

STATE OF UTAH
OFFICE OF THE UTAH STATE AUDITOR



TINA M. CANNON
UTAH STATE AUDITOR

Vineyard City and Vineyard City RDA

Limited Review

For the period of January 1, 2018 through March 2025

Report No. 25-02

Office of the Utah State Auditor

Audit Leadership:

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TINA M. CANNON
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Management Letter

June 4, 2025

Vineyard City Council
125 S. Main St.
Vineyard, UT 84059

Dear City Council Members:

The Office of the Utah State Auditor (Office) has completed a limited review of the financial transactions and contractual agreements associated with the Vineyard Redevelopment Agency (RDA) from January 1, 2018, through March 2025.

The Vineyard Redevelopment Agency is a separate legal entity from Vineyard City (City) but reports as a component unit of the city. The Vineyard City Council functions as the RDA board and financial activities for both entities should be reflected in the submissions to the Office.

The primary objectives of the Office were to:

1. Verify that the financial information uploaded by the City to Transparent Utah is accurate and matches the City's accounting system.
2. Review the contractual information supporting RDA activity.
3. Review selected City/RDA policies.

Office procedures included:

- Examining current City ordinances and policies
- Reconciling uploaded documents with GL activity
- Interviews with City Officials and Staff
- Review the tax increment received and paid
- Identifying the formal creation of the RDA
- Review contracts entered into by the RDA

- Reviewing meeting minutes of the RDA Board and Taxing Entity Committee (TEC)

The following is our report containing three findings with recommendations as well as two observations with recommendations. By necessity, our procedures were limited in scope to the specific concerns mentioned. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you.

It is important to note that the Office has received many requests from various members of the community for a review of the financial transaction processes and internal control procedures currently in place in Vineyard. The office would encourage City Staff and Officials to set a tone of civility and transparency when addressing inquiries and concerns. Many of the concerns expressed to our Office could have been handled without our involvement had communication not degraded to its current point.

These are public funds and information regarding city financial transactions, with very limited exceptions, should be available for public inspection with minimal roadblocks. The state requires entities to post this information on the Transparent Utah website to facilitate access. If greater detail is requested, the city must provide access to supporting documentation and/or an explanation of the financial transaction.

We appreciate the courtesy and assistance extended to us by Vineyard City personnel during our review. We look forward to a continued professional relationship. If you have any questions, please contact Seth Oveson at soveson@utah.gov or 435-572-0440.

Sincerely,



Tina M. Cannon
Utah State Auditor

Findings & Recommendations

Finding 1. Non-Compliance with Public Finance Website Submissions

Condition

The Office obtained the general ledger for the years 2018 through 2024 and compared it with the information submitted to the Transparent Utah Website. Transactions were identified from each period that were not included in the Transparent Utah upload but were included in the City's accounting system. Examples included payables entered into the accounting system for quarters where the file was already uploaded to the state. In 2024, interest accrued on accounts when the account was reconciled after the transparency file was uploaded.

Criteria

Each local governmental entity “shall submit to the Office its detail revenue and expense transactions from its general ledger accounting system to the UPFW [public finance website]” (Utah Administrative Code 123.7). This information should allow taxpayers to view, understand, and track the use of taxpayer dollars by making public financial information available free of charge using the Transparent Utah website (Utah Code 17-3-12).

Effect or Risk

Prior to our review, the City had not complied with the requirement to provide its complete financial information to the Transparent Utah Website. Transactions omitted include substantial payments to developers from the RDA. This could raise public suspicions that those payments were intentionally hidden.

Recommendation

We recommended that the city replace the transparency information uploaded for all years provided (2018 - 2024). The city has complied and replaced the data from 2018 to 2024, which we reviewed and confirmed matches the entity's accounting records. Additionally, we recommend that the city adopt the policy of replacing information provided to the Public Finance Website if additional transactions are recorded after the file is submitted.

Finding 2. RDA Operating without Taxing Entity Involvement

Condition

On October 25, 2023, the Vineyard RDA held a public hearing and subsequently extended the life of the RDA (Resolution U2023-06/U2023-08).

