



Supplemental Report in Compliance with  
Government Auditing Standards, Uniform  
Guidance, State of Utah Legal Compliance  
and Other Required Compliance Reports  
June 30, 2016

## Ogden City Corporation

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CPAs & BUSINESS ADVISORS

**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***

To the Mayor and Members of the City Council  
Ogden City Corporation  
Ogden, UT

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ogden City Corporation, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Ogden City Corporation's basic financial statements, and have issued our report thereon dated December 20, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ogden City Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ogden City Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Ogden City Corporation's internal control.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Ogden City Corporation's financial statements are free from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Salt Lake City, Utah  
December 20, 2016

**Independent Auditor’s Report on Compliance with General State Compliance Requirements and Internal Control over Compliance as Required by the *State Compliance Audit Guide***

To the Mayor and Members of the City Council  
Ogden City Corporation  
Ogden, UT

**Report on Compliance with General State Compliance Requirements**

We have audited Ogden City Corporation’s compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on Ogden City Corporation for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Restricted Taxes
- Open and Public Meetings Act
- Treasurer’s Bond
- Cash Management

***Management’s Responsibility***

Management is responsible for compliance with the general state requirements referred to above.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on Ogden City Corporation’s compliance based on our audit of the compliance requirements referred to above. 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 Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Ogden City Corporation occurred. An audit includes examining, on a test basis, evidence about Ogden City Corporation’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 on compliance with general state compliance requirements. However, our audit does not provide a legal determination of Ogden City Corporation’s compliance.

## ***Opinion on General State Compliance Requirements***

In our opinion, Ogden City Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Ogden City Corporation for the year ended June 30, 2016.

## **Report on Internal Control over Compliance**

Management of Ogden City Corporation is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ogden City Corporation's internal control over compliance with the compliance requirements that could have a direct and material effect on Ogden City Corporation to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ogden City Corporation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.



Salt Lake City, Utah  
December 20, 2016



CPAs & BUSINESS ADVISORS

**Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

To the Mayor and Members of the City Council  
Ogden City Corporation  
Ogden, UT

**Report on Compliance for Each Major Federal Program**

We have audited Ogden City Corporation’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ogden City Corporation’s major federal programs for the year ended June 30, 2016. Ogden City Corporation’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the compliance for each of Ogden City Corporation’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ogden City Corporation’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 on compliance for each major federal program. However, our audit does not provide a legal determination of Ogden City Corporation’s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Ogden City Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each federal program is not modified with respect to this matter.

Ogden City Corporation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Ogden City Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Ogden City Corporation is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ogden City Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ogden City Corporation's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

Ogden City Corporation's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Ogden City Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ogden City Corporation as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Ogden City Corporation's basic financial statements. We issued our report thereon dated December 20, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Eide Bailly LLP*

Salt Lake City, Utah  
December 20, 2016

Ogden City Corporation  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

Federal Grantor / Pass Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed Through to Subrecipients
<u>U.S. Department of Homeland Security</u>				
Passed through from State of Utah:				
Emergency Management Performance Grants	97.042	EMPG-2012-DEM-042	\$ 27,500	\$ -
Homeland Security Grant Program	97.067	DEM-2014-SHSP	90,861	-
FEMA Disaster Grants - Public Assistance	97.036	PA-08-UT-4011	69,576	-
Assistance to Firefighters Grant	97.044	EMW-2014-FO-00725	93,706	-
Total Department of Homeland Security			281,643	-
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grant	14.218		1,522,573	-
HOME Investment Partnerships Program	14.239		773,906	-
HOME Discounts on Properties Purchased	14.239		381,500	-
Total HOME Investment Partnerships Program			1,155,406	-
Total Department of Housing and Urban Development			2,677,979	-
<u>U.S. Department of Commerce</u>				
Economic Adjustment Assistance	11.307		1,063,176	-
Total Department of Commerce			1,063,176	-
<u>U.S. Environmental Protection Agency</u>				
Passed through from Salt Lake County:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	not available	400,000	-
U.S. Environmental Protection Agency			400,000	-
<u>U.S. Department of Transportation</u>				
Airport Development Aid Program	20.106	3-49-0024-40	910	-
Airport Development Aid Program	20.106	3-49-0024-41	15,322	-
Airport Development Aid Program	20.106	3-49-0024-42	975,000	-
Airport Development Aid Program	20.106	3-49-0024-43	243,936	-
Total Airport Development Aid Program			1,235,168	-
Small Community Air Service Development Program	20.930	2612015SC	53,387	-
Total Department of Transportation			1,288,555	-

See Notes to Schedule of Expenditures of Federal Awards

(Continued next page)

