

OGDEN CITY CORPORATION

**Federal Single Audit, Other Compliance Reports,
and Utah State Audit Compliance**

For the Year Ended June 30, 2021

HBME

CERTIFIED PUBLIC ACCOUNTANTS

OGDEN CITY CORPORATION

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**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***

Independent Auditor's Report

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ogden City Corporation (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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, 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 over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, as item UT2021-1 in the Schedule of Findings and Responses, as required by the *Utah State Audit Compliance Guide*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBMC, LLC

December 27, 2021



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

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 (the City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City'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 each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of 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 the City'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 of the City's major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, Ogden City Corporation complied, in all material respects, with the types of 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, 2021.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 the City'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 type of compliance requirement of a federal program 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 27, 2021, 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 federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 basic 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 basic financial statements or to the basic 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 federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Purpose of This Report

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.

HBMC, LLC

December 27, 2021

OGDEN CITY CORPORATION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Agency (Pass-Through Agency)		Federal Program		CFDA Number		Award Grant Number		From Pass-Through Awards		From Direct Awards		Total		Passed Through to Subrecipient	
U.S. Department of Agriculture - Natural Resource Conservation Service	Weber County - Utah			10.923	NR208043XXXXC005	\$ 389,950	\$ -	\$ -	\$ -	\$ 389,950	\$ -	\$ 389,950	\$ -	\$ -	\$ -
U.S. Department of Housing and Urban Development		Community Development Block Grant, Home Investment Partnership Program		14.218	Total Department of Health and Human Services	None	None	3,084,008	1,213,541	3,084,008	1,213,541	3,084,008	1,213,541	3,084,008	1,213,541
U.S. Department of Justice		Bullet Proof Vest Partnership - 2019		16.607	2017-DI-BX-0757	-	-	9,764	9,764	-	-	-	-	-	-
		Justice Assistance Grant - 2017		16.738	2018-DI-BX-0347	-	-	40,245	40,245	-	-	-	-	-	-
		Justice Assistance Grant - 2018		16.738	2019-DI-BX-0876	-	-	5,900	5,900	-	-	-	-	-	-
		Justice Assistance Grant - 2019		16.738	2020-DI-BX-0624	-	-	5,600	5,600	-	-	-	-	-	-
		COVID-19: BIA, Coronavirus Emergency Supplement Program		16.034	2020-VD-BX-0887	-	-	48,000	48,000	-	-	-	-	-	-
		Equitable Sharing		16.922	18W2014	15,722	-	-	-	-	-	-	-	-	-
		Violence Against Women Formula Grant - 2020 Police		16.588	18W2015	32,892	-	-	-	-	-	-	-	-	-
		Violence Against Women Formula Grant - 2020 Prosecutor		16.588	18W2114	18,507	-	-	-	-	-	-	-	-	-
		Violence Against Women Formula Grant - 2021 Police		16.588	18W2115	35,415	-	-	-	-	-	-	-	-	-
		Violence Against Women Formula Grant - 2021 Prosecutor		16.801	20WOC-A013	58,321	-	-	-	-	-	-	-	-	-
		Victims of Crime Act Grant - Prosecutor		16.801	20WOC-A042	108,973	-	-	-	-	-	-	-	-	-
		Victims of Crime Act Grant - Police		16.609	113,386	-	-	-	-	-	-	-	-	-	-
		Project Safe Neighborhoods			Total Department of Justice	383,215	209,057	-	-	592,272	-	11,500	-	-	-
U.S. Department of Transportation		Airport Improvement Aid Program - API		20.106	349-0024-48	-	-	136,160	136,160	-	-	-	-	-	-
		Airport Improvement Aid Program - API		20.106	349-0024-50	-	-	2,155,629	2,155,629	-	-	-	-	-	-
		Airport Improvement Aid Program - API		20.106	349-0024-53	-	-	310,377	310,377	-	-	-	-	-	-
		COVID-19: CARES Act Airport Improvement Program			349-0024-51	-	-	770,789	770,789	-	-	-	-	-	-
		Total U.S. Department of Transportation				-	-	3,352,955	3,352,955	-	-	-	-	-	-
U.S. Federal Transit Administration	Utah Transit Authority	Enhanced Mobility of Seniors and Individuals with Disabilities		20.513	1167	66,749	-	-	-	-	-	66,749	-	-	-
		Total U.S. Department of Transportation				66,749	-	-	-	-	-	66,749	-	-	-
U.S. Department of Treasury		COVID-19: Coronavirus Relief Fund		21.019	None	7,434,729	-	-	-	-	-	7,434,729	-	-	-
		COVID-19: Coronavirus Relief Fund		21.019	None	7,300,000	-	-	-	-	-	7,300,000	-	-	-
		COVID-19: Coronavirus Relief Fund		21.019	None	5,143	-	-	-	-	-	5,143	-	-	-
		National Endowment for the Arts - CARES Grant		21.019	None	21,100	-	-	-	-	-	21,100	-	-	-
		National Endowment for the Arts - CARES Create in Utah			Total U.S. Department of Treasury	7,460,972	7,300,000	-	-	14,760,972	-	-	-	-	-
		CARES Act Humanities Relief Grant		45.129	12020 5525 106 2030	14,841	-	-	-	-	-	14,841	-	-	-
		CARES Act Humanities Relief Grant				14,841	-	-	-	-	-	14,841	-	-	-
U.S. Department of Health and Human Services	State of Utah - Humanities	National Endowment for the Humanities			Total Department of Health and Human Services	410	102,740	-	-	103,150	-	-	-	-	-
U.S. Department of Homeland Security	State of Utah	Public Health and Social Services Emergency Fund		93.003	6 U3REF190500.01.05	None	-	-	-	-	-	97,192	-	97,192	-
		National Biodefense Hospital Preparedness Program		93.889	G2DRM0047A	-	-	30,222	30,222	-	-	-	30,222	30,222	-
		Total Executive Office of the President			G2IRN0047A	-	-	66,970	66,970	-	-	-	66,970	66,970	-
		COVID-19: Assistance to Firefighters Grant		97.044	EMW-2020-FG-00146	-	-	160,857	160,857	-	-	-	160,857	160,857	-
		Assistance to Firefighters Grant - 2019		97.044	EMW-2019-FG-01782	-	-	22,839	22,839	-	-	-	22,839	22,839	-
		Homeland Security LEP/IA Reimbursement		97.067	886	-	-	886	886	-	-	-	886	886	-
		FEMA Hazard Mitigation Grant			Total Department of Homeland Security	23,725	181,121	-	-	204,845	-	-	-	-	-
		TOTAL FEDERAL AWARDS EXPENDED				\$ 8,339,862	\$ 15,540,613	-	-	\$ 23,880,475	-	\$ 11,500	-	-	-