The most recent project area budget approved by the Taxing Entity Committee (TEC) was adopted on December 20, 2010. Since that time, the TEC has not reconvened to review or approve any subsequent actions of the Redevelopment Agency.

Criteria

Urban Renewal Area extensions must follow *Utah Code* 17C-2-207. Resolution 2009-01 Section 5 (c) states that “in order to ascertain and stay abreast of the status of the Project Area, the Taxing Entity Committee shall meet at least annually during the time that the Agency receives tax increment under budget for the Project Area.”

Effect or Risk

Failure to ensure all taxing entities actively participate creates public concerns about the legality of Vineyard’s Redevelopment Agency (RDA) actions. In addition, citizens are not able to obtain information regarding the use of funds from the government entity that levied the tax.

The Vineyard Redevelopment Project Area is unique in that it qualifies as an inactive industrial site and was specifically identified in Senate Bill 158 (2020). This legislation permits an urban renewal project area that includes an inactive industrial site to take certain actions-- such as extending the collection period of tax increment funds--without requiring approval from the Taxing Entity Committee.

Recommendation

Because the Vineyard Redevelopment Area is the only RDA entity within Utah permitted to take certain actions without requiring approval from their Taxing Entity Committee, we recommend that the Vineyard Redevelopment Area (RDA) hold a TEC meeting at least annually. This aligns with the intent of TEC Resolution 2009-01 and would promote transparency while ensuring that all participating taxing entities remain informed about the financial transactions and redevelopment activities of the Vineyard Redevelopment Area (RDA) project.

Finding 3. Non-Compliance with Governmental Accounting Standards Board (GASB) 77 Tax Abatement Disclosures

Condition

Vineyard did not fully disclose required information related to property tax abatements in the Annual Financial Statement, as required under GASB 77.

Criteria

Governments are required to disclose information about tax abatements, including:

1. A brief description, such as tax being abated, the authority under which the tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
2. The gross dollar amount of taxes abated during the period.
3. Commitments made by a government, other than to abate taxes, as part of the tax abatement agreement.

Effect or Risk

The absence of disclosures in the notes to the financial statements may lead users to misunderstand the amount of revenue forgone due to redevelopment agency (RDA) agreements. Additionally, the failure to communicate this information to participating taxing entities contributes to their omission of required disclosures regarding their participation in the RDA and any related tax abatements.

Recommendation

We recommend that Vineyard include tax abatement disclosures in the notes to the financial statements to accurately reflect tax abatement agreements in compliance with GASB 77.

Other Observations

Observation 1 - Review Purchasing Policy Adopted by City

The Office observed that the current purchasing policy ordinance adopted by the Vineyard City Council allows expenditures of up to \$125,000 without Council approval. While the current policy does not appear to conflict with state purchasing code, the threshold for Council involvement is very high and inadvisable for an entity of this size.

Recommendation

The Office of the Legislative Auditor General published a [Best Practices](#) handbook to help entities improve governance. That handbook explains several principles of good governance, including: an active and invested governance body and appropriate oversight and controls. The Government Finance Officers Association (GFOA) provides a framework for adopting financial policies, offering best practices and recommendations to guide sound fiscal management. We recommend Vineyard review their current purchasing policy to determine if the existing policy meets those principles and if the governing body would be more invested and provide more appropriate oversight if the threshold for their financial review were lower.

Observation 2 - Review the Potential Impacts of the Dissolution of Alpine School District

Upon review of the Vineyard Redevelopment Agency's (RDA) Tax Increment Financing agreements, the Office noted that Alpine School District has historically contributed a majority of the tax increment revenue to the RDA. The impending dissolution of the district and the subsequent creation of three new school districts to meet the educational needs of the various communities, create concerns about the future status of tax increment, participation of new taxing entities, and public awareness of the RDA obligations.

