



Government Auditing Standards,
OMB Circular A-133, and
Other Required Compliance Reports
June 30, 2015

Ogden City Corporation

Government Auditing Standards:

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 <i>Government Auditing Standards</i>	1
Independent Auditor’s Report in Accordance with the <i>State Compliance</i> Audit Guide on Compliance with General State Compliance Requirements, Compliance for Each Major State Program, Internal Control over Compliance, and Schedule of Expenditures of State Awards	3
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 OMB Circular A-133	6
Schedule of Expenditures of State Awards.....	9
Schedule of Expenditures of Federal Awards.....	11
Notes to Schedule of Expenditures of Federal Awards	13
Schedule of Findings and Questioned Costs.....	14
Summary Schedule of Prior Year Findings	17



**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, 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, 2015, 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 14, 2015.

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 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 or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-A, that we consider to be a significant deficiency.

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*.

Ogden City Corporation's Response to Findings

Ogden City Corporation's response to the 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 the financial statements and, accordingly, we express no opinion on it.

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.

Handwritten signature of Eric Sallie LLP in cursive script.

Salt Lake City, Utah
December 14, 2015



Independent Auditor’s Report in Accordance with the *State Compliance Audit Guide* on Compliance with General State Compliance Requirements, Compliance for Each Major State Program, Internal Control over Compliance, and Schedule of Expenditures of State Awards

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

Report on Compliance with General State Compliance Requirements and for Each Major State Program

We have audited Ogden City Corporation’s compliance with the applicable general state and major state program 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 or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Restricted Taxes
- Open and Public Meetings Act

Ogden City Corporation received state funding from the following programs classified as major programs for the year ended June 30, 2015:

- County Option Sales and Use Tax for Transportation - WACOG Grant
- B&C Road Funds

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express and 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 material effect on Ogden City Corporation or its major state programs

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 and for each major state program. However, our audit does not provide a legal determination of Ogden City Corporation's compliance.

Opinion on General State Compliance Requirements and Each Major State 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 Ogden City Corporation or on each of its major state programs for the year ended June 30, 2015.

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 or on each major state program 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 for each major state program 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 or major state program 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 or major state program 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 or major state program 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.

Report on Schedule of Expenditures of State Awards as Required by the *State Compliance Audit Guide*

We have audited the financial statements of the governmental activities, the 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, 2015, 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 14, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic 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 expenditures of state 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 14, 2015



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 OMB Circular A-133

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

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 Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 the 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. 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, 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 14, 2015, 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 OMB Circular A-133 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 14, 2015

Ogden City Corporation
 Schedule of Expenditures of State Awards
 Year Ended June 30, 2015

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
<u>Utah Department of Transportation</u>			
State Aid for Development of Public Airports	159725	2013	\$ 222,185
State Aid for Development of Public Airports	159630	2013	36,010
State Aid for Development of Public Airports	159629	2013	11,341
Subtotal – Utah Department of Transportation			\$ 269,536
<u>Utah Highway Safety Office</u>			
Bicycle Rodeo Sponsorship			\$ 4,666
Subtotal – Utah Highway Safety Office			\$ 4,666
<u>State of Utah Commission on Criminal and Juvenile Justice</u>			
State Asset Forfeiture Grant			\$ 10,000
Halfway Houses Grant		2014	276,396
Subtotal – State of Utah Commission on Criminal and Juvenile Justice			\$ 286,396
<u>Utah Department of Health</u>			
Emergency Medical Services and Preparedness			\$ 5,674 *
Subtotal – Utah Department of Health			\$ 5,674
<u>State of Utah Department of Workforce Services</u>			
EIO Wage Reimbursement			\$ 3,675 *
Subtotal –State of Utah Department of Environmental Quality			\$ 3,675
<u>Utah Division of State History</u>			
Utah Certified Local Government Program			\$ 10,000
Subtotal –Utah Division of State History			\$ 10,000

Ogden City Corporation
 Schedule of Expenditures of State Awards, continued
 Year Ended June 30, 2015