OGDEN CITY CORPORATION
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. PURPOSE OF THIS SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to Ogden City Corporation's (the City) basic financial statements and is presented for additional analysis. The Schedule is required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule includes the federal grant activity of the City. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Federal Financial Assistance Pursuant to the Single Audit Act of 1984; the Single Audit Act Amendments of 2015, and the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of Federal Domestic Assistance (CFDA) - The Uniform Guidance requires the Schedule to show the total expenditures for each of the City's federal financial assistance programs as identified in the CFDA. The CFDA is a government-wide summary of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number which is reflected in the Schedule. Federal financial assistance programs and contracts which have not been assigned a CFDA number have been identified as Unknown in the CFDA Column of the schedule.

Type A and Type B Programs--The Single Audit Act of 1984 (as amended in 2015) and the Uniform Guidance establish the levels to be used in defining Type A and Type B federal programs. Type A programs for The City are those programs that exceeded \$750,000 in the federal awards expended for the fiscal year ended June 30, 2021. All other programs are classified as Type B by the City.

Reporting Entity

The City's reporting entity is fully described in *Footnote 1* of the City's basic financial statements. The Schedule includes all federal financial assistance programs administered by the City for the year ended June 30, 2021.

OGDEN CITY CORPORATION
Notes to Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Federal financial assistance programs included in the Schedule are reported in the City's basic financial statements as intergovernmental revenue in the General Fund and Special Revenue Funds. The Schedule is presented using the same basis of accounting used for each fund as described in *Footnote 1* of the City's basic financial statements.