Recommendation

We recommend Vineyard and the RDA Board consult legal counsel to assess the potential implications of the Alpine School District dissolution. Additionally, we recommend Vineyard evaluate the likelihood of any resulting financial impacts to determine whether additional disclosures should be made in the notes to the financial statements. In addition, we recommend Vineyard develop a plan to educate the public on RDA actions in order to increase transparency and understanding.

Vineyard City Response

VINEYARD CITY RESPONSE TO DRAFT AUDIT REPORT 2025-02

June 18, 2025

I. INTRODUCTION

This document contains the formal response of Vineyard City (“City”) to the Limited Review conducted by the Utah State Auditor (“Auditor”) of the City and the Vineyard City RDA for the period of January 1, 2018, through March 30, 2025. The City understands the Auditor intends to publish the findings and recommendations from this Limited Review as Report No. 25-02 (“Report”). In accordance with audit standards (GAGAS § 9.51), the City requests this response be included in the published version of the Report.

Vineyard City appreciates the efforts of the Office of the State Auditor in conducting this review and recognizes the importance of independent oversight in promoting accountability and continuous improvement in government operations. While the City respectfully disagrees with certain findings and conclusions presented in the draft report, we take all concerns raised seriously and remain committed to addressing areas where processes or communications can be strengthened.

The City is committed to transparency, ethical governance, and responsible stewardship of public resources. In that spirit, we have provided responses to each of the findings, including clarifications, corrective actions where appropriate, and steps we are already undertaking to enhance our operations.

II. RESPONSES & CORRECTIVE ACTION TAKEN

Vineyard City responds to the findings and recommendations in the draft Report as follows:

a. Finding 1 – Public Finance Website Submissions

On May 22, 2025, the Auditor issued Auditor Alert (2025-03) (“Alert”) to all local government entities in Utah. The Alert “provides guidance to clarify how to post accounting and audit adjustments to revenue and expenditure data already uploaded to the Public Finance Website.”

The reason for the Alert was that local government entities—Vineyard included—that had timely uploaded quarterly revenue-and-expense reports to the Transparent Utah website had not replaced those reports with a full-year file if accruals or adjustments were posted to the accounting system after the July 31 end-of-year reporting deadline. The Auditor is

recommending that, “in addition to the quarterly upload, entities must correct files if there are additional transactions or adjustments, [file] corrections [be made] as needed throughout the year [and that entities make] a final upload after all adjustments are made, after closing out the year.”

Prior to our discussions with the State Auditor’s Office, we were unaware that quarterly transparency reports could or should be deleted and replaced with a comprehensive annual report once the financial statements were finalized. While this resulted in incomplete reporting, all required reports were submitted on time and in good faith by city staff.

Inasmuch as Vineyard had complied with the quarterly and annual reporting deadlines with records that were accurate as of the date of upload, and that public entities throughout the state understood the requirement similarly, the City requests this finding be changed to an observation and recommendation instead of a finding of non-compliance.

Regardless of whether the finding is changed to an observation, please note our acceptance and adherence to your guidance. Prior to the date of the Alert, Vineyard City had already implemented the appropriate changes. The City will continue to maintain full compliance with all applicable transparency reporting regulations. We appreciate the State Auditor’s oversight and remain committed to ensuring accurate, timely, and transparent financial reporting in all future periods.

b. Finding 2 – Involvement of the RDA Taxing Entity Committee

Our best understanding for why the Taxing Entity Committee (“TEC”) doesn’t meet annually is because the need for regular meetings has been replaced by annual reporting requirements, and it is not common or typical for taxing entity committees to meet for informational purposes once their statutory responsibilities for one-time actions are accomplished.

The original TEC for the Geneva Urban Renewal Area (URA) was formed for the purposes outlined in state code (UCA § 17C-1-402), which include a series of one-time actions including adoption of the project area plan, project area budget, and participation in tax increment financing. Once this work was accomplished in January of 2011, the taxing entity committee’s primary purpose was fulfilled and there was no reason for the TEC to meet annually except, perhaps, to hold informational meetings.

