



Overview of Local Districts

Political Subdivisions Interim Committee

OFFICE OF LEGISLATIVE RESEARCH AND GENERAL COUNSEL

Sarah Flanigan, Policy Analyst

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Types of Local Districts

Cemetery
Maintenance

Drainage

Fire
Protection
District

Improvement

Irrigation

Metropolitan
Water

Mosquito
Abatement

Public
Transit

Service Area

Water
Conservancy

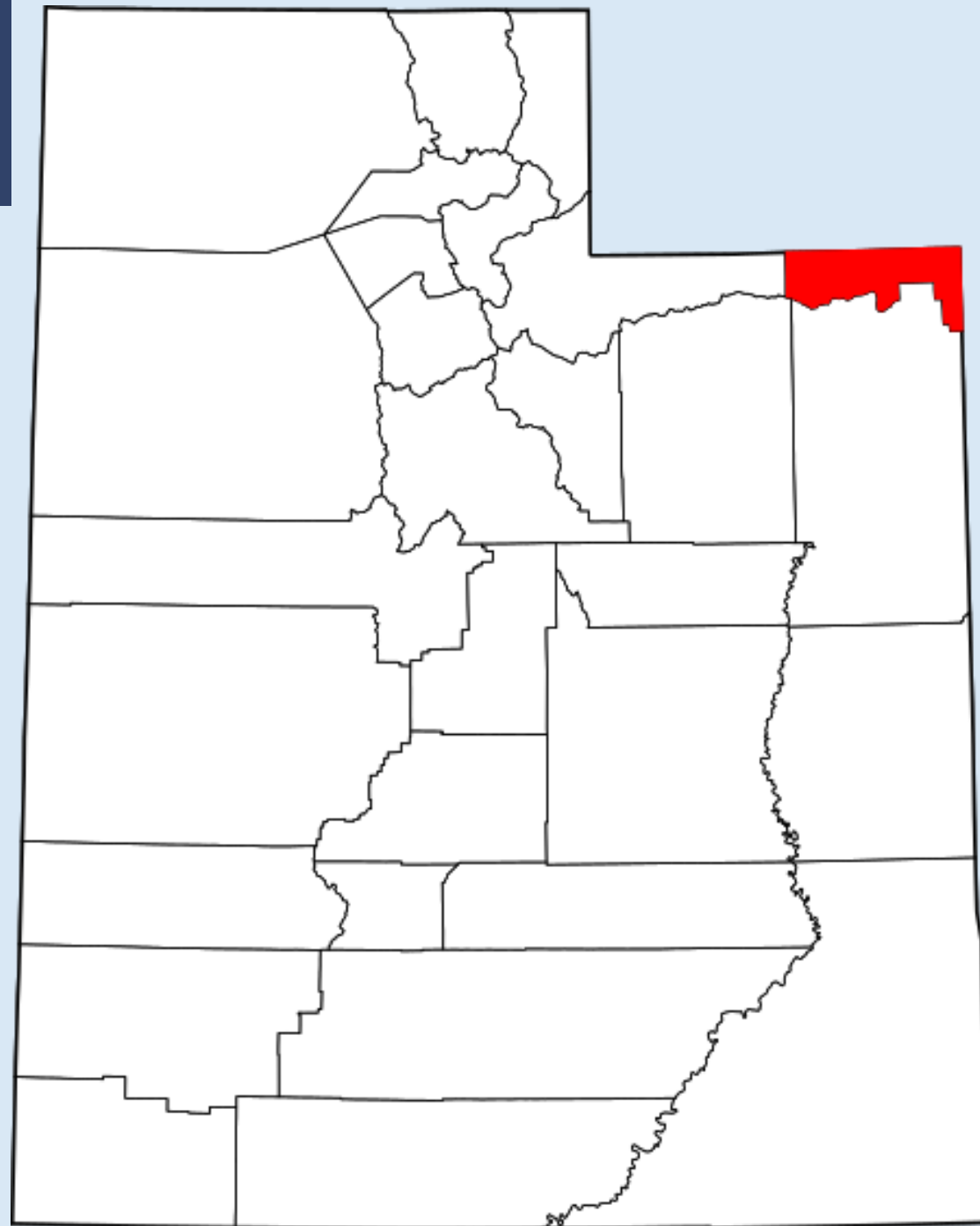
Municipal
Services

Basic



Examples of Local Districts

- **Daggett Water District**
- **Daggett County Service Area #1 (Mountain View)**
- **Daggett Mosquito Abatement District**
- **Daggett Conservation District**



