

SALT LAKE VALLEY
LAW ENFORCEMENT SERVICE AREA
(A Component Unit of Salt Lake County, Utah)

Basic Financial Statements
and Reports in Accordance with
Government Auditing Standards and the
State of Utah Legal Compliance Audit Guide

Year Ended December 31, 2011

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Independent Auditor's Report

Board of Trustees
Salt Lake Valley Law Enforcement Service Area
(A component unit of Salt Lake County, Utah)

We have audited the accompanying financial statements of the governmental activities and the General Fund of Salt Lake Valley Law Enforcement Service Area (SLVLESA) as of and for the year ended December 31, 2011, which collectively comprise SLVLESA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of SLVLESA management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Salt Lake Valley Law Enforcement Service Area as of December 31, 2011, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2012 on our consideration of SLVLESA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis which follows this report be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Aguirre & Company, PC

May 17, 2012

Management's Discussion and Analysis

As management of Salt Lake Valley Law Enforcement Service Area (SLVLESA), we offer readers of SLVLESA's financial statements this narrative discussion, overview, and analysis of the financial activities of SLVLESA for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the financial statements and notes.

FINANCIAL HIGHLIGHTS

- SLVLESA's total net assets for governmental activities increased by \$2.4 million during 2011 resulting in \$3.6 million in net assets at December 31, 2011.
- Intergovernmental revenue from Salt Lake County totaled \$12.4 million during 2011, a \$2.5 million increase compared to 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to SLVLESA's basic financial statements. SLVLESA's basic financial statements comprise government-wide and fund financial statements and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The *government-wide financial statements* are designed to provide readers with a broad overview of SLVLESA's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of SLVLESA, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of SLVLESA is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of SLVLESA changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., receivables).

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund financial statements – A *fund* is a group of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. SLVLESA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of SLVLESA can be grouped as a governmental fund.

- **Governmental fund.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating SLVLESA's near-term financing requirements.

SLVLESA maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund.

SLVLESA adopts an annual appropriated budget for its General Fund. A budgetary comparison statement is provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 7 through 9 of this report.

Notes to the basic financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the fund financial statements. The notes to the basic financial statements can be found on pages 10 through 12 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of SLVLESA, assets exceeded liabilities by \$3.6 million at the close of the most recent fiscal year.

SLVLESA’s net assets are unrestricted. Unrestricted net assets may be used to meet SLVLESA’s ongoing obligations to members of Salt Lake County, Unified Police Department, creditors, and to honor next year’s budget.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA Net Assets
December 31, 2011**

	<u>Governmental Activities</u>		Total Change
	2011	2010	2011-2010
Current assets	\$ 3,580,634	\$ 1,369,844	\$ 2,210,790
Current liabilities	<u>1,541</u>	<u>180,717</u>	<u>(179,176)</u>
Net assets:			
Unrestricted	<u><u>\$ 3,579,093</u></u>	<u><u>\$ 1,189,127</u></u>	<u><u>\$ 2,389,966</u></u>

Governmental activities – The key elements of the increase of SLVLESA’s net assets for the year ended December 31, 2011 are as follows:

- Revenues totaled \$23.4 million for the year ended December 31, 2011, which is an increase of \$1.4 million over the prior year. The largest net dollar increase in revenues is from intergovernmental revenue. The \$2.5 million increase in intergovernmental revenue is a planned shift from the public safety fee to a contribution from the Salt Lake County Municipal Services Fund. The largest net dollar decrease in revenue is from the public safety fee. The \$1.0 million decrease in public safety fees is a planned reduction in the overall public safety fee from 2010 to 2011.
- Total expenses increased from the prior year by \$0.2 million, bringing current year expenses to \$21.1 million. An increase in service fees to Unified Police Department of \$0.2 million is the annual increase due to higher retirement costs on employees at the Unified Police Department.

- Public safety fees and intergovernmental revenue comprise 47 and 53 percent of SLVLESA's revenue for the year ended December 31, 2011 and 55 and 45 percent for the year ended December 31, 2010. This revenue is used to fund law enforcement services provided by Unified Police Department.

**SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA Changes in Net Assets
Year Ended December 31, 2011**

	Governmental Activities		Total
	2011	2010	Change 2011-2010
Revenues:			
Public safety fees	\$ 11,010,404	\$ 12,050,572	\$ (1,040,168)
Intergovernmental from Salt Lake County	12,424,117	9,956,314	2,467,803
Interest earned	8,591	8,915	(324)
Other revenue	-	38	(38)
Total revenues	23,443,112	22,015,839	1,427,273
Expenses:			
Service fees to Unified Police Department	20,683,027	20,456,113	226,914
Professional fees	365,192	370,034	(4,842)
Other	4,927	565	4,362
Total expenditures	21,053,146	20,826,712	226,434
Changes in net assets	2,389,966	1,189,127	1,200,839
Net assets, beginning	1,189,127	-	1,189,127
Net assets, ending	\$ 3,579,093	\$ 1,189,127	\$ 2,389,966

GOVERNMENTAL FUND FINANCIAL ANALYSIS

As noted earlier, SLVLESA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund – The focus of SLVLESA's *governmental fund* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SLVLESA's financing requirements. At December 31, 2011, SLVLESA's General Fund reported a fund balance of \$3.3 million. The following information on revenues and expenditures should be noted:

- Public safety fee revenues (fees charged to property owners) totaled \$11.7 million or 48 percent of total revenues, which is an increase over the prior year of 5 percent. This increase is a result of 2010 and 2011 fees collected during 2011.
- Intergovernmental revenue totaled \$12.4 million or 52 percent of total revenues, which is an increase over the prior year of 25 percent.
- Expenditures totaled \$21.1 million for the year, which is an increase over the prior year of 1 percent; \$20.7 million or 98 percent was paid to Unified Police Department. The remaining 2 percent was

used to cover general administrative expenses including assessment and collection of fees, public hearings and education, and other administrative activities.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into restricted and unrestricted portions. *Restricted* includes net fund resources of SLVLESA that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances in the General Fund are those resources that the Board of Trustees has established by formal action for specific purposes. *Assigned* balances in the General Fund are resources that management intends to be used for specific purposes. *Unassigned* balances in the General Fund are all other available net fund resources. At December 31, 2011, SLVLESA's governmental fund balance is \$3.3 million, all of which is unassigned.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the Board revised SLVLESA's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$0.1 million in total General Fund budgeted revenues, mostly to account for anticipated decreases in intergovernmental revenue.

Final budgeted expenditures were more than original budgetary estimates by \$0.2 million.

With these adjustments, actual expenditures were \$0.2 million less than final budgeted amounts. The most significant positive variance was \$0.2 million in professional fees. Actual revenues were \$2.8 million more than final budgeted amounts due to an unbudgeted contribution from the Salt Lake County Municipal Services Fund of \$1.8 million and \$1.0 million in collections of fees billed in 2010 that were received in 2011.

CHANGES FOR 2012

Effective January 1, 2012, SLVLESA eliminated the public safety fee. SLVLESA unanimously adopted a plan to replace the public safety fee with a SLVLESA property tax levy. The levy will be adopted during 2012 and will be assessed on real property with a lien date of January 1, 2012. Assessed taxes will be due on November 30, 2012.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Salt Lake Valley Law Enforcement Service Area for all those with an interest in SLVLESA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Salt Lake Valley Law Enforcement Service Area, 3365 South 900 West, Room 121, Salt Lake City, Utah 84119.

Basic Financial Statements

Salt Lake Valley Law Enforcement Service Area
Balance Sheet
December 31, 2011

	General Fund	Adjustments (1)	Statement of Net Assets
Assets:			
Cash	\$ 3,265,499	\$ -	\$ 3,265,499
Receivables, net of allowance of \$366,631	315,135	-	315,135
Total assets	<u>\$ 3,580,634</u>	<u>\$ -</u>	<u>\$ 3,580,634</u>
Liabilities and fund balance / net assets:			
Liabilities:			
Accounts payable	\$ 1,541	\$ -	\$ 1,541
Deferred revenue	315,135	(315,135)	-
Total liabilities	316,676	(315,135)	1,541
Fund balance / net assets:			
Unassigned / unrestricted	3,263,958	315,135	3,579,093
Total liabilities and fund balance / net assets	<u>\$ 3,580,634</u>	<u>\$ -</u>	<u>\$ 3,580,634</u>

(1) Governmental funds report revenue when it is available. For the statement of net assets, revenues are recognized when fees are assessed.

The notes to the basic financial statements are an integral part of these statements.

Salt Lake Valley Law Enforcement Service Area
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2011

	General Fund	Adjustments (1)	Statement of Activities
Revenues:			
Public safety fees	\$ 11,656,906	\$ (646,502)	\$ 11,010,404
Intergovernmental from Salt Lake County	12,424,117	-	12,424,117
Interest earnings	8,591	-	8,591
Total revenues	24,089,614	(646,502)	23,443,112
Expenditures / expenses:			
Service fees to Unified Police Department	20,683,027	-	20,683,027
Professional fees	365,192	-	365,192
Other	4,927	-	4,927
Total expenditures / expenses	21,053,146	-	21,053,146
Net change in fund balances / net assets	3,036,468	(646,502)	2,389,966
Fund balances / net assets - January 1, 2011	227,490	961,637	1,189,127
Fund balances / net assets - December 31, 2011	\$ 3,263,958	\$ 315,135	\$ 3,579,093

(1) Governmental funds report revenue when it is available. For the statement of activities, revenues are recognized when fees are assessed.