Grant Name	Award/Contract # (if applicable)	Year of Last Audit	Expenditures
<u>Governor's Office of Economic Development</u>			
Economic Opportunity Grant			\$ 25,000
Subtotal –Governor's Office of Economic Development			\$ 25,000
<u>Weber County</u>			
WACOG - County Option Sales/Use Tax for Transportation - 20th Street Project		2015	\$ 1,707,724
WACOG - County Option Sales/Use Tax for Transportation - Harrison Blvd		2015	365,027
RAMP - Arts & Zoo Tax - Centennial Trail Tie In			9,199
RAMP - Arts & Zoo Tax - High Adventure Park Land Purchase			29,020
RAMP - Arts & Zoo Tax - High Adventure Park Restroom			19,230
RAMP - Arts & Zoo Tax - Lorin Farr Ultraviolet Light System			10,890
RAMP - Arts & Zoo Tax - Pickelball Courts			3,200
RAMP - Arts & Zoo Tax - Repair Lorin Farr Pavilion			47,383
RAMP - Arts & Zoo Tax - Signage Along Trail Systems			1,265
RAMP - Arts & Zoo Tax - Sports Equipment & Greens			28,185
RAMP - Arts & Zoo Tax - 4th Street Complex Enhancement			271
RAMP - Arts & Zoo Tax - 4th Street Park Sand Volleyball Court			55,000
RAMP - Arts & Zoo Tax - Pickelball Courts at Monroe Park			123,004
Subtotal – Weber County			\$ 2,399,398
<u>Utah Department of Transportation</u>			
5 Point Water Diversion			\$ 60,529
Midblock Crossing			1,697
Bike Study			5,157
Replace Traffic Cabinet at Country			5,393
Lincoln to Wall			6,725
Repair Flashing Lights on 24th & Monroe			59
UDOT Cabinet Ts2 Type 1 Sz 6			19,064
Monroe to Harrison Flooding		2014	39,520
Powder Coat Signal @ 28th & Washington			9,270
Subtotal – Utah Department of Transportation			\$ 147,414
<u>State Tax Funds</u>			
B & C Road Funds		2015	\$ 2,666,921
State Liquor Funds		2012	152,158
State Gas Tax on Aeronautic Fuel			46,831
Subtotal –State Tax Funds			\$ 2,865,910
TOTAL GRANT, CONTRACT, AND LOAN FUND EXPENDITURES			\$ 6,017,669

* - New Grant or Funding Source

Ogden City Corporation
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

FEDERAL GRANTOR / PASS THROUGH GRANTOR / PROGRAM TITLE	CFDA NUMBER	Award or Contract Number	Federal Expenditures FY15
<u>U.S. Department of Homeland Security</u>			
Assistance to Firefighters Grant	*	97.044	\$ 38,055
Assistance to Firefighters Grant	*	97.044	301,538
Subtotal for Assistance to Firefighters Grant	*	97.044	339,593
Pass through from State of Utah:			
EMPG Grant		EMPG-2012-DEM-042	10,000
FEMA Disaster Grants - Public Assistance		PA-08-UT-4011	152,959
Homeland Security LEPTA Reimbursement		2012 HSGP	44,046
Total Department of Homeland Security			546,598
 <u>U.S. Department of Housing and Urban Development</u>			
HOME Investment Partnerships Program		14.239	505,823
HOME Discounts on Properties Purchased During FY15		14.239	337,000
Subtotal for HOME Investment Partnerships Program		14.239	842,823
Community Development Block Grant	*	14.218	1,714,621
Community Development Block Grant Section 108 Loan Guarantees	*	14.248	2,927,384
Total Department of Housing and Urban Development			5,484,828
 <u>U.S. Department of Transportation</u>			
Airport Development Aid Program AIP 41		20.106	3-49-0024-36 204,540
Total Department of Transportation			204,540
 <u>U.S. Department of Agriculture, Forest Service</u>			
Pass through from State of Utah Department of Natural Resource			
USDA Cooperative Forestry Assistance		10.664	89,046
Total Department of Agriculture			89,046
 <u>U.S. Department of Education</u>			
Pass through from Ogden City School District			
Carol M. White Physical Education Program		84.215F	28,091
Total Department of Education			28,091

* Denotes a major program

Ogden City Corporation
Schedule of Expenditures of Federal Awards, continued
Year Ended June 30, 2015