4. INDIRECT COST RATE

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

OGDEN CITY CORPORATION
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

A. **SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of The City.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance with federal award programs material to the financial statements of the City were disclosed during the audit.
4. The auditor's report on compliance for the major federal award programs for the City expresses an unmodified opinion.
5. There is an audit finding required to be reported under The Uniform Guidance or *Government Auditing Standards*, as item UT2021-1 in the *Schedule of Findings and Responses*.
6. The programs tested as major programs were:
 - U.S. Department of Agriculture
CFDA # 10.923 EMERGENCY WATERSHED PROTECTION PROGRAM
 - U.S. Department of Transportation
CFDA # 20.106 AIRPORT IMPROVEMENT GRANT
CFDA # 20.106 COVID-19: AIRPORT IMPROVEMENT GRANT
 - U.S. Department of Treasury
CFDA # 21.019 COVID-19: CORONAVIRUS RELIEF FUND
7. The threshold for distinguishing Type A and B programs was \$750,000.
8. The City was determined to be a low-risk auditee.

OGDEN CITY CORPORATION
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

B. CURRENT YEAR FINDINGS AND QUESTIONED COSTS FEDERAL AWARD PROGRAMS

No reportable conditions noted.

C. PRIOR YEAR FINDINGS AND QUESTIONED COSTS FEDERAL AWARD PROGRAMS

2020-01: HUD (1) Eligibility of Expenses and (2) Program Income (From a HUD Letter dated August 25, 2020)

CFDA # 14.218, CDBG-Entitlement Grant Programs

Context/Sampling: The U.S. Department of Housing and Urban Development (HUD), Region VIII, Office of Community Planning and Development (CPD) initiated an activity desk monitoring based a review of the City's 2018 Consolidated Annual Performance and Evaluation Report (CAPER). HBME, LLC Auditors concur with the findings.

Repeat Finding from Prior Year(s): No

Questioned Costs: \$350,433 from Finding #1; \$217,060 from Finding # 2

HUD Finding # 1

Criteria: 24 CFR 570.201(a)&(b); CPD Notice 07-08; CPD Notice 17-09

Condition: A review of the expenses paid for with CDBG funds for certain activity revealed ineligible expenses, including predevelopment, marketing, and holding expenses.

Cause: The City does not have complete policies and procedures in place that outline eligible expenses for the CDBG program.

Effect: Ineligible costs decrease the availability of funds for allowable activities

Recommendation: To address this deficiency, the City is requested to take the following actions:

- The City was required to submit a *Disposition of Funds* spreadsheet that outlines eligible and ineligible CDBG expenses that have already been incurred. Based on an analysis of this spreadsheet, it was deemed \$350,433 to be ineligible. Therefore, \$350,433 must be repaid to HUD.
- The City should submit a policy and procedure for ensuring expenses paid with CDBG funds are eligible.

OGDEN CITY CORPORATION
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

C. PRIOR YEAR FINDINGS AND QUESTIONED COSTS FEDERAL AWARD PROGRAMS (CONTINUED)

View of Responsible Officials: The Community Development Division has established the following internal policy regarding CDBG Eligible Uses of Funds:

The Project Coordinator assigned to the project will review Desk Guide Chapter 2 – Categories of Eligible Activities and CDBG regulations as needed and prepare a memorandum for the file which describes the scope of the project and identifies how the items carried out for the project will meet terms of eligibility. The Division Manager will review the memorandum prior to commitment of funds and sign the memorandum.

When projects involve housing, additional scrutiny is required to assure ineligible activities are not funded. The Project Coordinator will outline specific cost centers in the new housing construction project budget which are eligible for use of CDBG funds, paying particular attention to the CPD Notice 07-08 and the following section from the CFR:

24 CFR 570.207(b)(3): “New housing construction. For the purpose of this paragraph, activities in support of the development of low- or moderate-income housing including clearance, site assemblage, provision of site improvements and provision of public improvements and certain housing pre-construction costs set forth in §570.206(g), are not considered as activities to subsidize or assist new residential construction. CDBG funds may not be used for the construction of new permanent residential structures or for any program to subsidize or assist such new construction...”