The notes to the basic financial statements are an integral part of these statements.

Salt Lake Valley Law Enforcement Service Area
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Public safety fees	\$ 10,600,000	\$ 10,600,000	\$ 11,656,906	\$ 1,056,906
Intergovernmental from Salt Lake County	10,756,351	10,649,117	12,424,117	1,775,000
Interest earnings	5,000	5,000	8,591	3,591
Total revenues	<u>21,361,351</u>	<u>21,254,117</u>	<u>24,089,614</u>	<u>2,835,497</u>
Expenditures:				
Service fees to Unified Police Department	20,449,960	20,683,028	20,683,027	1
Professional fees	600,000	571,089	365,192	205,897
Other	-	-	4,927	(4,927)
Total expenditures	<u>21,049,960</u>	<u>21,254,117</u>	<u>21,053,146</u>	<u>200,971</u>
Excess of revenues over expenditures	311,391	-	3,036,468	3,036,468
Fund balances - January 1, 2011	<u>227,490</u>	<u>227,490</u>	<u>227,490</u>	<u>-</u>
Fund balances - December 31, 2011	<u><u>\$ 538,881</u></u>	<u><u>\$ 227,490</u></u>	<u><u>\$ 3,263,958</u></u>	<u><u>\$ 3,036,468</u></u>

The notes to the basic financial statements are an integral part of these statements.

SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Salt Lake Valley Law Enforcement Service Area (SLVLESA) are in conformity with accounting principles generally accepted in the United States of America applicable to local governmental units. The following is a summary of the more significant accounting policies applied by SLVLESA.

The Reporting Entity – SLVLESA was formed on September 8, 2009 to provide funding for law enforcement services to the unincorporated areas of Salt Lake County. SLVLESA is a component unit of Salt Lake County, Utah. Operations began January 1, 2010. The Board of Trustees, comprised of the Salt Lake County Mayor and two members from the Salt Lake County Council, is the primary governing authority for SLVLESA. The Board establishes policies, approves the budget, and appoints officials with responsibilities for administering all funding activities and fiscal matters of SLVLESA.

Government-wide Financial Statements – The *statement of net assets* and the *statement of activities* report information on all of the activities of SLVLESA.

Fund Financial Statements – The fund financial statements provide information about SLVLESA's General Fund, a major governmental fund. It accounts for all financial resources of SLVLESA.

Fund Balance Classifications – The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which SLVLESA is bound to honor them. SLVLESA first determines and reports nonspendable balances, then restricted, then committed, and so forth. The fund balances at December 31, 2011 are all unassigned.

When both restricted and unrestricted resources are available for use, it is SLVLESA's policy to use restricted resources first, then unrestricted resources. Of the unrestricted resources, committed resources will be used first, followed by assigned resources, and then unassigned resources.

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. SLVLESA considers revenues reported in the governmental funds to be available if the revenues are collected from property owners. Member fees and interest are considered to be susceptible to accrual. Other receipts become measurable and available when cash is received by SLVLESA and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred.

Budgets and Budgetary Accounting – SLVLESA operates within budget requirements as specified by Utah law. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America using the modified accrual basis of accounting for the General Fund. All annual appropriations lapse at fiscal year-end. These financial reports reflect the following budgetary standards:

- For the fiscal year beginning January 1, the fiscal officer prepares a proposed budget for the General Fund which is presented to the Board of Trustees on or before November 1.

SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA

Notes to Basic Financial Statements

- After a public hearing is held, the Board of Trustees, by resolution, legally adopts the final budget no later than December 31.
- Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board upon recommendation of the fiscal officer; however, increases in appropriations at the overall fund level require a public hearing prior to amending the budget. In accordance with Utah State law and with Board policy, administration may make interim adjustments from one appropriation (at the program, function, or object level) to another within any given fund without seeking the immediate approval of the Board. The Board approves these changes later in the year.
- The total budgeted expenditures of a given fund may not exceed the expected revenues for the fiscal year plus the fund balance. Control of the budget is exercised at the overall fund level.
- Interim adjustments in estimated revenue and appropriations during the year ended December 31, 2011 are included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the activity or departmental level; SLVLESA's single purpose is to provide funding for law enforcement services for the unincorporated areas of Salt Lake County.

