

**HERRIMAN CITY, UTAH**  
**SINGLE AUDIT ACT REPORT**  
**FISCAL YEAR ENDED JUNE 30, 2022**

# HERRIMAN CITY, UTAH

## Table of Contents

	PAGE
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 <i>Government Auditing Standards</i> .....	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	3
Schedule of Expenditures of Federal Awards.....	6
Schedule of Findings and Questioned Costs:	
Summary of Auditors' Results.....	7
Financial Statement Findings.....	8
Federal Award Findings and Questioned Costs.....	10
Corrective Action Plan.....	10
Notes to the Schedule of Expenditures of Federal Awards.....	11



**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  
City Council  
Herriman City, 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 Herriman City, Utah, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Herriman City, Utah's basic financial statements, and have issued our report thereon dated December 27, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Herriman City, Utah'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 Herriman City, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of Herriman City, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency:

2019-001 Year-End Accounting and Financial Statement Controls, Reissued, Reworded

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Herriman City, 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 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*.

## **Herriman City, Utah's Response to Findings**

Herriman City, Utah's response to the findings identified in our audit is described in the accompanying corrective action plan. Herriman City'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.

*HintonBurdick, PLLC*

St. George, Utah  
December 27, 2021



**Independent Auditors' Report on  
Compliance for Each Major Federal Program and  
Report on Internal Control over Compliance  
in Accordance with the Uniform Guidance**

City Council  
Herriman City, Utah  
Herriman, Utah

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Herriman City, Utah's (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However,

material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

#### **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 Herriman City, Utah, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Herriman City, Utah's basic financial statements. We issued our report thereon dated December 27, 2022, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

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.

*HintonBurdick, PLLC*

St. George, Utah  
January 17, 2023

**HERRIMAN CITY, UTAH**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

Grantor Agency	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
<b>U.S. Department of Defense</b>			
National Guard Military Operations and Maintenance Projects	12.401		\$ 1,250,000
Total U.S. Department of Defense			<u>1,250,000</u>
<b>U.S. Department of the Treasury:</b>			
COVID19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF), SLFRF (Passed through State of Utah)	21.027		21,000
COVID19 - Coronavirus Relief Fund	21.019	0000002574	842,641
Total U.S. Department of the Treasury			<u>863,641</u>
<b>U.S. Department of Justice:</b>			
(Passed through Utah Office for Victims of Crime)			
Victims of Crime Act (VOCA) Grant	16.575	21/22VOCA32	59,616
Total U.S. Department of Justice			<u>59,616</u>
Total expenditures of federal awards			<u><u>\$ 2,173,257</u></u>

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

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**Section I - Summary of Auditors' Results**

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Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal Awards

Internal Control over major programs:

- Material weakness (es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's 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 ☒ no

Identification of major programs.

CFDA Number(s)

Name of Federal Program or Cluster

21.019

COVID19 – Coronavirus Relief Fund

Dollar threshold used to distinguish between type  
A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

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

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**Section II - Financial Statement Findings**

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**Current Year Findings and Recommendations:**

**Material Weaknesses:**

None noted

**Significant Deficiencies:**

**2019-001 Year End Accounting and Financial Statement Controls – Reissued, Reworded**

*Criteria:* Auditing standards indicate that the identification by the auditor of misstatements in the financial statements may be a significant deficiency in the City's internal controls over financial reporting.

*Condition:* A few significant adjustments related to capital assets were required that were not initially identified by the City's internal controls.

*Cause:* The City's process of tracking and updating the capital asset list appear to have been on an annual basis which, given the size and volume of the City's capital assets, has made proper and accurate reporting difficult.

*Effect:* The City's financial statements would not have been fairly stated in all material respects without the adjustments.

*Recommendation:* The City has begun making changes in this area, but we recommend management continue to review its internal controls to see what process adjustments are needed to note and record activity and capital assets more regularly throughout the year.

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

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**Section II - Financial Statement Findings - Continued**

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**Prior Year Findings and Recommendations:**

**Material Weaknesses:**

None Noted

**Significant Deficiencies:**

**2019-001 Year End Accounting and Financial Statement Controls, Reissued, Reworded**

*Criteria:* Auditing standards indicate that the identification by the auditor of misstatements in the financial statements may be a significant deficiency in the City's internal controls over financial reporting.

*Condition:* A few significant accruals and other adjustments to the general ledger were required that were not initially identified by the City's internal controls.

*Cause:* Changes in personnel with the related changes in responsibilities and difficulties encountered due to those changes and continued circumstances related to the COVID pandemic appear to have given rise to the needed adjustments. Procedures for year-end adjustments may also need to be revised or improved in order to properly identify certain adjustments for new accounting standards or other non-routine adjustments.

*Effect:* The City's financial statements would not have been fairly stated in all material respects without the adjustments.

*Recommendation:* We recommend management review the audit adjustments to understand each, and review its internal controls to see what process adjustments are needed to note and record similar transactions each year, even with challenges like those faced by the City in 2021.

*Status:* In process. See 2019-001 in current year findings.

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

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

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**Current Year Findings and Recommendations:**

No significant matters were noted.

**Prior Year Findings and Recommendations:**

No significant matters were noted.

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**Section IV – Corrective Action Plan**

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2019-001 Year End Accounting and Financial Statement Controls, Reissued, Reworded

The City has implemented new fixed asset accounting software in fiscal year 2023 and has assigned the Accountant II fixed asset responsibilities. This will allow the Finance Director to review and audit fixed asset entries prior to audit fieldwork.

**HERRIMAN CITY, UTAH**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

**Reporting Entity:**

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of Herriman City, Utah for the year ended June 30, 2022. The City's reporting entity is defined in Note 1 of the basic financial statements. All expenditure of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

**Basis of Accounting:**

This accompanying schedule of expenditures of federal awards has been prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with 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*.

**Subrecipients:**

There are no subrecipients.

**Indirect Cost Rate:**

The City did not elect to use the 10% de Minimis indirect cost rate for fiscal year 2022. There were no indirect cost allocations made to any of the federal grants as listed in the accompanying schedule of expenditures of federal awards.

**Federal Loans Outstanding:**

There are no outstanding balances for federal loan or loan guarantee programs at June 30, 2022.

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