operations of Colorado River Authority, as well as the Colorado River Compact.

Nomination and Election of Representatives to Operating Committee – Dan Pyatt has resigned of Chair of district, so there will need to be reappointments and representatives**.** This District currently holds 4 seats of the GWSSA Operating Committee. One representative will need to step down to allow the structure to be as indicated in the by-laws of the Operating Committee, which is 3 of 7 seats. Rick Thompson volunteered to step down. It was noted that they may need to adjourn the meeting and reopen it after the other districts appointments were in place. It was felt that this meeting should be closed, then open the GWSSA meeting, to appoint a new President and/or Vice President, then revisit this meeting if necessary.

Adjournment – MOTION to adjourn the meeting by Ken Helfenbein. SECONDED by Mike Holyoak. MOTION CARRIES UNANIMOUSLY.

ATTEST:

GARY WILSON, CHAIRMAN

BEN MUSSELMAN, AGENCY MANAGER

SMUIN, RICH & MARSING
CERTIFIED PUBLIC ACCOUNTANTS
294 East 100 South
Price, Utah 84501
Phone (435) 637-1203 • Fax (435) 637-8708

To the Board of Directors and
Chairman Gary Wilson
Spanish Valley Water & Sewer Improvement 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 and Chairman Gary Wilson of Spanish Valley Water & Sewer Improvement District, and the Office of the State Auditor, related to the District's Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements for the period January 1, 2024 to December 31, 2024.

The District's management is responsible for its Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements. 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.

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

PROCEDURES	RESULT
FINANCIAL SURVEY	
GENERAL 1. We obtained a copy of the entity's Financial Survey which was completed by the entity.	We noted no exceptions
2. We agreed amounts reported on the Financial Survey to the entity's general ledger.	We noted no exceptions as a result of these procedures
REVENUES 3. We compared each revenue account on the Financial Survey to the corresponding prior period amounts. For changes greater than 5% of total revenues and 10% of the individual line item from the prior year, we inquired of management and reviewed applicable supporting documentation and determined whether the entity's explanation for the change was in accordance with the entity's policies and procedures, GAAP, and State and/or Federal policies as applicable.	There were no changes over the specified amounts which were unexplained

PROCEDURES	RESULT
DISBURSEMENTS 4. We compared each expense account on the Financial Survey to the corresponding prior period amounts. For changes greater than 5% of total expenses and 10% of the individual line item from the prior year, we inquired of management and reviewed applicable supporting documentation to determine whether the entity's explanation for the change was in accordance with the entity's policies and procedures, GAAP, and State and/or federal policies as applicable.	There were no changes over the specified amounts which were unexplained
ACCOUNTING RECORDS	
GENERAL 5. We inquired with those charged with governance, the chief administrative officer, and the chief financial officer (as designated in UCA 11-50-202) of any instances of fraud, illegal acts, or noncompliance.	We noted no exceptions as a result of these procedures
DISBURSEMENTS 6. We determined whether financial reports were prepared monthly or quarterly as required, and reviewed by the governing body. We selected one financial report and (1) scanned the general ledger and determined that all funds were included in the report, and (2) agreed the lesser of 10% or 15 line items from the report to the general ledger.	We noted no exceptions as a result of these procedures
7. We inquired with the chief administrative officer and the chief financial officer whether there were disbursements to related parties. We also scanned disbursement records for disbursements to related parties and 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 includes 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. For each transaction selected, we determined the whether the disbursement: a. Was consistent with the entity's purpose.	We noted no exceptions as a result of these procedures
b. Agreed to the receipt or invoice supporting the amount and payee.	We noted no exceptions as a result of these procedures
c. Was authorized consistent with the entity's policies and procedures.	We noted no exceptions as a result of these procedures
d. Was in compliance with the entity's purchasing policy (bids, quotes, etc.).	We noted no exceptions as a result of these procedures

