

**GARFIELD COUNTY SCHOOL DISTRICT**

**COMPLIANCE REPORTS**

Year Ended June 30, 2015

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**GARFIELD COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	CFDA Number	USOE Pass- Through Number	District's Program Number	Receivable (Unearned) June 30, 2014	Received	Expended	Receivable (Unearned) June 30, 2015
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>							
Passed through Utah State Office of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	46	8071	\$ -	\$ 32,122	\$ 32,122	\$ -
National School Lunch Program	10.555	46	8071	-	143,052	143,052	-
National School Lunch Program (Donated Commodities)	10.555		8071	-	21,240	21,240	-
Passed through Grand County:							
<i>Forest Service Schools and Roads Cluster:</i>							
Schools and Roads - Grants to States	10.665		7390	-	562,029	562,029	-
				-	758,443	758,443	-
<b>U.S. DEPARTMENT OF EDUCATION:</b>							
Passed through Utah State Office of Education:							
Adult Education - Basic Grants to States	84.002	33	7580	-	8,701	8,701	-
Title I Grants to Local Educational Agencies	84.010	08	7801	24,441	84,889	121,260	60,812
<i>Special Education Cluster (IDEA):</i>							
Special Education - Grants to States	84.027	19	7524	43,521	207,618	177,110	13,013
Special Education - Preschool Grants	84.173	52	7522	-	5,056	7,260	2,204
Career and Technical Education - Basic Grants to States	84.048	21	6043	-	-	10,913	10,913
English Language Acquisition State Grants	84.365	73	7880	-	-	2,107	2,107
Improving Teacher Quality State Grants	84.367	74	7860	-	55,738	55,738	-
Passed through Waterford Institute:							
Investing in Innovation (i3) Fund	84.411		7650	-	25,000	25,000	-
				67,962	387,002	408,089	89,049
Total federal awards				\$ 67,962	\$ 1,145,445	\$ 1,166,532	\$ 89,049

The accompanying notes are an integral part of this schedule.

**GARFIELD COUNTY SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note A. General** – The schedule of expenditures of federal awards presents the activity of all federal award programs of Garfield County School District (the District). The District reporting entity is defined in Note 1 to the District’s basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included on the schedule.

**Note B. Basis of Accounting** – The accompanying schedule of expenditures of federal awards is reported using the modified accrual basis of accounting for awards received by governmental funds as described in Note 1 to the District’s basic financial statements.

Most of the federal awards are expenditure-driven grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; grants received in advance are recorded as unearned revenue. Donated food commodities (totaling 21,240 for the year ended June 30, 2015) are recorded at acquisition value in the *food services fund* as an inventory asset and federal revenue when received. Donated food commodity inventories are recorded as expenditures when they are transferred to schools for consumption.

**Note C. Relationship to the District’s Financial Statements** – The District received Medical Assistance Program grant monies through the State of Utah Department of Health. This federal grant is not classified as federal financial assistance. A reconciliation of federal revenue as reported on the District’s basic financial statements and the schedule of expenditures of federal awards for the year ended June 30, 2015 is as follows:

General fund	\$ 421,190
Capital projects fund	527,563
Other governmental funds:	
Food services fund	196,414
Non K-12 programs fund	40,961
	<hr/>
Total governmental funds	1,186,128
Medical Assistance Program grant monies received through State of Utah Department of Health	 <hr/> (19,596)
Total federal revenue reported on the schedule of expenditures of federal awards	 <hr/> <u>\$ 1,166,532</u>



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*

Board of Education  
Garfield County School District

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, each major fund, and the aggregate remaining fund information of Garfield County School District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2015-1 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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*.

### **The District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Orem, Utah  
November 30, 2015



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 OMB Circular A-133

Board of Education  
Garfield County School District

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

We have audited the compliance of Garfield County School District (the District) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District'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 District'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 District'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 District's compliance.

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

In our opinion, the District 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, 2015.

**Report on Internal Control Over Compliance**

Management of the District 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 District'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 OMB Circular A-133, 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 District'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated November 30, 2015, 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 OMB Circular A-133 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 basic 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.



Orem, Utah  
November 30, 2015

**GARFIELD COUNTY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2015

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14-1 and 14-2      Segregation of duties and oversight of individual schools

These findings have been resolved.

