

WASHINGTON CITY, UTAH
SINGLE AUDIT ACT REPORT
FISCAL YEAR ENDED JUNE 30, 2021

WASHINGTON CITY, UTAH

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**Independent Auditors' 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***

The Honorable Mayor and
Members of the City Council
Washington City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington City, Utah, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Washington City's basic financial statements and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington City's internal control over financial reporting (internal control) as a basis for designing 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. 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 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 Washington City'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 financial statements. 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC
St. George, Utah
November 29, 2021



**Independent Auditors' Report on Compliance for
Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance**

The Honorable Mayor and
Members of the City Council
Washington City, Utah

Report on Compliance for Each Major Federal Program

We have audited Washington City, Utah's (the City) compliance with the types of compliance requirements described in the *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 its 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 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 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 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, the City, 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.

Report on 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 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 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.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, 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 November 29, 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 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.

A handwritten signature in cursive script that reads "HintonBurdick, PLLC".

HintonBurdick, PLLC
St. George, Utah
November 29, 2021

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WASHINGTON CITY, UTAH
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ___ yes X no
- Significant deficiencies identified? ___ yes X no

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ___ yes X no
- Significant deficiencies identified? ___ yes X no

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes X no

Identification of major programs:

<u>Federal Assistance Listing (CFDA) Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ___ yes X no

WASHINGTON CITY, UTAH
Schedule of Findings and Questioned Costs, Continued
June 30, 2021

Section II - Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses:

None noted

Significant Deficiencies:

None noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

2019-002 Budgetary Compliance—Appropriations

Criteria: Utah Code indicates that total expenditures by fund (or department, as applicable) may not exceed the amounts appropriated in the final adopted budget.

Condition: For the year ended June 30, 2021, we noted the following expenditures in excess of budgeted appropriations:

- The following departments/functions of the general fund:
 - Building maintenance department – \$46,997
 - Fire department – \$157,583
 - Solid waste/sanitation department/function – \$217,446
 - Interfund transfers out – \$579,624
- The debt service—MBA fund – \$1,489
- The capital projects—public safety fund – \$19,725

Cause: The City monitors budget and actual expenditures and amendments are made as deemed necessary. However, sometimes monitoring procedures are not adequate to address all budget overruns—particularly as it relates to year-end adjustments and unexpected changes near the end of the fiscal year.

Effect: The City is not in compliance with state requirements.

Recommendation: We recommend the City operate within the confines of state law by limiting expenditures or follow proper procedures to adjust the budget for changes as necessary during the year.

WASHINGTON CITY, UTAH
Schedule of Findings and Questioned Costs, Continued
June 30, 2021

Section II - Financial Statement Findings, Continued

Other Matters:

None noted

Section III - Federal Award Findings and Questioned Costs

INTERNAL CONTROL OVER FEDERAL AWARDS:

None noted

COMPLIANCE:

None noted

Section IV - Summary Schedule of Prior Audit Findings

FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses:

Not applicable

Significant Deficiencies:

Not applicable

COMPLIANCE AND OTHER MATTERS:

Compliance:

2019-002 Budgetary Compliance—Appropriations

Not corrected fiscal year 2021 (see Section II above)

Other Matters:

Not applicable

WASHINGTON CITY, UTAH
Schedule of Findings and Questioned Costs, Continued
June 30, 2021

Section IV - Summary Schedule of Prior Audit Findings, Continued

FEDERAL AWARD FINDINGS AND QUESTION COSTS

INTERNAL CONTROL OVER FEDERAL AWARDS:

Not applicable

COMPLIANCE:

Not applicable

WASHINGTON CITY, UTAH
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing (CFDA) Number</u>	<u>Pass-Through Identifying Number</u>	<u>Additional Award Identification</u>	<u>Total Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Justice					
Passed through the State of Utah:					
Crime Victim Assistance	16.575	20VOCA075		\$ 52,126	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17A189		4,500	-
Internet Crimes Against Children Task Force Program (ICAC)	16.800			7,196	-
Total U.S. Department of Justice				<u>63,822</u>	<u>-</u>
U.S. Department of Treasury					
Passed through the State of Utah:					
Coronavirus Relief Fund	21.019	N/A	COVID-19	2,259,575	-
U.S. Department of Health and Human Services					
Passed through the State of Utah:					
National Bioterrorism Hospital Preparedness Program	93.889	U3REP190560		3,463	-
Executive Office of the President					
Passed through St George City, Utah:					
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001			3,687	-
U.S. Department of Homeland Security					
Federal Emergency Management Agency (FEMA):					
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083			261,405	-
Total expenditures of federal awards				<u>\$ 2,591,952</u>	<u>\$ -</u>

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

WASHINGTON CITY, UTAH
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies and Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Washington City, Utah (the City) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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). Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2. Indirect Cost Rate

The City did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance for the year ended June 30, 2021.

NOTE 3. Federal Loans and Loan Guarantee Programs Outstanding

The City had no balances of loan and loan guarantee programs outstanding as of June 30, 2021.



December 1, 2021

HintonBurdick, PLLC
63 South 300 East, Suite 100
St. George, Utah 84770

To Whom It May Concern:

We have received and carefully reviewed the "Findings and Recommendations For the Year Ending June 30, 2021". We are pleased that the number of findings and recommendations decreased by 80% from last year, and provide the following response.

Budgetary Compliance - Appropriations

Multiple City departments finished the fiscal year over budget as a result of different factors including COVID expenditure reclassifications and invoices and charges for services that were received on the last day of the fiscal year. The largest discrepancy resulted from a \$579,624 transfer from one City fund to another without the appropriate budget amount for the transfer. This was not an actual overspending, but an internal transfer that needed to be accounted for in the budget.

Washington City is committed to the highest standards of budgeting and spending, and we will address this issue proactively. To prevent this finding in the future, the City will make additional efforts to identify potential budgetary overages and further educate departments on the appropriate procedures to prevent and address over expended accounts. Our finance department will also review any variances to the budget monthly and recommend any budget adjustments to the Mayor and City Council on a quarterly basis moving forward. These changes, coupled with additional management oversight, will correct this issue in the future.

Please let me know if you have any additional questions.

Sincerely,

Jeremy Redd
City Manager