PROCEDURES	RESULT
e. Was classified and recorded in accordance with the entity's chart of accounts and policies and procedures, GAAP, and State/Federal policies as applicable.	We noted no exceptions as a result of these procedures
8. For each credit or purchasing card used, we selected one month during the period and determined whether card purchases were reconciled to receipts monthly by someone other than the card holder.	We noted no exceptions as a result of these procedures
9. Through inquiry with management and scanning receipt records, we determined what restricted revenue was received by the entity and selected the lesser of 10% or 5 disbursements from restricted funds and determined whether the disbursements were in compliance with restrictions placed on the funds.	We noted no exceptions as a result of these procedures
CASH 10. For each depository account, we obtained the year-end bank reconciliation and one additional month's bank reconciliation and performed the following: a. Traced the bank balance on the reconciliation to the balance per the bank statement.	We noted no exceptions as a result of these procedures
b. Traced the reconciled book balance to the general ledger and the amount reported on the Financial Survey.	We noted no exceptions as a result of these procedures
c. Tested the clerical accuracy of the reconciliation.	We noted no exceptions as a result of these procedures
d. For reconciling items greater than 5% of annual revenues, inquired of management and reviewed applicable supporting documentation to determine that the items were consistent with the entity's policies and procedures, GAAP, and State/Federal policies. Traced the lesser of 10% or five reconciling items to a subsequent bank statement.	We noted no exceptions as a result of these procedures
e. Traced the lesser of 10% or five deposit transactions and 10% or five disbursement transactions to the general ledger.	We noted no exceptions as a result of these procedures
11. For each depository bank reconciliation selected above, through inquiry of management and review of the reconciliation, we determined whether the bank reconciliation was performed by someone who does not have access to receipts or disbursements (including direct access to perform withdrawals/transfers in the bank accounts). If the individual did have access to receipts or disbursements, we determined whether a separate individual reviewed the completed bank reconciliation.	We noted no exceptions as a result of these procedures

PROCEDURES	RESULT
MEETINGS 12. We reviewed the governing board's meeting minutes for the period applicable to the engagement through the report date of the engagement. For all financial transactions discussed in the minutes exceeding 5% of total revenues, and a selection of the lesser of 10% or 3 less-significant financial transactions discussed, we traced the transactions to the entity's accounting records and determined whether the transactions were recorded and reported in accordance with the entity's policies and procedures, GAAP, and State and/or Federal policies, as applicable.	We noted no exceptions as a result of these procedures
COMPLIANCE	
MEETINGS 13. We selected and obtained the agenda and meeting minutes for two public meetings held during the engagement year and performed the following:	We noted no exceptions as a result of these procedures
a. We determined if the entity gave proper notice of the meeting at least 24 hours before each meeting by posting the notice on the Utah Public Notice Website.	We noted no exceptions as a result of these procedures
b. We determined if the agenda was reasonably specific to enable lay persons to understand the topics to be discussed.	We noted no exceptions as a result of these procedures
c. We determined if the public body took any final actions on a topic in the meeting that was not listed under an agenda item.	We noted no exceptions as a result of these procedures
d. We determined whether the minutes were posted to the Utah Public Notice Website within three days of the minutes being approved. (Exceptions: Charter schools are required only to make the meeting minutes available to the public within three days of being approved.)	We noted no exceptions as a result of these procedures
e. If a portion of the meeting was closed to the public, we determined that 1) before the meeting was closed, the reason for holding the closed meeting was documented in the meeting minutes and a roll call vote was taken, 2) the reason for closing the meeting was permitted under UCA 52-4-205, and 3) an audio recording of the closed meeting was made, or in the case of meetings closed to discuss Section 52-4-205(1)(a)(i)(f) or (2), the presiding person had executed a sworn statement that the sole purpose of the closed meeting was to discuss those issued.	We noted no exceptions as a result of these procedures
BUDGET 14. We determined if a budget was approved before the start of the budget year and if the budget presented to the public and governing body contained the required financial information.	We noted no exceptions as a result of these procedures

PROCEDURES	RESULT
15. We determined if the entity provided the required 7-day notice for its original and final budget adoption hearing.	We noted no exceptions as a result of these procedures
16. We examined the entity's records and financial reports and determined whether the total expenditures stayed within the amounts appropriated in the final adopted budget.	We noted no exceptions as a result of these procedures
FUND BALANCES 17. **<u>Deficit Fund Balances</u>:** For any fund that had a deficit fund balance in the year under review, we determined whether the entity included in the subsequent budget year an appropriation to retire the deficit of an amount equal to or greater than 5% of the fund's total actual revenue of the year under review.	We noted no exceptions as a result of these procedures
18. **<u>General Fund Balance Limitations:</u>** Special Districts and Special Service Districts: The maximum unrestricted (committed, assigned, and unassigned) general fund balance is restricted to the greater of: a. 100% of the most recently adopted budget; **Plus** b. 100% of the current years property tax collections	Not in compliance, but the large unassigned fund balance has been carried over for several years and is currently being reduced each year. The District does not collect any property taxes
TRAINING 19. Through inquiry with officials of the entity and observation of meeting agendas, certificates or other relevant evidence, we determined whether the following training had occurred as applicable: a. Annual training on the requirements of the Open and Public Meetings Act.	We noted no exceptions as a result of these procedures
b. Annual online training by the entity's designated records officer on the requirements of GRAMA.	We noted no exceptions as a result of these procedures
c. Special Districts and Special Service Districts – At least once a term, members of a board of trustees of a special district attending training developed by the Office of the Utah State Auditor in cooperation with the Utah Association of Special Districts.	We noted no exceptions as a result of these procedures
GRAMA (GOVERNMENT RECORDS ACCESS MANAGEMENT ACT) 20. If the entity charges fees for GRAMA requests, we verified that the entity has adopted a uniform fee structure.	We noted no exceptions as a result of these procedures
Fraud Risk Assessment 21. We reviewed the entity Fraud Risk Assessment and verified that it was signed by the appropriate officers and discussed by the governing body as represented in the minutes.	We noted no exceptions as a result of these procedures