Key Powers of Local Districts



Acquire and dispose of property



Levy and collect property taxes



Borrow money and incur debt



Invest money



Impose fees for services



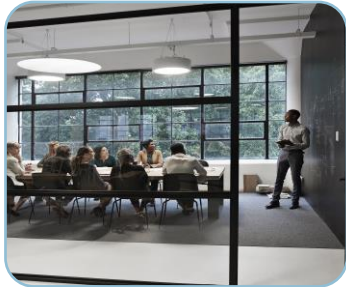
Enter into contracts

Key Differences between Local Districts and Special Service Districts



Boundaries

The service area of a local district can include multiple counties or municipalities, but boundaries of special service districts must be contained within one county or municipality.



Governance

Local districts generally have elected boards. Special service districts are governed by the legislative body of the county or municipality that created the district unless the legislative body delegates to a board.



Number of services

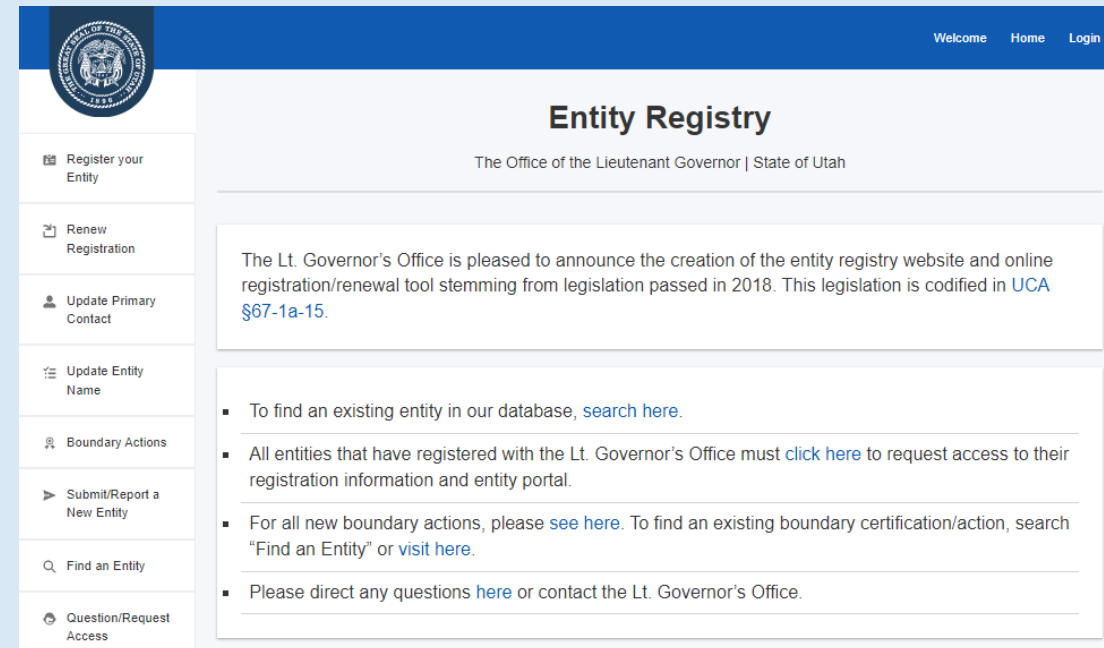
Local districts may not provide more than four services, but special service districts do not have a limit.

Best Practices for Local Districts

Between May 2015 and June 2017, a series of audits by the Legislative Auditor General and the State Auditor identified common issues:

- Inadequate internal controls allowing for fraud, waste, and abuse
- Need for better oversight by boards and improved training for board members
- Challenge of identifying all local districts operating in the state

[List of Best Practices for Board Members](#)



The screenshot shows the 'Entity Registry' website. The header includes the Utah State Seal and navigation links for 'Welcome', 'Home', and 'Login'. The main content area is titled 'Entity Registry' and includes the text: 'The Office of the Lieutenant Governor | State of Utah'. Below this, a paragraph states: 'The Lt. Governor's Office is pleased to announce the creation of the entity registry website and online registration/renewal tool stemming from legislation passed in 2018. This legislation is codified in UCA §67-1a-15.' A list of bullet points provides instructions: 'To find an existing entity in our database, [search here](#).', 'All entities that have registered with the Lt. Governor's Office must [click here](#) to request access to their registration information and entity portal.', 'For all new boundary actions, please [see here](#). To find an existing boundary certification/action, search "Find an Entity" or [visit here](#).', and 'Please direct any questions [here](#) or contact the Lt. Governor's Office.' A left sidebar contains menu items: 'Register your Entity', 'Renew Registration', 'Update Primary Contact', 'Update Entity Name', 'Boundary Actions', 'Submit/Report a New Entity', 'Find an Entity', and 'Question/Request Access'.

