



Supplemental Report in Compliance with  
Government Auditing Standards, Uniform  
Guidance, State of Utah Legal Compliance  
and Other Required Compliance Reports  
June 30, 2017

**Ogden City Corporation**

Ogden City Corporation  
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June 30, 2017

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

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, 2017, 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 February 6, 2018.

**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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described as finding 2017-A in the accompanying schedule of findings and questioned costs to be a material weakness.

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.

**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 Finding**

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.

A handwritten signature in black ink that reads "Eddie Sallee CPA". The signature is fluid and cursive, with "Eddie" and "Sallee" connected and "CPA" in a smaller, separate block.

Salt Lake City, Utah

February 6, 2018



## **Independent Auditor's Report on Compliance and Report on 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, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Public Treasurer's Bond
- Enterprise Fund Transfers, Reimbursement, Loans, and Services

### ***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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of Ogden City Corporation's compliance with those requirements.

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

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, 2017.

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

Management of Ogden City Corporation 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 Ogden City Corporation'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 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 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.

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  
February 6, 2018



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, 2017. 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 federal statutes, regulations, and terms and conditions of 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 the 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 its major Federal program for the year ended June 30, 2017.

## **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. 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 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 Ogden City Corporation as of and for the year ended June 30, 2017, and have issued our report thereon dated February 6, 2018, which contained an unmodified opinion 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 the 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is fluid and cursive, with "Eide" and "Baily" connected, and "LLP" in a smaller, separate section.

Salt Lake City, Utah  
February 6, 2018

Ogden City Corporation  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2017

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<b>Federal Grantor/Pass Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through from State of Utah:				
Emergency Management Performance Grants	97.042	Unknown	\$ 16,500	\$ -
Homeland Security Grant Program	97.067	DEM-2015-SHSP	<u>56,130</u>	<u>-</u>
Total Department of Homeland Security			<u>72,630</u>	<u>-</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
CDBG Entitlement Grants Cluster:				
Community Development Block Grant	14.218		<u>1,665,218</u>	<u>-</u>
HOME Investment Partnerships Program	14.239		1,024,489	-
HOME Discounts on Properties Purchased	14.239		<u>185,500</u>	<u>-</u>
Total HOME Investment Partnerships Program			<u>1,209,989</u>	<u>-</u>
Total Department of Housing and Urban Development			<u>2,875,207</u>	<u>-</u>
<b><u>U.S Department of Commerce</u></b>				
Economic Development Cluster:				
Economic Adjustment Assistance	11.307		<u>810,503</u>	<u>-</u>
Total Department of Commerce			<u>810,503</u>	<u>-</u>
<b><u>U.S. Department of Interior</u></b>				
			<u>6,020</u>	<u>-</u>
<b><u>U.S. Department of Transportation</u></b>				
Airport Development Aid Program	20.106	3-49-0024-42	25,000	-
Airport Development Aid Program	20.106	3-49-0024-43	<u>427,251</u>	<u>-</u>
Total Department of Transportation			<u>452,251</u>	<u>-</u>
<b><u>National Endowment for the Arts</u></b>				
Promotion of the Arts Grants to Organizations and Individuals	45.024		<u>17,828</u>	<u>-</u>
Total National Endowment of the Arts			<u>17,828</u>	<u>-</u>

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, 2017

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<b>Federal Grantor/Pass Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Expenditures</b>	<b>Amounts Passed Through to Subrecipients</b>
<b><u>U.S. Department of Justice</u></b>				
Pass Through From Utah CCJJ:				
Violence Against Women Formula Grant	16.588	16VAWA21	\$ 20,160	\$ -
Violence Against Women Formula Grant	16.588	17VAWA12	<u>30,200</u>	<u>-</u>
Total Violence Against Women Formula Grant			<u>50,360</u>	<u>-</u>
Victims of Crime Act Grant	16.801	16VOCA43	<u>13,061</u>	<u>-</u>
Bullet Proof Vest Partnership	16.607	N/A	<u>19,496</u>	<u>-</u>
Justice Assistance Grant	16.738	2014-DJ-BX-0662	<u>19,826</u>	<u>-</u>
Total Department of Justice			<u>102,743</u>	<u>-</u>
Total Federal Assistance			<u><u>\$ 4,337,182</u></u>	<u><u>\$ -</u></u>

See Notes to Schedule of Expenditures of Federal Awards

Ogden City Corporation  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

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**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. No federal financial assistance has been provided to a 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.

Ogden City Corporation does not draw from indirect administrative expenses and has not elected to use the 10% de minimis cost rate.

Ogden City Corporation  
Schedule of Findings and Questioned Costs  
June 30, 2017

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

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**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
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	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 Uniform Guidance 2 CFR 200.516	No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
HOME Investment Partnership Program	14.239
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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**2017-A: Material Weakness in Year-end Financial Closing Process – Accounts Receivable**

*Criteria:* Management is responsible for the fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP), including properly recording all period-end adjusting entries.

*Condition:* During the audit, we proposed and management accepted an adjustment of approximately \$193,000 to accounts receivable and revenue in the RDA.

*Cause:* An accounting software system conversion completed near year-end added some complexity to the period-end reconciliation procedures.

*Effect:* There exists a potential for misstatements in the financial statements to go undetected by management.

*Recommendation:* Internal controls should exist to ensure all material account balances are reconciled and reviewed prior to the financial statement audit.

*Views of Responsible Officials:* Management agrees with the finding.

Ogden City Corporation  
Schedule of Findings and Questioned Costs, Continued  
June 30, 2017

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

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No federal award findings to report.