PROCEDURES	RESULT
OTHER COMPLIANCE 22. [Municipalities Only] We verified that the mayor of the municipality does not also serve as the municipal recorder or treasurer.	N/A
23. [Municipalities Only] We verified that the recorder of the municipality does not also serve as the municipal treasurer.	N/A
24. [Municipalities Only] We verified that all individuals who hold a municipal elected office do not, at the same time, also hold a county elected office.	N/A
25. We verified that the entity requires and maintains a conflict of interest disclosure for all officials and employees with decision-making or management responsibilities that is updated annually.	We noted no exceptions as a result of these procedures
26. If the entity collects Personally Identifiable Information (PII), we determined if it is collected in compliance with the requirements for collecting PII found in Utah Code 63D-2-103	N/A
PUBLIC TREASURER'S BOND 27. We determined whether the Treasurer was bonded or insured in accordance with Money Management Council Rule R628-4-4.	We noted no exceptions as a result of these procedures
Government Fees 28. We determined that Government Fees collected by the entity were approved, tracked and reasonable according to the prescribed criteria.	The District does not access or collect Government Fees

We were not engaged to and did not conduct an examination or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on the District's Financial Survey, accounting records, or compliance with applicable state laws, rules, and requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of our testing of Spanish Valley Water & Sewer Improvement District's Financial Survey, accounting records, and compliance with applicable state laws, rules, and requirements and the results of that testing, and not to provide an opinion or conclusion on the Financial Survey, the accounting records, or compliance with applicable state laws, rules, and requirements. Accordingly, this communication is not suitable for any other purpose.

Smuin, Rich & Marsing
Price, Utah 84501
May 7, 2025

1 SPANISH VALLEY WATER & SEWER IMPROVEMENT DISTRICT

Unaudited Balance Sheet / Statement of Net Position

2 December 31, 2024

No.		Governmental Funds					Enterprise Funds					
	ASSETS	**General Fund**	**Capital Project Funds**	**Debt Service Funds**	**Special Revenue Funds**	**Permanent Trust Funds**	**Sewer**	**Water**	**Garbage**	**Other (Specify)**	**Other (Specify)**	**TOTALS**
3	Cash	1,202,069										1,202,069
4	Investments											-
	Receivables (net):											
5	Accounts											-
6	Taxes											-
7	Intergovernmental											-
8	Due from Other Funds											-
9	Inventory											-
10	Capital Assets											
11	Land											-
12	Buildings											-
13	Improvements											-
14	Equipment											-
15	Construction in Progress											-
16	Less Accumulated Depreciation											-
	(enter as a negative amount)											-
17	Other (Specify):											
												-
												-
	Total Assets	1,202,069	-	-	-	-	-	-	-	-	-	1,202,069
	LIABILITIES											
18	Accounts Payable											-
19	Accrued Payroll											-
20	Due to Other funds											-
21	Unearned Revenue											-
22	Interest Payable											-
23	Deposits											-
24	Capital Leases Payable											-
25	Bonds, current											-
26	Bonds, noncurrent											-
27	Other (Specify):											
												-
												-
	Total Liabilities	-	-	-	-	-	-	-	-	-	-	-
	DEFERRED INFLOWS OF RESOURCES											
28	Deferred Property Tax Revenue											-
29a	**FUND BALANCE / NET POSITION**											
29	Capital Assets, Net of Related Debt											-
30	Nonspendable											-
31	Restricted											-
32	Committed											-
33	Assigned											-
34	Unassigned / Unrestricted	1,202,069										1,202,069
	Ending Fund Balance	1,202,069	-	-	-	-	-	-	-	-	-	1,202,069
	Total Liabilities, Deferred Inflows of Resources & Fund Balance / Net Position	1,202,069	-	-	-	-	-	-	-	-	-	1,202,069
35	Check Figure = 0	-	-	-	-	-	-	-	-	-	-	-