However, the previously annual informational TEC meetings required by the TEC’s authorizing resolution were replaced by state legislation ([Utah S.B. 70, 2011 Gen. Sess. \(Utah 2011\)](#)) that implemented an annual reporting requirement instead. The TEC for the Geneva URA has not held an annual meeting since this legislation was enacted. The Vineyard RDA has complied with the annual informational reporting provisions of state law established by S.B. 70 in 2011 by submitting the required report on November 1 each year while receiving tax increment instead of holding annual meetings.

Because it isn't a statutory requirement for the Taxing Entity Committee to meet annually, and inasmuch as the RDA has complied with the annual reporting requirement that obviated the need for the TEC to meet annually, the City respectfully requests this finding be changed to an observation and recommendation.

Historically, the city and RDA have been engaged with leaders of the participating taxing entities for the years where no formal annual meeting was held. Additionally, as is explained above, the Vineyard RDA has complied with annual informational reports as required by state law. The reports are immediately available to the taxing entities and the public once published. The City has published its reports timely and neither the city or the RDA have received any concerns from taxing entities about the level of informational engagement.

In response to the auditor's concerns about engagement with taxing entities, and in the interest of transparency, Vineyard will look for additional ways to continue its informational engagement with taxing entities in the future.

c. Finding 3 – GASB 77 Tax Abatement Disclosures

Vineyard City will update its reporting practices as requested by this finding. Previous financial reporting has not included footnote disclosure reporting on this subject because the city has not previously entered into any tax abatement agreements. However, in furtherance of more transparency and to be as informative as possible to consumers of its financial statements, the city will report all tax increment collections on its behalf as well as reimbursement payments utilizing increment revenue.

d. Observation 1 – Review of the City's Purchasing Policy

The City acknowledges the observation and recommendation that the City evaluate its purchasing policy regularly. While the thresholds in the City's current policy align with state purchasing code, we understand the merit of periodically reassessing policies to ensure strong financial stewardship and will endeavor to do so as needed to reflect the changing needs of our growing city.

In a recent review, Vineyard City benchmarked its purchasing approval levels with those of nine other cities within our county. This comparison confirmed that our policy is consistent with those of similarly sized municipalities.

It is important to note that purchasing thresholds were established by ordinance through the City Council, not the Finance Department. While the Government Finance Officers Association (GFOA) provides helpful guidance on developing financial policies, it does not specify dollar thresholds limits for Council approval.

With that said, the City fully supports ongoing evaluation of financial policies to ensure they remain effective. Should the City Council wish to re-evaluate the current thresholds, the Finance

Department stands ready to assist by providing relevant data, comparative benchmarks, and best practice recommendations.

We appreciate the Auditor's recommendation and remain committed to supporting good governance, transparency, and informed decision-making by our elected officials.

e. Alpine School District Dissolution and Reorganization

Vineyard City agrees with the Auditor's recommendation that it monitor and assess the potential implications of the Alpine School District dissolution, and has taken meaningful steps to do so.

The City has been monitoring the dissolution and reorganization of the Alpine School District since before voters in Utah County approved Propositions 11 and 14 in November 2024. To ensure a coordinated and thoughtful response to school district changes, leaders from the four cities that will become the reorganized new school district—Orem, Vineyard, Lindon, and Pleasant Grove—hold regular meetings and have entered an interlocal agreement, approved by the respective city councils, to formalize our coordination and sharing of resources. Part of this coordination is to ensure that school district and tax resources are cared for according to the processes and requirements prescribed by statute at Title 53G, Chapter 3 of Utah State Code.

In accordance with your recommendation and the direction established by our inter-city working group, Vineyard City has helped establish a website through which the public can receive updates (<https://www.timpanogossd.org/>), has and will retain experts to advise it on the legal and financial implications of the school district changes, and will provide regular reports back to the City Council and constituents.

III. CONCLUSION

Thank you for the opportunity to respond to the draft audit report and to clarify the City's actions, context, and intent. While we respectfully request that certain findings be downgraded to observations and recommendations, we remain committed to transparency, continuous improvement, and responsible governance.

