

**CITY OF SOUTH OGDEN**  
**SUPPLEMENTARY REPORTS**  
**For the Year Ended June 30, 2019**



**KEDDINGTON & CHRISTENSEN, CPAS**  
CERTIFIED PUBLIC ACCOUNTANTS

**SOUTH OGDEN CITY  
SUPPLEMENTARY REPORTS  
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KEDDINGTON & CHRISTENSEN, CPAS

CERTIFIED PUBLIC ACCOUNTANTS

Gary K. Keddington, CPA  
Phyl R. Warnock, CPA  
Marcus K. Arbuckle, CPA  
Steven M. Rowley, CPA

**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***

Honorable Mayor and  
Members of the City Council  
South Ogden, Utah

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 the City of South Ogden, Utah as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of South Ogden, Utah's basic financial statements and have issued our report thereon dated October 28, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of South Ogden, Utah'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 of South Ogden, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of South Ogden, Utah'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. 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 the City of South Ogden, Utah's financial statements are free of 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.

*Keddington & Christensen, LLC*

Salt Lake City, Utah

October 28, 2019



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CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and  
Members of City Council  
South Ogden, Utah

**Report on Compliance**

We have audited the City of South Ogden, Utah's compliance with the applicable state 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 the City for the year ended June 30, 2019.

General state compliance requirements were tested for the year ended June 30, 2019 in the following areas:

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

**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 *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 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, the City of South Ogden, Utah complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2019.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying Schedule of Findings and Recommendations as items 2019-001, 2019-002, and 2018-004. Our opinion on compliance is not modified with respect to these matters.

The City’s response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to 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 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 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 is 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 requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

*Keddington & Christensen, LLC*

Salt Lake City, Utah  
October 28, 2019

**South Ogden City  
Schedule of Findings and Recommendations  
For The Year Ended June 30, 2019**

**2019-001: Open and Public Meetings Act – State Compliance**

**Finding:**

Utah State Code 52-4-204(4)(c) states that “The following information shall be publicly announced and entered on the minutes of the open meeting at which the closed meeting was approved: the vote by name, of each member of the public body, either for or against the motion to hold the closed meeting.” During our test of the February 5, 2019 Council Session we noted that a closed session was held but the minutes did not list each voting member by name, with only two of the six members being listed by name, with the rest being grouped together as a “unanimous vote”. Upon review of the recording of the meeting, there was no roll call vote taken.

**Recommendation:**

We recommend the City comply with the code section listed above.

**City Response:**

This was an inadvertent oversight. Going forward the City will work harder to be in compliance and to address and record the voting process in accordance with State Code.

**2019-002: Deficit Fund Balance - State Compliance**

**Finding:**

Utah State Code 10-6-117 states, “If there is a deficit fund balance in a fund at the close of the last completed fiscal year, the governing body of a city shall include an item of appropriation for the deficit in the current budget of the fund equal to: (a) at least 5% of the total revenue of the fund in the last completed fiscal year; or (b) if the deficit is equal to less than 5% of the total revenue of the fund in the last completed fiscal year, the entire amount of the deficit.” During the test work for state compliance it was noted that at the end of June 30, 2019, the City’s CDRA Fund had a deficit fund balance of \$289,351. The fund did not have an appropriation to retire the deficit in the subsequent budget year.

**Recommendation:**

We recommend the City comply with the code section listed above.

**City Response:**

The City did not make the 5% budget appropriation as the deficit is the result of some land transactions, purchases and transfers, and as time passes in FY 2020 it is believed that as the land is sold to a developer the proceeds will more than cover the current year’s deficit. If it turns out that this is not the case the City will act accordingly during the FY 2021 budget process.

**South Ogden City**  
**Schedule of Findings and Recommendations (Continued)**  
**For The Year Ended June 30, 2019**

**2018-004: Interfund Transfers from an Enterprise Fund – State Compliance – Re-issued**

**Finding**

Utah State Code 10-6-135.5(6)(a) states, “If a governing body adopts a budget ... that includes ... a transfer of money from an enterprise fund to another fund, the governing body shall: (i) within 60 days after adopting the budget ...: (A) mail a notice to users of the goods or services provided by the enterprise for which the enterprise fund was created, if the city regularly mails users a periodic billing for the goods or services.” During the test work for state compliance it was noted that the city did not notify customers in their monthly bills that the budget had been adopted.

**Recommendation**

We recommend the City comply with the code sections listed above.

**City’s Response**

This is a repeat finding because when it initially came up and was discovered in the FY 2018 audit the 60-day mark had already passed in order to be compliant with the FY 2019 budget. Although the City disagrees with the premise of this State Auditor requirement because of the additional costs and the confusion an additional notification creates for the residents the City has sent out the notices in regards to the FY 2020 budget to be in compliance.