7/10/25

SPANISH VALLEY WATER & SEWER IMPROVEMENT DISTRICT

Quarterly Financial Statement - 2025

April - June 50% Of Year Elapsed

		12/19/24 Approved 2025 Budget	April	May	June	This Quarter	YEAR TO DATE Percent	YEAR TO DATE Current Total
	RECEIPTS							
1	Property Tax-Delinquent	**0.00**	0.00	0.00	0.00	0.00	0%	0.00
2	Interest Income	**30,000.00**	4,993.86	5,086.70	4,732.55	14,813.11	92%	27,516.00
3	Revenue Transfer from Agency - City Treatment Bond Payment	**102,207.00**	0.00	0.00	0.00	0.00	0%	0.00
4	Revenue Transfer from Agency (bond reserve, short-lived asset reserve)	**106,050.00**	106,050.00	0.00	0.00	106,050.00	100%	106,050.00
5	Revenue Transfer from Agency - Impact Fees	**233,240.00**	174,240.00	59,351.00	0.00	233,591.00	100%	233,591.00
6	Revenue Transfer from Agency - H2O Project - Bowling Alley Ln	**725,000.00**	0.00	0.00	18,950.00	18,950.00	3%	18,950.00
7	Miscellaneous Income	**0.00**	0.00	0.00	0.00	0.00	0%	0.00
	TOTALS	1,196,497.00	285,283.86	64,437.70	23,682.55	373,404.11	32%	386,107.00
	DISBURSEMENTS							
8	Office Expense	**5.00**	0.03	0.23	0.29	0.55	16%	0.82
9	RD Bond Pmt - RD Water 2018	**109,188.00**	9,099.00	9,099.00	9,099.00	27,297.00	50%	54,594.00
10	Bond Payment - RD Water (Phase II)	**65,052.00**	5,421.00	5,421.00	5,421.00	16,263.00	50%	32,526.00
11	Bond Payment - CIB Sewer 2020	**59,000.00**	0.00	59,351.00	0.00	59,351.00	101%	59,351.00
12	H2O Project - Bowling Alley Ln	**725,000.00**	0.00	0.00	18,950.00	18,950.00	3%	18,950.00
13	Bond Payment - City Treatment Bond Payment	**102,207.00**	0.00	0.00	0.00	0.00	0%	0.00
14	RD Bond Reserve Funds - 1190	**9,995.00**	607.22	627.68	310.75	1,545.65	34%	3,366.56
15	2018 Water Project Short-lived Asset Reserve - annual contribution for life of loan	**106,050.00**	106,050.00	0.00	0.00	106,050.00	100%	106,050.00
16	H20 & Sewer Contingency Funds - 1161	**20,000.00**	4,386.48	4,458.04	4,120.57	12,965.09	119%	23,845.89
	TOTALS	1,196,497.00	125,563.73	78,956.95	37,901.61	242,422.29	25%	298,684.27

	Depreciation	477,690.73	40,188.87	40,188.87	40,188.87	120,566.61	50%	241,133.22

SVW & SID
Balance Sheet
As of June 30, 2025

		Jun 30, 25
ASSETS		
Current Assets		
Checking/Savings		
1111 · Checking		153,402.10
1161 · PTIF		
1162 · Short-lived Asset Reserve/H2O	861,272.14	
1163 · Water Contingency	141,067.45	
1164 · Sewer Contingency	24,140.03	
Total 1161 · PTIF		1,026,479.62
1180 · Reserve Fund Accounts		
1184 · CIB - Sewer Debt Serv Res Fund	76,380.00	
Total 1180 · Reserve Fund Accounts		76,380.00
1190 · RD Bond Reserve Funds		
1189 · RD-Water Project Bond Reserve	38,575.79	
1191 · RD-2018 Water Project Bond Res	127,916.67	
Total 1190 · RD Bond Reserve Funds		166,492.46
Total Checking/Savings		1,422,754.18
Total Current Assets		1,422,754.18
Fixed Assets		
1600 · Fixed Assets		22,961,250.63
1800 · Accumlated Depreciation		-8,224,537.07
Total Fixed Assets		14,736,713.56
TOTAL ASSETS		**16,159,467.74**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
2301 · Accrued Interest Payable		9,097.74
2494 · Note Pay - RD Wtr Bond Phase II		1,774,625.80
2496 · Notes Pay-RD Water Bond 2018		2,450,508.05
2499 · Notes Pay - 2020 CIB Sewer Bond		1,188,121.63
Total Other Current Liabilities		5,422,353.22
Total Current Liabilities		5,422,353.22
Total Liabilities		5,422,353.22
Equity		
2811 · Contr. from Governmental Units		1,132,599.44
2831 · Sewer Connection Fees		833,229.84
2841 · Water Connection Fees		485,736.43
2981 · Retained Earnings		8,219,003.99
Net Income		66,544.82
Total Equity		10,737,114.52
TOTAL LIABILITIES & EQUITY		**16,159,467.74**

