

**GARFIELD COUNTY SCHOOL DISTRICT**

**COMPLIANCE REPORTS**

Year Ended June 30, 2016

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**GARFIELD COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2016

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass- Through Number	District's Program Number	Receivable (Unearned) June 30, 2015	Received	Expended	Receivable (Unearned) June 30, 2016
<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	\$ -	\$ 26,321	\$ 26,321	\$ -
National School Lunch Program	10.555	46	8071	-	134,596	134,596	-
National School Lunch Program (Donated Commodities)	10.555	n/a	8071	-	23,560	23,560	-
Total Child Nutrition Cluster				-	184,477	184,477	-
Passed through Grand County:							
<i>Forest Service Schools and Roads Cluster:</i>							
Schools and Roads - Grants to States	10.665	n/a	7390	-	543,217	543,217	-
Total U.S. Department of Agriculture				-	727,694	727,694	-
<b>U.S. DEPARTMENT OF EDUCATION:</b>							
Passed through Utah State Office of Education:							
<i>Special Education Cluster (IDEA):</i>							
Special Education - Grants to States	84.027	19	7524	13,013	13,013	193,565	193,565
Special Education - Preschool Grants	84.173	52	7522	2,204	2,204	7,835	7,835
Total Special Education Cluster				15,217	15,217	201,400	201,400
Title I Grants to Local Educational Agencies	84.010	08	7801	60,812	61,283	121,615	121,144
Career and Technical Education - Basic Grants to States	84.048	21	6043	10,913	14,637	10,566	6,842
English Language Acquisition State Grants	84.365	73	7880	2,107	3,354	4,197	2,950
Improving Teacher Quality State Grants	84.367	74	7860	-	19,122	27,348	8,226
Passed through Waterford Institute:							
Investing in Innovation (i3) Fund	84.411	n/a	7650	-	25,000	25,000	-
Total U.S. Department of Education				89,049	138,613	390,126	340,562
Total federal awards				\$ 89,049	\$ 866,307	\$ 1,117,820	\$ 340,562

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. Basis for Presentation** – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Garfield County School District (the District) under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the District.

**Note B. Summary of Significant Accounting Policies** – Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to the District’s basic financial statements. 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.

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 \$23,560 for the year ended June 30, 2016) 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.

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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, 2016 is as follows:

General fund	\$ 924,508
Other governmental funds:	
Food services fund	184,477
Non K-12 programs fund	32,835
Total governmental funds	<u>1,141,820</u>
Medical Assistance Program grant monies received through State of Utah Department of Health	<u>(24,000)</u>
Total federal revenue reported on the schedule of expenditures of federal awards	<u>\$ 1,117,820</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, 2016, 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 14, 2016.

**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.

*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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-1 that we consider to be significant deficiencies.

**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.

*Aguirre & Company, P.C.*

Orem, Utah  
November 14, 2016



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

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 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, 2016.

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 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 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, 2016.

## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-1. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

## **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 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 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 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, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2016, 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 14, 2016, 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 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 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.

*Aguirre & Company, PC*

Orem, Utah  
November 14, 2016

**GARFIELD COUNTY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2016

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2015-1                      Certain balance sheet accounts had not been reconciled with related general ledger account in a timely manner during the year.

This finding has been partly resolved and is repeated in the current year as finding 2016-1.

**GARFIELD COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2016

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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?  yes  no

-Significant deficiencies 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 weaknesses identified?  yes  no

-Significant deficiencies 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 200.156(a)?  yes  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	<i>Special Education Cluster:</i>
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
	<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: \$ 750,000

Auditee qualified as low-risk auditee?  yes  no

**GARFIELD COUNTY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
Year Ended June 30, 2016

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II. Financial statement findings:

2016-1 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 incomplete or incorrect information that can affect related activity accounts; interim budget to actual information may not be accurate; misstatements may not be identified and 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.



Independent Auditor's Report on Compliance  
and Report on Internal Control over Compliance  
Required by the *State Compliance Audit Guide*

Board of Education and Audit Committee  
Garfield County School District

**Report on Compliance**

We have audited the compliance of Garfield County School District (the District) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2016.

Minimum School Program  
Budgetary Compliance  
Fund Balance  
Utah Retirement Systems  
Restricted Taxes and Related Revenues  
Open and Public Meetings Act  
Treasurer's Bond  
Cash Management  
School Fees

***Management's Responsibility***

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

***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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

## ***Opinion on Compliance***

In our opinion, Garfield County School District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2016.

## ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described below. Our opinion on compliance is not modified with respect to these matters.

*Budgetary compliance* – Expenditures may not legally exceed budgeted appropriations at the fund level. Total expenditures in the *non K-12 fund*, *capital projects fund*, and the *food services fund* exceeded budgeted amounts by \$34,608, \$172,172, and \$28,954, respectively, for the year ended June 30, 2016. We recommend budgets be adopted and amended as appropriate to avoid exceeding approved budgets.

*Board meeting minutes* – The Open Public Meeting Act requires the District to post approved board meeting minutes to the Utah Public Notice Website. The approved board meeting minutes are not being posted as required. We recommend that the approved board meeting minutes be posted as required.

*Views of responsible officials* – We appreciate your recommendations. We will review these items and make changes as necessary.

The District's response to the noncompliance findings identified in our audit is described above. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **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 compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those state compliance requirements 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 a 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.

*Aguirre & Company, PC*

Orem, Utah  
November 14, 2016