Ogden City Corporation  
Schedule of Expenditures of Federal Awards, continued  
Year Ended June 30, 2016

Federal Grantor / Pass Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed Through to Subrecipients
<u>National Endowment for the Arts</u>				
Promotion of the Arts Grants to Organizations and Individuals	45.024		7,324	-
Total National Endowment of the Arts			7,324	-
<u>U.S. Department of Education</u>				
Passed through from Ogden City School District:				
Fund for the Improvement of Education	84.215F	not available	12,436	-
Total Department of Education			12,436	-
<u>U.S. Department of Justice</u>				
Pass Through From Utah CCJJ:				
Violence Against Women Formula Grant	16.588	14VAWA21	14,598	-
Violence Against Women Formula Grant	16.588	16VAWA21	21,918	-
Total Violence Against Women Formula Grant			36,516	-
Victims of Crime Act Grant	16.801	15VOCA43	9,050	-
Juvenile Justice and Delinquency Prevention	16.540	12J46	4,050	-
Title V Grant	16.548	11P02	28,419	28,419
Justice Assistance Grant	16.738	2012-DJ-BX-0200	14,832	-
Justice Assistance Grant	16.738	2013-DJ-BX-0871	10,664	-
Justice Assistance Grant	16.738	2015-DJ-BX-0812	45,612	5,612
Total Justice Assistance Grant			71,108	5,612
Total Department of Justice			149,143	34,031
Total Federal Assistance			\$ 5,880,256	\$ 34,031

See Notes to Schedule of Expenditures of Federal Awards

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ogden City Corporation, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Ogden City Corporation received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

**Note 2 - Significant Accounting Policies**

Governmental fund types account for Ogden City Corporation's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. Ogden City Corporation's summary of significant accounting policies is presented in Note 1 in Ogden City Corporation's basic financial statements.

The Organization has not elected to use the 10% de minimis cost rate.

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditors’ report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	Yes

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Community Development Block Grant	14.218
Economic Adjustment Assistance	11.307
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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No financial statement findings to report.

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**Section III – Federal Award Findings and Questioned Costs**

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**2016-001 U.S. Department of Housing and Urban Development  
CFDA #14.218: Grant Nos. B-14-MC-49-0001 (2014) and B-15-MC-49-0001 (2015)  
Community Development Block Grant**

**Procurement and Suspension and Debarment –**

**Immaterial instance of noncompliance and significant deficiency in internal controls over compliance:  
contracting with small and minority businesses, women’s business enterprises, and labor surplus area firms**

*Criteria:* 2 CFR section 200.321 requires that recipients of federal awards take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

*Condition:* During the audit, Ogden City Corporation could not provide evidence that affirmative steps had been taken to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible for procuring goods and services procured with this award.

*Cause:* The affirmative steps were not taken or were not documented. Management of Ogden City Corporation believe that training was not adequate to ensure that the personnel involved fully understood all of the procurement requirements and the related need for documentation.

*Effect:* Minority businesses, women's business enterprises, and labor surplus area firms may not have been used in this program if/when it was possible to do so.

*Questioned Costs:* None reported

*Context/Sampling:* A nonstatistical sample of 2 transactions out of 5 total procurement transactions were selected for procurement testing. This instance of noncompliance was noted in both of the procurement transactions tested. The sample included \$249,227 out of \$1,522,573 federal awards.

*Repeat Finding from Prior Year(s):* No

*Recommendation:* Additional controls should be implemented to ensure that affirmative steps are taken to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. And, the affirmative steps taken should be documented and then reviewed by a supervisor.

*Views of Responsible Officials:* Training needs to be provided to the City’s Purchasing Coordinator, having a centralized person responsible for and aware of the requirements to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible will reduce the risk of noncompliance in this area.

Additionally, management will implement a questionnaire to be submitted to the Purchasing Coordinator that includes the CFDA information for a program. This will alert the Purchasing Coordinator of the requirements related to minority businesses, women’s business enterprises, and labor surplus area firms that need to be followed.

2015-A – Significant deficiency in financial reporting: year-end cutoff procedures.

*Condition:* During the audit we noted misstatements, that management corrected in the June 30, 2015 financial statements, in which cash deposits were recorded in the month following deposit. Also, a bond payment near year-end was posted to the incorrect period. Prior to our audit, cash at June 30, 2015 was overstated by approximately \$1,548,000 and accounts receivable were respectively understated. Governmental long-term debt was understated by \$600,000 and the net position was respectively overstated.

*Current Year Status:* Corrective action was taken. Not a current year finding.