Office of the
State Auditor

Questionnaire

Revised December 2020

Fraud Risk Assessment

INSTRUCTIONS:

- Reference the *Fraud Risk Assessment Implementation Guide* to determine which of the following recommended measures have been implemented.
- Indicate successful implementation by marking "Yes" on each of the questions in the table. Partial points may not be earned on any individual question.
- Total the points of the questions marked "Yes" and enter the total on the "Total Points Earned" line.
- Based on the points earned, circle/highlight the risk level on the "Risk Level" line.
- Enter on the lines indicated the entity name, fiscal year for which the Fraud Risk Assessment was completed, and date the Fraud Risk Assessment was completed.
- Print CAO and CFO names on the lines indicated, then have the CAO and CFO provide required signatures on the lines indicated.

Fraud Risk Assessment

Continued

*Total Points Earned: 395 /395 *Risk Level:

Very Low	Low	Moderate	High	Very High
> 355	316-355	276-315	200-275	< 200

	Yes	Pts
1. Does the entity have adequate basic separation of duties or mitigating controls as outlined in the attached Basic Separation of Duties Questionnaire?	Y	200
2. Does the entity have governing body adopted written policies in the following areas:	Y	
a. Conflict of interest?	Y	5
b. Procurement?	Y	5
c. Ethical behavior?	Y	5
d. Reporting fraud and abuse?	Y	5
e. Travel?	Y	5
f. Credit/Purchasing cards (where applicable)?	Y	5
g. Personal use of entity assets?	Y	5
h. IT and computer security?	Y	5
i. Cash receipting and deposits?	Y	5
3. Does the entity have a licensed or certified (CPA, CGFM, CMA, CIA, CFE, CGAP, CPFO) expert as part of its management team?	Y	20
a. Do any members of the management team have at least a bachelor's degree in accounting?	Y	10
4. Are employees and elected officials required to annually commit in writing to abide by a statement of ethical behavior?	Y	20
5. Have all governing body members completed entity specific (District Board Member Training for local/special service districts & interlocal entities, Introductory Training for Municipal Officials for cities & towns, etc.) online training (training.auditor.utah.gov) within four years of term appointment/election date?	Y	20
6. Regardless of license or formal education, does at least one member of the management team receive at least 40 hours of formal training related to accounting, budgeting, or other financial areas each year?	Y	20
7. Does the entity have or promote a fraud hotline?	Y	20
8. Does the entity have a formal internal audit function?	Y	20
9. Does the entity have a formal audit committee?	Y	20

*Entity Name: SPANISH VALLEY WATER & SEWER IMPROVEMENT DISTRICT

*Completed for Fiscal Year Ending: 2025 *Completion Date: 7/9/2025

*CAO Name: BEN MUSSELMAN *CFO Name: GARY WILSON

*CAO Signature: ______________ *CFO Signature: ______________

*Required

Basic Separation of Duties

See the following page for instructions and definitions.

	Yes	No	MC*	N/A
1. Does the entity have a board chair, clerk, and treasurer who are three separate people?	X			
2. Are all the people who are able to receive cash or check payments different from all of the people who are able to make general ledger entries?			x	
3. Are all the people who are able to collect cash or check payments different from all the people who are able to adjust customer accounts? If no customer accounts, check "N/A".			X	
4. Are all the people who have access to blank checks different from those who are authorized signers?	X			
5. Does someone other than the clerk and treasurer reconcile all bank accounts OR are original bank statements reviewed by a person other than the clerk to detect unauthorized disbursements?	X			
6. Does someone other than the clerk review periodic reports of all general ledger accounts to identify unauthorized payments recorded in those accounts?	X			
7. Are original credit/purchase card statements received directly from the card company by someone other than the card holder? If no credit/purchase cards, check "N/A".	X			
8. Does someone other than the credit/purchase card holder ensure that all card purchases are supported with receipts or other supporting documentation? If no credit/purchase cards, check "N/A".	X			
9. Does someone who is not a subordinate of the credit/purchase card holder review all card purchases for appropriateness (including the chief administrative officer and board members if they have a card)? If no credit/purchase cards, check "N/A".	X			
10. Does the person who authorizes payment for goods or services, who is not the clerk, verify the receipt of goods or services?	X			
11. Does someone authorize payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	X			
12. Does someone review all payroll payments who is separate from the person who prepares payroll payments? If no W-2 employees, check "N/A".	X			

