



Federal Awards Reports in Accordance
with the Uniform Guidance
September 30, 2019
City of Caldwell

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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*

Members of the City Council
City of Caldwell
Caldwell, Idaho

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 Caldwell (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 7, 2020.

Internal Control over Financial Reporting

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
February 7, 2020



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Members of the City Council
City of Caldwell
Caldwell, Idaho

Report on Compliance for the Major Federal Programs

We have audited the City of Caldwell’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 September 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on the 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 the Major Federal Programs

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 September 30, 2019.

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 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 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 September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 7, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statement 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 financial statements as a whole.

Eide Bailly LLP

Boise, Idaho
February 7, 2020

City of Caldwell
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
CDBG-Entitlement Grants Cluster	14.218		\$ 241,320	\$ 130,565
U. S. DEPARTMENT OF JUSTICE				
Department of Justice Asset Forfeiture Fund	16.922		9,316	-
Passed through the City of Nampa				
Edward Byrne Memorial Justice Assistance	16.738	2017-DJ-BX-0539	23,376	-
Edward Byrne Memorial Justice Assistance	16.738	2018-DJ-BX-0281	23,048	-
Total Passed through the City of Nampa			46,424	-
Passed through the Idaho Office of the Attorney General				
Internet Crimes Against Children	16.543	2016-50793-ID-MC	6,349	-
Total Department of Justice			62,089	-
U. S. DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration				
Airport Improvements	20.106		267,193	-
Passed through the Idaho Department of Transportation				
State and Community Highway Safety	20.600	OP-2019-EB-00-00	3,950	-
National Priority Safety Programs	20.616	M5OT-2019-EA-00-00	2,000	-
National Priority Safety Programs	20.616	M5OT-2019-ED-00-00	692	-
National Priority Safety Programs	20.616	M5OT-2019-EB-00-00	849	-
National Priority Safety Programs	20.616	PT-2019-02-00-00	2,110	-
National Priority Safety Programs	20.616	M5OT-2019-EC-00-00	1,748	-
State Traffic Safety Information System Improvements Grant	20.610	M3DA-2019-02-00-00	105,000	-
Passed through the State of Idaho Police				
National Priority Safety Programs (DRE)	20.616	M5SID-2018-03	753	-
Total Highway Safety Cluster			117,102	-
Passed through the State of Idaho Office of Emergency Management				
Hazardous Materials Emergency Preparedness (HMEP)	20.703	HM-HMP-0535-17-02-00	12,901	-
Total Department of Transportation			397,196	-

City of Caldwell
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the State of Idaho Office of Drug Policy				
Substance Abuse and Mental Health Services	93.243	1H79SP080981-01	42,120	-
Total Department of Health and Human Services			<u>42,120</u>	<u>-</u>
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Passed through the State of Idaho Idaho Commission for Libraries				
Library Grants to States	45.310	LS-00-18-0013-18	3,154	-
Library Grants to States	45.310	LS-00-19-0013-19	1,780	-
Total National Endowment for the Humanities			<u>4,934</u>	<u>-</u>
U. S. DEPARTMENT OF HOMELAND SECURITY				
Passed through the State of Idaho Office of Emergency Management				
State Homeland Security Program (SHSP)	97.067	EMW-2017-SS-0054	5,023	-
State Homeland Security Program (SHSP)	97.067	EMW-2018-SS-0040	10,000	-
			<u>15,023</u>	<u>-</u>
Disaster Grants Public Assistance (FEMA)	97.036	FEMA-4342-DR-ID	46,899	-
Total Passed through the State of Idaho Office of Emergency Management			<u>61,922</u>	<u>-</u>
Passed through Canyon County Office of Emergency Management				
State Homeland Security Program (SHSP)	97.067	EMW-2017-SS-0054	890	-
State Homeland Security Program (SHSP)	97.067	EMW-2018-SS-0040	7,050	-
			<u>7,940</u>	<u>-</u>
Total Department of Homeland Security			<u>69,862</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 817,521</u>	<u>\$ 130,565</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Caldwell (the City) under programs of the federal government for the year ended September 30, 2019. The information 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). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, 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 3 - Indirect Cost Rate

The City does not draw for indirect administrative expenses and has not elected to use the 10% de minimums cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	CFDA Number
Airport Improvement Program	20.106
Highway Safety Cluster	
State and Community Highway Safety	20.600
State Traffic Safety Information System Improvements Grant	20.610
National Priority Safety Programs	20.616

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

None reported