Roles of Board and Staff

See report pages 23 to 27.

1. The board takes ultimate responsibility for governance of the entity by (a) appointing an executive staff, (b) providing broad policy guidance, (c) authorizing the use of resources, (d) setting goals and expectations, and (e) monitoring results.	<input type="checkbox"/>
2. The board members recognize their role is to be more than just a ceremonial body. They have a responsibility to lead and hold staff accountable for results.	<input type="checkbox"/>
3. The board chair reviews and approves the agenda before each meeting, inviting other board members to propose additional agenda items, if desired.	<input type="checkbox"/>
4. The executive director (a) helps the board draft a set of internal control policies and (b) guides staff as they carry out the board's policies.	<input type="checkbox"/>
5. To protect against fraud, staff duties are segregated such that no one person has control over all parts of a financial transaction.	<input type="checkbox"/>
6. The board appoints a board chair, a treasurer and a clerk.	<input type="checkbox"/>
7. For organizations with an insufficient number of staff to achieve a proper separation of duties, board members serve as treasurer, and clerk.	<input type="checkbox"/>
8. The board approves a staffing policy that defines the responsibilities of all those who handle different aspects of the entity's finances.	<input type="checkbox"/>
9. The board is solely responsible for hiring and directing the audit function.	<input type="checkbox"/>

Internal Controls

See report pages 28 to 33.

10. The board approves policies that govern the organization and addresses each best practice described in the best practice audit. This would include policies such as a personnel policy, a procurement policy, and records retention policy. A procurement policy is of particular importance with the recent instances of fraud, waste, and abuse that have occurred.	<input type="checkbox"/>
11. The board regularly reviews a report of entity disbursements. The report includes the date, vendor and amount of each expense since the last board meeting.	<input type="checkbox"/>
12. To control credit purchases, purchase cards (or "p-cards") are issued to a limited number of staff. Limits are placed on the dollar amount, type and number of charges made to each card.	<input type="checkbox"/>
13. An independent person with no book keeping responsibilities is assigned to reconcile the bank statement each month with that month's receipts and expenses.	<input type="checkbox"/>
14. The board requires its formal approval of any expenditure above a certain dollar amount.	<input type="checkbox"/>

15. The board requires that two people sign all local entity checks. Before signing, both signers will review and approve the attached requisition sheet.

16. The board verifies that the entity has complied with applicable state laws including: certification and filing of annual budget (Utah Code 17B-1-614), notice of public meetings (Utah Code 52-4), notice of board member contact information (Utah Code 17B-1-303), participation in Utah public finance website (Utah Code 63A-3-405.4), and financial statement reporting requirements (Utah Code 51-2a-202).

Recruiting Qualified Personnel

Report pages 33 to 37.

17. Staff avoid recruiting individuals to serve as board members.	<input type="checkbox"/>
18. Local entities publicize the opportunity to apply for any elected board seats that will soon be coming available and any vacant staff positions.	<input type="checkbox"/>
19. Local entities follow an open and objective recruiting process when filling staff positions and hiring outside contractors. Hiring relatives or business associates of the board and management is avoided.	<input type="checkbox"/>
20. Board and staff regularly receive the required training in open and public meetings, board governance and other matters applicable to the entity's mission. Training can be obtained online at https://auditor.utah.gov/training/local-district/ , through in-house seminars, and at conferences such as those offered by the Utah Association of Special Districts.	<input type="checkbox"/>
21. When in-house expertise is not available to perform special tasks, the entity hires or appoints qualified outside experts.	<input type="checkbox"/>

Tone at the Top

Report pages 38 to 40.

22. The board adopts a code of ethics that clearly states the organization's values and standards of behavior.	<input type="checkbox"/>
23. The board and management seek opportunities to reinforce the organization's ethical standards during staff meetings, training, and newsletters.	<input type="checkbox"/>
24. The board holds everyone accountable, including management, to high standards of performance.	<input type="checkbox"/>
25. The board and executive director avoid using a compensation system and other incentives that encourage employees to take unnecessary risks.	<input type="checkbox"/>
26. The board provides an ethics hotline and adopts a whistleblower policy.	<input type="checkbox"/>
27. The board adopts a conflict of interest policy (based on Utah Code 10-3-13) describing how members should respond when their personal interests have the potential to conflict with their public duty.	<input type="checkbox"/>