Additional City administration is preparing an eligible use of fund policy to the grant administrative policy. The Comptroller’s office is also implementing new processes regarding the tracking and accounting of HUD grant expenses.

Current year status: The condition appears fully satisfied.

OGDEN CITY CORPORATION
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2021

C. PRIOR YEAR FINDINGS AND QUESTIONED COSTS FEDERAL AWARD PROGRAMS (CONTINUED)

HUD Finding # 2

Criteria: 24 CFR 570.500(a)

Condition: CDBG funds were used for the acquisition of land that the grantee used to build new construction homes. When those homes were sold, the City did not collect program income from the proceeds of the home sales.

Cause: The City did not consider the proceeds of the sale of the homes as program income since other sources of funding were used for the actual construction of the homes. In addition, the homes were usually sold at loss, so the grantee did not believe program income would need to be collected if revenue was not made on the sale.

Effect: By not capturing program income from CDBG-funded activities, the City is not leveraging program income revenue to serve additional residents with CDBG funding.

Recommendation: To address this deficiency, the City is requested to take the following actions:

- The City was required to submit a *Program Income Analysis* of the properties sold to date. Based on calculations, \$217,060 in program income should have been receipted to the CDBG program. Therefore, this amount must be receipted to the program income budget line in IDIS, from a nonfederal source.
- The City should submit a policy and procedure for calculating, tracking, and receipting program income for future homes sold under this CDBG activity.
- A general program income policy and procedure should be submitted that defines program income and its applicability to the City's CDBG and HOME programs.

View of Responsible Officials: The Community Development Division has developed and implemented an internal policy and procedure document for the calculation and receipting of HUD program income. The policy is an internal policy specific for Community Development. Ogden City administration will add the following to the existing grant administration policy, which will outline the following:

- Definition of program income
- How program income will be calculated (based on the percentage of projects costs covered by different funding sources)

The Comptroller's office is implementing new processes related to the calculation and receipting of program income related to the HUD program.

Current year status: The condition appears fully satisfied.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY
THE UTAH STATE COMPLIANCE AUDIT GUIDE**

Independent Auditor's Report

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

Report on Compliance

We have audited Ogden City Corporation's (the City) compliance with the state compliance requirements described in the *Utah State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2021.

State compliance requirements were tested for the year ended June 30, 2021 in the following areas:

Budgetary Compliance	Open and Public Meetings Act
Fund Balance	Fraud Risk Assessment
Justice Court	Tax Levy Revenue Recognition
Restricted Taxes and Related Revenues	Impact Fees

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Compliance

In our opinion, Ogden City Corporation complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance or other matter, which is required to be reported in accordance with the *Utah State Compliance Audit Guide* and which is described in the accompanying Schedule of Findings and Responses as items UT2021-1. Our opinion on compliance is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City'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 the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those 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 the City'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 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 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 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 This 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 *Utah State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

HBMC, LLC

December 27, 2021

OGDEN CITY CORPORATION
Schedule of Findings and Responses
For the Year Ended June 30, 2021

UT2021-1 Deficit Fund Balance

Repeat Finding from Prior Year(s): Yes

Condition: We noted a deficit fund balance in the Dinosaur Park Fund of \$27,795 as of June 30, 2021.

Criteria: Utah Code 10-6-117(2) stipulates that deficit fund balances in any fund are not permitted.

Cause: The fund ended with a *due to other funds* balance, the fund ended with a negative fund balance and needs a transfer to eliminate the deficit.

Effect: The City is not in compliance with Utah Code regarding fund balance deficits and needs to comply with the required corrective action plan of budgeting to eliminate at least 5% of the deficit per fiscal year.

Recommendation: The City should take appropriate action to eliminate this deficit fund balances in accordance with State Code.

Management's Response: The City Comptroller will request the City Council consider and authorize a budget resolution to transfer \$27,795 from the City's General Fund to the Dinosaur Park Fund to eliminate the deficit fund balance. The Council will have the opportunity to review and vote on this budget resolution in February 2022. If Council authorizes this transfer, it will be immediately entered in the City's general ledger.