

# HANSEN, BARNETT & MAXWELL, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

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Accounting Oversight Board



Honorable Mayor and Members of the City Council  
Salt Lake City Corporation

In planning and performing our audit of the financial statements of Salt Lake City Corporation (the City) as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

## Significant Deficiency

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control.

Comments that are recurring or were noted in prior years have been noted with an asterisk (\*).

### \*Golf Course Cash Receipts

During our testing of the golf course cash receipts, we found that gaps exist in automatically issued, sequentially numbered sales order records. Golf course personnel indicated that the reason that these numbers are missing is because transactions are being cancelled (deleted). According to the adopted Pro Shop Cash Handling Policy and Procedures, a voiding entry should have been made and documentation kept of the voiding entry. Although these numbers are not being reused, no documentation has been kept on the transaction or the reason the transactions have been voided. We recommend that the adopted Pro Shop Cash Handling Policy and Procedures regarding voided transactions be followed.

Management's Response: The adopted Pro Shop Cash Handling Policy and Procedures relating to voided transactions states, "Every effort should be made to insure that transactions recorded into the Point of Sale (POS) system are entered correctly. All corrections will be made through

the POS system. Voided transactions may be necessary to correct quantity, currency and payment type entry errors. All voided transactions must be fully documented and signed by the responsible pro shop employee. Documentation must include the following: 1) a copy of the original transaction receipt; 2) the voided transaction receipt; 3) a copy of the correcting transaction receipt (if applicable); and 4) a complete written explanation of the reason for the void. Documentation for voided transactions will be placed in the cash drawer and then attached to the Shift Closing Report at closing. All voided transactions listed on the Shift Closing Report must be accompanied by the associated documentation.”

The Golf Division will conduct training sessions periodically with both full-time and seasonal pro shop employees to impress upon them the need to comply with this policy.

### **A-133 Audit of Federal Expenditures**

#### **1. Preparation of Schedule of Expenditures of Federal Awards**

OMB Circular A-133 §\_\_310(b) requires that recipients of federal awards prepare a schedule of expenditures of federal awards. At a minimum, the schedule shall include:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

The schedule did not include two Federal grants received from the Department of Homeland Security. One grant of \$501,616 was under the Law Enforcement Officer (LEO) Reimbursement Agreement Program, CFDA No. 97.090. The other grant of \$250,000 was under the National Explosives Detection Canine Team Program, CFDA No. 97.072.

Management Response: Beginning in FY 2008, all grants received by the airport will be coordinated through the Airport’s Finance department, who will assist with grant request submittal and review before the grant is received. In the past, the Airport’s Finance department was responsible only for invoicing and receipt of payments on all grants. The Schedule of Expenditures of Federal awards will include all current grants, including the K9 and LEO grants as well as any new grants received in subsequent years.

**HANSEN, BARNETT & MAXWELL, P.C.**

Salt Lake City Corporation

June 30, 2006

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This report is intended solely for the information and use of the Mayor, City Council, City management, and is not intended to be and should not be used by anyone other than these specified parties.

*Hansen, Barnett & Maxwell, P.C.*

**HANSEN, BARNETT & MAXWELL, P.C**

Salt Lake City, Utah

December 20, 2007