We are actively reviewing our internal processes and policies and will incorporate constructive feedback where appropriate to better serve our residents and uphold the public trust. We welcome continued dialogue with the Office of the State Auditor and affirm our shared interest in strengthening public confidence in local government.

SIGNED this 18 day of June, 2025.



Julie Fullmer, Mayor

Auditor's Concluding Remarks

June 19th, 2025

The Office of the State Auditor (OSA) received the official response from Vineyard City, dated June 18, 2025.

Detailed below are clarifications and, as necessary, rebuttals to comments identified in the formal response from Vineyard City regarding the limited review of the financial transactions and contractual agreements associated with the Vineyard Redevelopment Agency (RDA) from January 1, 2018, through March 2025.

This report and these further clarifications cover the three findings, with recommendations, as well as two observations, with recommendations.

Given requests from the City to change Findings to Observations in the report, it seems also appropriate to provide the distinction between the two. When a Finding is issued, the report cites clear and established criterion that has not been followed and must be addressed or corrected. While an Observation, significantly less serious in nature, cites best practices or other concerns related to the issue(s) identified for the entity to consider and address at their discretion.

Summarily, our initial review coupled with the clarification to the City's response, provides recommendations to be followed which are made to ensure professional standards are followed, statutory compliance is met and which would improve overall financial transparency of the City.

Tina M. Cannon
Utah State Auditor

Finding 1. Non-Compliance with Public Finance Website Submissions

In the case of Finding 1, where incomplete information was being submitted to the Transparent Utah Website, that criterion is clearly established in both Utah statute and administrative code. Regarding the City's request that Finding 1 be modified from a Finding to an Observation, the Office will not downgrade the need to provide complete information for the public to review, as required.

Finding 2. RDA Operating without Taxing Entity Involvement

The criterion for Finding 2 is that the City did not follow its own resolution to appropriately conduct an annual meeting of the Taxing Entity Committee (TEC).

If, as is asserted in the response, the City had determined that following the passage of SB70 during the 2011 General Legislative session, the TEC would no longer meet annually, the correct and appropriate course of action would have been for the City to amend the current resolution in order to remove the annual meeting requirement.

However, until the governing body takes the appropriate and public action required to change or amend the decision to meet annually, the annual meeting requirement remains in full effect. Failure to follow TEC Resolution 2009-01, which requires the annual meeting, constitutes a finding.

Finding 3. Non-Compliance with Governmental Accounting Standards Board (GASB) 77 Tax Abatement Disclosures

We acknowledge and appreciate that the City agrees to include GASB 77 disclosures with the City's financial statements going forward.

In the City's response it stated that the "city has not previously entered into any tax abatement agreements." GASB 77 defines a tax abatement as, "A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments."

The guidance continues stating that, "a transaction's substance, not its form or title, is a key factor in determining whether the transaction meets the definition of a tax abatement for the purposes of this Statement."

In the case of the Vineyard RDA, a group of governments has foregone revenues and provided them to the RDA. The RDA's principal purpose is the redevelopment of the area. During our review, several contracts were observed where the RDA provided funding to outside entities and these participating entities promised to take specific actions, including, but not limited to, cleanup of the industrial site, building housing, construct community parks, make infrastructure investments, build golf and theater facilities or donate property.

The afore-mentioned contracts clearly demonstrate that the RDA, in fact, has entered into tax abatement agreements. Any agreement where the RDA provides funding to a private party and that party agrees to take an action, should be disclosed in the footnotes to the financial statements.

Observation 1 - Review Purchasing Policy Adopted by City

We acknowledge and appreciate that the City fully supports ongoing evaluation of financial policies and purchasing thresholds to ensure they remain effective.

Observation 2 - Review the Potential Impacts of the Dissolution of Alpine School District

We acknowledge and appreciate that the City agrees with this observation and the Auditor's recommendation to monitor and assess the potential implications of Alpine School District dissolution.