

GRAND COUNTY SCHOOL DISTRICT
SINGLE AUDIT AND STATE OF UTAH
LEGAL COMPLIANCE REPORTS

Year Ended June 30, 2012

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GRAND COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

Grantor/Pass-through Grantor/Program Title	CFDA Number	USOE Pass- Through Number	District's Program Number	(Deferral) Receivable June 30, 2011	Received	Expended	(Deferral) Receivable June 30, 2012
U.S. DEPARTMENT OF AGRICULTURE:							
Passed through Utah State Office of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	44	8071	\$ 1,929	\$ 61,637	\$ 59,708	\$ -
National School Lunch Program	10.555	42	8071	1,458	43,792	42,334	-
National School Lunch Program	10.555	43	8071	8,200	244,635	236,435	-
National School Lunch Program (Donated Commodities)	10.555		8071	-	34,277	34,277	-
Summer Food Service Program for Children	10.559	48	8071	4,580	8,998	11,127	6,709
Child and Adult Care Food Program	10.558	47	7910	-	7,418	7,418	-
Passed through Grand County:							
School and Roads - Grants to States	10.665		1050	-	34,078	34,078	-
				16,167	434,835	425,377	6,709
U.S. DEPARTMENT OF EDUCATION:							
Direct:							
Indian Education - Grants to Local Educational Agencies	84.060		7330	-	20,200	20,200	-
Fund for the Improvement of Education	84.215		7391	9,587	55,681	46,094	-
Fund for the Improvement of Education	84.215		6100 / 6600	18,678	53,849	35,171	-
Passed through Utah State Office of Education:							
Adult Education - Basic Grants to States	84.002	33	7580	-	16,510	22,014	5,504
<i>Title I, Part A Cluster:</i>							
Title I Grants to Local Educational Agencies	84.010	08	7511	135,864	286,845	299,536	148,555
<i>Special Education Cluster:</i>							
Special Education - Grants to States	84.027	19	7524	145,103	345,287	311,122	110,938
Special Education - Preschool Grants	84.173	52	7522	19,716	33,160	33,408	19,964
Career and Technical Education - Basic Grants to States	84.048	21	6043	31,146	31,146	27,183	27,183
Tech-Prep Education	84.243	26	6043	-	-	801	801
Twenty-First Century Community Learning Centers	84.287	60	7910	-	118,806	118,806	-
Education Technology State Grants	84.318	07	7870	1,875	1,875	-	-
English Language Acquisition Grants	84.365	73	7880	3,501	9,423	24,032	18,110
Improving Teacher Quality State Grants	84.367	74	7860	100,190	135,310	84,023	48,903
				465,660	1,108,092	1,022,390	379,958
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Passed through Utah Department of Workforce Services:							
Temporary Assistance for Needy Families	93.558		3500	-	30,000	30,000	-
Temporary Assistance for Needy Families	93.558		3501	20,699	51,199	30,500	-
				20,699	81,199	60,500	-
Total federal awards				\$ 502,526	\$ 1,624,126	\$ 1,508,267	\$ 386,667

The accompanying notes are an integral part of this schedule.

GRAND COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A. General – The schedule of expenditures of federal awards presents the activity of all federal award programs of Grand 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 presented 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 deferred revenue until earned. Donated food commodities are recorded at fair value (totaling \$34,277 for the year ended June 30, 2012) 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 District’s Financial Statements – The District also 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, 2012 is as follows:

General Fund	\$ 872,046
Other Governmental Funds:	
Non K-12 Programs	294,916
Food Services	383,881
Total governmental funds	<u>1,550,843</u>
Medical Assistance Program grant monies received through State of Utah Department of Health	<u>(42,576)</u>
Total federal revenue reported on the Schedule of Expenditures of Federal Awards	<u><u>\$ 1,508,267</u></u>



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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*

Board of Education
Grand County School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand County School District (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

We noted certain other matters that we have reported to management of the District in a separate letter to management dated November 30, 2012.

Management's response to those certain other matters is described in the accompanying letter to management. We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Agui & Company, PC

November 30, 2012



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Independent Auditor's Report on Compliance with Requirements That Could
Have a Direct and Material Effect on Each Major Program and Internal
Control Over Compliance in Accordance with OMB Circular A-133

Board of Education
Grand County School District

Compliance

We have audited Grand County School District's (the District) compliance 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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand County School District as of and for the year ended June 30, 2012 and have issued our report thereon dated November 30, 2012 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the District's 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 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 financial statements or to the 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 taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 30, 2012

GRAND COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012

No matters were noted in the prior year.

GRAND COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2012

I. Summary of auditor's results:

Financial Statements

Type of auditor's report issued: unqualified

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: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? 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
84.367	Improving Teacher Quality State Grants

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

Auditee qualified as low-risk auditee? yes no

II. Financial statement findings:

No matters were reported.

III. Federal award findings and questioned costs:

No matters were reported.



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Independent Auditor's Report on Legal Compliance in
Accordance with the *State of Utah Legal Compliance Audit Guide*

Board of Education
Grand County School District

We have audited the compliance of Grand County School District (the District), with the general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2012.

The general compliance requirements applicable to the District are identified as follows:

Public Debt	Cash Management
Purchasing Requirements	Budgetary Compliance
Truth in Taxation and Property Tax Limitations	Other General Compliance Issues
Utah Retirement Systems Compliance	Fund Balance Limitation
School Fees	Locally Generated Taxes and Fees

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

Minimum School Program

Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit 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 of Utah Legal Compliance Audit Guide*. Those standards and guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a material effect on a general compliance requirement identified above 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Grand County School District 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 assistance programs for the year ended June 30, 2012.

We noted certain other matters which are described in the accompanying letter to management.

Management's response to the other matters identified in our audit is described in the accompanying letter to management. We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Education, management, Office of the Utah State Auditor, Utah State Office of Education, and other awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Agui & Company, PC

November 30, 2012



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Letter to Management

November 30, 2012

Board of Education
Grand County School District

In planning and performing our audit of the financial statements of Grand County School District (the District) for the year ended June 30, 2012, we noted certain matters for your consideration. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 30, 2012 on the financial statements of the District. This letter accompanies our reports dated November 30, 2012 in accordance with *Government Auditing Standards*, the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and *State of Utah Legal Compliance Audit Guide*.

Individual School Accounting – We visited three schools near the end of the school year. We reviewed financial and student membership records. Certain minor exceptions with established District guidelines and procedures of the District were noted. We discussed these exceptions with school personnel at the completion of each visit. We have also reported our findings to District management. We encourage continued training of school personnel.

Budgeting – Actual expenditures exceeded the amount budgeted in the District's *debt service fund* and *food services fund* by \$103,600 and \$5,939, respectively.

Views of Responsible Officials – The District will continue training and will ensure expenditures are within budget.

The status of these comments will be reviewed as part of your next audit. We recommend management establish monitoring policies and procedures to provide the District with reasonable assurance that the District follows generally accepted accounting and reporting principles and standards and also that the District complies with various state and federal program requirements. Monitoring includes ongoing evaluations, recommendations for improvement, timely response to necessary changes, and periodic reports to management and the Board.

We appreciated being able to work with District personnel and those who helped with the audit.

A handwritten signature in black ink that reads "Squire & Company, PC". The signature is written in a cursive, flowing style.

Squire & Company, PC