* MC = Mitigating Control

Basic Separation of Duties

Continued

Instructions: Answer questions 1-12 on the Basic Separation of Duties Questionnaire using the definitions provided below.

☺ If all of the questions were answered "Yes" or "No" with mitigating controls ("MC") in place, or "N/A," the entity has achieved adequate basic separation of duties. Question 1 of the Fraud Risk Assessment Questionnaire will be answered "Yes." 200 points will be awarded for question 1 of the Fraud Risk Assessment Questionnaire.

☹ If any of the questions were answered "No," and mitigating controls are not in place, the entity has not achieved adequate basic separation of duties. Question 1 of the Fraud Risk Assessment Questionnaire will remain blank. 0 points will be awarded for question 1 of the Fraud Risk Assessment Questionnaire.

Definitions:

Board Chair is the elected or appointed chairperson of an entity's governing body, e.g. Mayor, Commissioner, Councilmember or Trustee. The official title will vary depending on the entity type and form of government.

Clerk is the bookkeeper for the entity, e.g. Controller, Accountant, Auditor or Finance Director. Though the title for this position may vary, they validate payment requests, ensure compliance with policy and budgetary restrictions, prepare checks, and record all financial transactions.

Chief Administrative Officer (CAO) is the person who directs the day-to-day operations of the entity. The CAO of most cities and towns is the mayor, except where the city has a city manager. The CAO of most local and special districts is the board chair, except where the district has an appointed director. In school districts, the CAO is the superintendent. In counties, the CAO is the commission or council chair, except where there is an elected or appointed manager or executive.

General Ledger is a general term for accounting books. A general ledger contains all financial transactions of an organization and may include sub-ledgers that are more detailed. A general ledger may be electronic or paper based. Financial records such as invoices, purchase orders, or depreciation schedules are not part of the general ledger, but rather support the transaction in the general ledger.

Mitigating Controls are systems or procedures that effectively mitigate a risk in lieu of separation of duties.

Original Bank Statement means a document that has been received directly from the bank. Direct receipt of the document could mean having the statement 1) mailed to an address or PO Box separate from the entity's place of business, 2) remain in an unopened envelope at the entity offices, or 3) electronically downloaded from the bank website by the intended recipient. The key risk is that a treasurer or clerk who is intending to conceal an unauthorized transaction may be able to physically or electronically alter the statement before the independent reviewer sees it.

Treasurer is the custodian of all cash accounts and is responsible for overseeing the receipt of all payments made to the entity. A treasurer is always an authorized signer of all entity checks and is responsible for ensuring cash balances are adequate to cover all payments issued by the entity.

SMUIN, RICH & MARSING
CERTIFIED PUBLIC ACCOUNTANTS
294 East 100 South
Price, Utah 84501
Phone (435) 637-1203 • Fax (435) 637-8708

July 16, 2025

Board of Directors
Spanish Valley Water & Sewer
Improvement District
3025 E Spanish Trail Rd.
Moab, Utah 84532

Ladies/Gentlemen:

We respectfully submit the attached proposal for the audit of the financial statements of Spanish Valley Water & Sewer Improvement District for the years ending December 31, 2025 through December 31, 2029.

Contract Information

Firm name: Smuin, Rich & Marsing
294 East 100 South
P O Box 820
Price, Utah 84501
(435) 637-1203

Contact Person: Douglas Rasmussen, CPA

A. PROFILE OF INDEPENDENT AUDITOR

The name of our firm is Smuin, Rich & Marsing, Certified Public Accountants. We have an office in Price, Utah and are considered a local accounting firm, although we have performed many nonprofit/government audits in many parts of the State of Utah. The make-up of our firm consists of four certified public accountants, seven additional accountants, along with clerical and secretarial staff. The firm has three partners, two managers and seven senior accountants and two clerical employees. We provide a full range of services including auditing, tax preparation and consulting, write-up accounting services, payroll tax report preparation and computer consulting. Our auditing clients are almost exclusively nonprofit and governmental entities. Many of these clients have required single audits. We can provide the expertise necessary to audit computerized systems. Our firm is properly licensed as Certified Public Accountants in the state of Utah. We meet the independence requirements of the American Institute of Certified Public Accountants and the Government Auditing Standards, 2018 Revision, published by the U.S. General Accounting Office. We also meet the continuing education and external quality control review requirements contained in the Government Auditing Standards, 2018 Revision, published by the U.S. General Accounting Office. We have enclosed a copy of our most recent external quality control review report.

