

**INDEPENDENT AUDITORS' REPORT IN ACCORDANCE  
WITH STATE COMPLIANCE AUDIT GUIDE ON:  
- COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS  
- INTERNAL CONTROL OVER COMPLIANCE**

The Honorable County Commissioners  
Davis County, Utah

**Report On Compliance with General State Compliance Requirements**

We have audited Davis County, Utah's compliance with the general 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 Davis County, Utah for the year ended December 31, 2015.

General state compliance requirements were tested for the year ended December 31, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Utah Retirement Systems Compliance
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Treasurer's Bond

*Management's Responsibility*

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

*Auditors' Responsibility*

Our responsibility is to express an opinion on Davis County, Utah's compliance based on our audit of the 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 compliance requirements referred to above that could have a material effect on Davis County, Utah occurred. An audit includes examining, on a test basis, evidence about Davis County, Utah'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 with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of Davis County's compliance.

*Opinion on General State Compliance Requirements*

In our opinion, Davis County, Utah complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended December 31, 2015.

*Other Matters*

The results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings. Our opinion on compliance is not modified with respect to this matter.

## **Report on Internal Control Over Compliance**

Management of Davis County, Utah 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 Davis County, Utah's internal control over compliance with the compliance requirements that could have a direct and material effect on Davis County, Utah to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program 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 Davis County, Utah'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 general state or major state program 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 or major state program 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 general state or major state program 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

### *Davis County, Utah's Response to Findings*

Davis County, Utah's response to the findings identified in our audit are described in the accompanying schedule of findings. Davis County, Utah's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### *Purpose of Report*

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of integral control and compliance and the results of that testing based on the requirement of the *State Compliance Audit Guide*. Accordingly, this communication is not suitable for any other purpose.

*Ulrich & Associates, P.C.*

Ogden, UT

June 20, 2016

# DAVIS COUNTY

## SCCHEDULE OF FINDINGS

### STATE LEGAL COMPLIANCE

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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#### Statement of Condition 2015-1

The Transportation and Pass-Through Taxes Special Revenue Fund exceeded budgeted expenditures at year end.

*Criteria:* In accordance with Utah Code 10-6-17 expenditures by fund may not exceed appropriated amounts in the final budget.

*Cause:* The County has an agreement with the Utah state tax commission to directly send the mass transit sales taxes collected, on behalf of the County, to the Utah Transit Authority (UTA). Because the funds went directly to the UTA, the county was unable to project the amount of tax that was collected and remitted to UTA. Thus, no budget of expenditures was completed.

*Effect:* Not budgeting for the mass transit sales tax caused the Transportation and Pass-Through Tax Special Revenue Fund to exceed budgeted expenditures for the year.

*Recommendation:* We recommend management either get reports from the Utah State Tax Commission or have them remit payment to the County so the amounts can be budgeted.

*Management's Response:* In the future, the County will work closely with the UTA and the Utah State Tax Commission to make certain that all amounts are budgeted and recorded in a timely manner.