**GARFIELD COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2015

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I. Summary of auditor's results:

*Financial Statements*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

-Material weaknesses identified? X yes \_\_\_ no

-Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_ yes X none reported

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 that are not considered to be material weaknesses? \_\_\_ yes X 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 section 510(a) of Circular A-133? \_\_\_ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	<i>Child Nutrition Cluster:</i>
10.553	School Breakfast Program
10.555	National School Lunch Program
	<i>Forest Service Schools and Roads Cluster:</i>
10.665	Schools and Roads – Grants to States

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_ yes X no

**GARFIELD COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
Year Ended June 30, 2015

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II. Financial statement findings:

2015-1 Some of the objectives of internal control are to provide reliable, timely financial reports and to safeguard assets.

Certain balance sheet accounts had not been reconciled with related general ledger accounts in a timely manner during the year.

Balance sheet accounts can include incorrect information that can in turn affect related activity accounts; interim budget to actual information may not be accurate; misstatements may not be corrected in a timely manner; and the objective of safeguarding assets may not be achieved.

*Recommendation* – Significant balance sheet accounts should be reconciled at least monthly.

*Views of Responsible Officials* – The audit committee has considered these matters. Processes will be applied to ensure accounts are reconciled monthly.

III. Federal award findings and questioned costs:

No matters were reported.

**GARFIELD COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
Year Ended June 30, 2015

State Grantor Agency / Program Title	Program Number	Year Last Audited	(Unearned) Receivable June 30, 2014	Received	Expended	(Unearned) Receivable June 30, 2015
<b>State Awards:</b>						
State of Utah Office of Education:						
Minimum School Program	Various	2015	\$ 17,575	\$ 6,978,930	\$ 6,961,355	\$ -
Driver Education	5610	n/a	-	8,250	8,250	-
Capital Outlay Foundation	5550	n/a	-	100,000	100,000	-
Corrections Education	5613	n/a	-	28,989	28,989	-
Federal Mineral Lease - School Trust Lands	5616	n/a	-	37,265	37,265	-
Utah Performance Assessment System for Students (U-PASS)	5699	n/a	-	12,749	12,749	-
Total expenditures of state awards			17,575	7,166,183	7,148,608	-
<b>State Matching for Federal Programs:</b>						
State of Utah Office of Education:						
School Lunch Program (Liquor Control Tax)	8070	n/a	20,434	59,239	52,156	13,351
<b>Other State Funding (Medicaid Skills Development)</b>			-	31,286	31,286	-
Total state revenue (per statement of activities)			<u>\$ 38,009</u>	<u>\$ 7,256,708</u>	<u>\$ 7,232,050</u>	<u>\$ 13,351</u>



Independent Auditor's Report on Each General State Compliance Requirement Tested and on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Awards Required by the *State Compliance Audit Guide*

Board of Education  
Garfield County School District

**Report on Each General State Compliance Requirement Tested and on Compliance for Each Major State Program**

We have audited the compliance of Garfield County School District (the District) with the general and major state program 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 each of the District's general state compliance requirements tested and major state programs for the year ended June 30, 2015.

The District's general state compliance requirements tested are identified as follows:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Tax Levy Revenue Recognition
- School District Tax Levies
- Open and Public Meetings Act
- Conflicts of Interest
- Nepotism

The District's major state programs are identified as follows:

- Minimum School Program (passed through the State of Utah Office of Education)

***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the District'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*, issued by the Office of the Utah State Auditor. 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 direct and material effect on a general state compliance requirement or a major state program occurred. An audit includes examining, on a test basis, evidence about the District'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 general state compliance requirement tested and each major state program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each General State Compliance Requirement Tested and Each Major State Program***

In our opinion, Garfield County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each general compliance requirement tested and on each of its major state programs for the year ended June 30, 2015.

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

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the state requirements that could have a direct and material effect on each general state compliance requirement tested and each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each general state compliance requirement tested and 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 the District'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 state 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 state 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 state 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 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 *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Awards in Accordance with the *State Compliance Audit Guide***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated November 30, 2015, which contained unmodified opinions on those basic 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 state awards is presented for purposes of additional analysis in accordance with the *State Compliance Audit Guide* 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 basic 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 state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Agui & Company, PC*

Orem, Utah  
November 30, 2015