All auditing services are performed from our Price office.

B. PROPOSER'S QUALIFICATIONS

Following, we have indicated some of the members of our firm and their qualifications that would be involved in performing the audit. With the availability of the members of our firm listed below and others, we feel we can meet any applicable deadlines.

Douglas Rasmussen, Certified Public Accountant and Senior Partner. Doug is a graduate from the University of Utah with a major in accounting. Doug has 42 years of experience in public accounting with primarily all of it in non-profit and governmental auditing. Doug has also been heavily involved in training on the subject of auditing which included government auditing standards and compliance auditing covering single audits and compliance auditing of Utah State legal requirements.

Shaun Johnson, Junior Partner. Shaun is a graduate from Southern Utah University with a bachelor degree in accounting, he has a Master of Accountancy degree. Shaun was hired in March 2017 to work extensively in auditing. He has attended several government auditing and compliance seminars covering a wide variety of requirements.

Ryan Rasmussen, Junior Partner. Ryan is a graduate from Southern Utah University with a Masters Degree in accounting. Ryan was hired in May 2017, upon graduation. He was hired to work primarily in the auditing area for governmental and non-profit clients. He has attended several governmental auditing and compliance seminars, offering a variety of compliance and auditing subjects.

SuTanna Glover, Manager. SuTanna holds a bachelor degree in accounting. She is also a certified paralegal in the State of Utah. SuTanna has been in the accounting field for 33 years, 7 of those years owning her own business. SuTanna was hired in February 2009 by our firm in the accounting department, but was subsequently moved to strictly auditing, working primarily on governmental and non-profit clients.

Gavin Jolley, Staff Auditor/ Accountant. Gavin holds a Master's degree in accounting and has extensive experience in the accounting profession. His career focuses on governmental auditing and consulting. With a comprehensive understanding of governmental auditing standards (GASB, GAGAS), compliance requirements, and financial reporting, Gavin provides expert support to public sector entities.

Jami Luce, Staff Auditor/ Accountant. Jami is a graduate of Southern Utah University with a bachelor's degree in accounting. With 44 years of dedicated experience in the field, Her career spans various sectors with a particular focus on governmental accounting and consulting. Currently service as a Staff Auditor/ Accountant, Jami has a comprehensive understanding of governmental auditing standards (GASB, GAGAS), compliance requirements, and the application of Generally Accepted Auditing Standards (GAAS).

B. PROPOSER'S QUALIFICATIONS (Continued)

Each of the firm members listed has attended the UACPA Annual Government update along with other individual governmental courses. They also have taken the following governmental courses:

Essentials of Accounting for Governmental and Nonprofit Organizations
Government Auditing Standards and Practices
Single Audit Concepts
Government Auditing Standards – PPC
Fraud Prevention & Detection
The Yellow Book Interpreted
Uniform Guidance or 2 CFR Part 200

All of the above members of our firm have extensive governmental auditing experience with the following clients. We have provided auditing services on a continuing basis for the following local governmental entities:

1. Two mental health district
2. Fourteen cities and towns
3. Two school districts
4. Five nonprofit organizations – health and welfare
5. Three health districts
6. Twenty four special service districts

From review of the above clients it can be seen that our audit experience is almost exclusively governmental. The members of our firm have extensive training and audit experience with governmental auditing. Our firm has also completed Single Audits on many of these clients.

Our last peer review was performed in November 2024. We have enclosed a copy of our latest peer review report.

C. PROPOSER'S APPROACH TO THE EXAMINATION

If selected to perform the Agency's audit, we would follow the procedures outlined below:

1. Schedule a time for the audit team to begin the fieldwork at the Agency's office building.
2. Complete fieldwork of the Agency which would include:
    a. Test of internal accounting and administrative controls
    b. Confirm selected balances, such as, cash and debt balances, at December 31, of each year.
    c. Perform cut-off procedures on all balance sheet accounts
    d. Perform disbursement and receipts tests
    e. Perform Single Audit tests (if applicable)
    f. Perform state compliance and internal control tests
    g. Perform numerous other auditing procedures on balance sheet and income statement accounts
    h. At the close of the fieldwork, we would meet with Agency personnel for an exit conference to communicate our findings
3. Complete documentation of work papers at our office
4. Draft and compile financial statements
5. Present the audit reports to the Agency's board, if requested.