FEDERAL GRANTOR / PASS THROUGH GRANTOR / PROGRAM TITLE	CFDA NUMBER	Award or Contract Number	Federal Expenditures FY15
<u>U.S. Department of Justice</u>			
Pass Through From Utah CCJJ:			
Violence Against Women Formula Grant	16.588	13VAWA20	18,931
Violence Against Women Formula Grant	16.588	14VAWA21	27,833
Subtotal for Violence Against Women Formula Grant	16.588		<u>46,764</u>
Victims of Crime Act Grant	16.801	14VOCA42	8,681
Title V - Cross Prevention	16.548	10P02	17,226
Title V - Cross Prevention	16.548	11P02	17,224
Subtotal for Title V - Cross Prevention	16.548		<u>34,450</u>
Northern Utah Gang Conference	16.540	12J45	4,070
Justice Assistance Grant	16.738	2011-DJ-BX-2374	25,843
Justice Assistance Grant	16.738	2012-DJ-BX-0200	1,428
Justice Assistance Grant	16.738	2014-DJ-BX-0662	46,100
Subtotal for Justice Assistance Grant	16.738		<u>73,371</u>
Total Department of Justice			<u>167,336</u>
			<u><u>\$ 6,520,439</u></u>
			Total Federal Assistance:

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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. 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

Basis of Accounting

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.

CFDA Numbers

OMB Circular A-133 requires the schedule of expenditures of federal awards to show the total expenditures for each entity's federal awards as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ report issued – *Unmodified*

Internal control over financial reporting:

- Material weakness identified No
- Significant deficiencies identified Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness identified No
- Significant deficiencies identified None Reported

Type of auditors’ report issued on Compliance for major programs – Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 – No

Federal programs tested as major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Community Development Block Grant	14.218
Community Development Block Grant Section 108 Loan Guarantees	14.248
Assistance to Firefighters Grant	97.044

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

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

Criteria: Controls should be in place and operating effectively to ensure the accuracy of the cash cutoff at year-end, including ensuring that all cash deposits and payments are recorded in the correct period.

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.

Cause: The City's internal controls did not detect these misstatements prior to the audit. The City often notes unrecorded deposits on the bank reconciliation and records them in the following month. The City generally deems these amounts to be immaterial, but the amount was more significant than expected at June 30, 2015. It appears that the bond payment was a clerical error.

Effect: Additional misstatements could go undetected if controls are not strengthened.

Recommendation: Controls should be implemented to ensure that there are additional reviews over the work of the accountants, including during the bank reconciliation process and preparation of the long-term debt schedules for the audit.

Management Response and Corrective Action Plan: The Comptroller's office has a detailed description of how the bank reconciliation is completed each month. The review of unrecorded deposits that should be accrued to a prior period is not currently part of the process description. The Comptroller's office will add the review of unrecorded deposits for accrual as part of the process so that is completed monthly. The Comptroller's office has prepared the debt schedule in the past. This is a responsibility that can be performed by the Treasurer's office with the Comptroller reviewing and tracing the detail back to amortization schedules. This will create a division between the preparation of the long-term debt schedule and the review of the debt schedule for errors.

Section III – Federal Award Findings and Questioned Costs

No federal award findings or questioned costs to report

2014-001 **CFDA # 14.218**
Community Development Block Grant

Compliance Requirement: Period of Availability

Type of Finding: Compliance and significant deficiency in internal control over compliance

Finding: In accordance with 24 CFR § 570.903, a grantee is considered to be in compliance with timeliness requirements, if 60 days prior to the end of its program year, there is no more than 1.5 times its annual grant remaining in the line-of-credit. Internal controls should exist to ensure compliance with the period of availability requirements. When HUD reviewed the 60-day timeliness test as of May 2, 2014, the City's line-of-credit balance was 1.98 times its annual grant amount, or \$1,906,128. The City's line-of-credit balance was \$1,588,544 as of June 30, 2014, which is approximately 1.7 times the annual grant amount. Accordingly, the City failed to comply with the timeliness standard. Internal controls did not prevent this instance of noncompliance with the period of availability requirements.

Status: Not a current year finding. As of the May 2, 2015 measurement date, the City was in compliance with the timeliness requirement of having no more than 1.5 times its annual grant remaining in the line-of-credit.