Accounts Receivable – Accounts receivable consists of amounts due to SLVLESA for public safety fees assessed for 2010 and 2011, respectively. SLVLESA has established an allowance for doubtful accounts of \$366,631 at December 31, 2011.

2. DEPOSITS AND INVESTMENTS

SLVLESA complies with the State Money Management Act (Utah Code Section 51, Chapter 7) (Act) and related Rules of the Money Management Council (Council) in handling its depository and investment transactions. SLVLESA funds are deposited in qualified depositories as defined by the Act. The Act also authorizes SLVLESA to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, US Treasury obligations, US agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the state of Utah.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. SLVLESA considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Deposits – At December 31, 2011, SLVLESA's carrying amount of bank deposits is \$2,356,171 and the bank balance is \$2,228,120, of which \$250,000 is covered by federal depository insurance. No deposits are collateralized, nor is it required by state statute.

- **Custodial Credit Risk** – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. SLVLESA does not have a formal deposit policy for custodial credit risk.

Investments – At December 31, 2011, SLVLESA had a balance of \$909,328 in the PTIF. The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF.

SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA

Notes to Basic Financial Statements

Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities including certificates of deposit and top-rated domestic commercial paper held by the Utah State Treasurer; the portfolio has a weighted average life of 90 days or less. The PTIF is not rated. The reported value of the pool is the same as the fair value of the pool shares.

- **Credit Risk** – Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. SLVLESA’s policy for limiting the credit risk of investments is to comply with the Utah Money Management Act.
- **Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. SLVLESA manages its exposure to declines in fair value by investing in the PTIF and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.
- **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. SLVLESA’s policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of SLVLESA’s total portfolio with a single issuer. SLVLESA places no other limits on the amount it may invest in any one issuer.
- **Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, SLVLESA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. SLVLESA’s investment policy is to follow the Utah Money Management Act and to invest in the PTIF. SLVLESA’s investment policy does not limit the amount that can be held by counterparties.

3. SUBSEQUENT EVENTS

Effective January 1, 2012, Herriman City and Riverton City joined SLVLESA. Each city’s mayor has been appointed to SLVLESA’s Board of Trustees.

In 2010, SLVLESA instituted a public safety fee for property owners in unincorporated Salt Lake County. In 2011, the Utah state legislature passed a bill prohibiting user fees to pay for police services with the fee having to be eliminated by January 1, 2013. SLVLESA eliminated the fee effective January 1, 2012. On July 19, 2011, SLVLESA unanimously adopted a plan to replace the public safety fee with a SLVLESA property tax levy. The levy will be adopted during 2012 and will be assessed on real property with a lien date of January 1, 2012. Assessed taxes will be due on November 30, 2012.

In April 2012, SLVLESA issued a short-term note payable of \$17,000,000 to Salt Lake County. Interest rate on this note is 1.24 percent and will be repaid during the year ending December 31, 2012 from anticipated property tax collections.

Other Reports



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Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Board of Trustees
Salt Lake Valley Law Enforcement Service Area
(A component unit of Salt Lake County, Utah)

We have audited the financial statements of Salt Lake Valley Law Enforcement Service Area (SLVLESA) as of and for the year ended December 31, 2011, and have issued our report thereon dated May 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered SLVLESA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SLVLESA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SLVLESA's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SLVLESA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, and Office of the Utah State Auditor and other awarding and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

May 17, 2012



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Independent Auditor's Report on Legal Compliance
in Accordance with the *State of Utah Legal Compliance Audit Guide*

Board of Trustees
Salt Lake Valley Law Enforcement Service Area
(A component unit of Salt Lake County, Utah)

We have audited the compliance of Salt Lake Valley Law Enforcement Service Area (SLVLESA) with general compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended December 31, 2011.

The general compliance requirements applicable to SLVLESA are identified as follows:

- Cash Management
- Budgetary Compliance
- Other General Compliance Issues
- Fund Balance Limitation

SLVLESA had no major state programs during the year.

Compliance with the requirements referred to above is the responsibility of the SLVLESA's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a material effect on a general compliance requirement identified above or a major state program occurred. An audit includes examining, on a test basis, evidence about SLVLESA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the SLVLESA's compliance with those requirements.

In our opinion, Salt Lake Valley Law Enforcement Service Area complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2011.

This report is intended solely for the information and use of the Board of Trustees, management, and Office of the Utah State Auditor and other awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Squire & Company, PC".

May 17, 2012