C. PROPOSER'S APPROACH TO THE EXAMINATION (Continued)

We will not be using outside specialists in the completion of the audit. Below we have listed our estimated billable hours and our billing rates, which include out of pocket expenses.

	HOURS	RATE	12/31/25	12/31/26	12/31/27	12/31/28	12/31/29
AUDIT OF FINANCIAL STATEMENTS-ALL STATE REQUIREMENTS							
Partner	10	$ 173	$ 1,730	$ 1,820	$ 1,910	$ 2,010	$ 2,110
Manager	22	143	3,150	3,310	3,480	3,650	3,830
Audit Staff	32	130	4,160	4,370	4,590	4,820	5,060
Clerical	15	95	1,430	1,500	1,580	1,660	1,740
Total not to exceed fee			$ 10,470	$ 11,000	$ 11,560	$ 12,140	$ 12,740

It is not anticipated that the number of hours by staff level will change during the five year period but we would submit that the audit fee and tax return preparation fee will increase by 5% annually as outlined above.

D. TIME REQUIREMENT

If selected, we would contact personnel responsible to oversee the financial statement preparation process to schedule the timing to perform field work. We anticipate performing fieldwork either in May or first of June for the audit of the financial statement. After the completion of the fieldwork, we would talk with Spanish Valley Water & Sewer Improvement District personnel to report preliminary findings and to discuss any management concerns. The proposed audit adjustments will be provided to Spanish Valley Water & Sewer Improvement District and also reviewed and any disputes resolved. Before leaving after the completion of the audit field we will agree upon any adjustments to financial statement. When the adjustments are posted we will once again review the final balances in the financial statements to make sure they match our audited balances in our workpapers. All adjustments will be provided in the month of June of each year.

E. NOT-TO EXCEED-FEE

In the Proposers Approach to Engagement, we have listed the number of hours and rate per hour as well as the fee for each audit type. We have also shown the total fee for each audit type. The above information is based on our current billing rates and our best estimate as it relates to the number of hours required. Therefore, our "not-to-exceed" fee for all of the auditing services for the year ended December 31, 2025 is $10,470. Our not to exceed fee for the following four year would be $11,000 for December 31, 2026, $11,560 for December 31, 2027, $12,140 for December 31, 2028 and $12,740 for the year ending December 31, 2029. Any significant non-audit services not included in the scope of the audit proposal such as drafting the financial statements, footnote disclosures, management discussion and analysis report, will be approved in advance by Spanish Valley Water & Sewer Service Agency and will be billed at our prevailing hourly rates as agreed between Spanish Valley Water & Sewer Improvement District and audit firm. Our not to exceed fee includes any out of pocket expenses. Our audit fee does not include any ongoing correspondence, which may arise during the fiscal year. If the time expectation would require significant work, we would come to an agreed upon fee for those additional services. Inquiries, auditor directives or assistance with decisions will be included in the audit fee, unless it meets the definition of significant work.

F. NON-DISCRIMINATION CLAUSE

Our firm does not discriminate against any individual because of race, religion, sex, color, age, handicap or national origin, and that these factors are not taken into consideration for employment, selection of training, promotion, transfer, recruitment, rate of pay, or other forms of compensation, demotion or separation.

G. CONFLICT OF INTREREST & COLLUSION DISCLOSURE

Our firm, nor any of its officers, partners, owners, agents, representatives, employees or parties of interest, has in any way colluded, conspired, or agreed directly or indirectly with any other party, firm or person to submit a collusive proposal. Furthermore, our firm, nor any of its officers, partners, owners, agents, representative employees or parties of interest, has in any way colluded, conspired, or agreed directly or indirectly with any Spanish Valley Water & Sewer Service Agency, Inc. employee or board member to submit a collusive proposal.

We appreciate the invitation and opportunity to submit this RFP. If you have any questions, please feel free to contact us.

Sincerely,

Smuin, Rich & Marsing

Smuin, Rich & Marsing
Douglas Rasmussen, CPA

RESPONSE:

If you agree with the terms of our proposal as described in this letter, please sign the enclosed copy And return it to us.

By: ______________________________ By: ______________________________

Title: ______________________________ Title: ______________________________

Date: ______________________________ Date: ______________________________