

DAVIS SCHOOL DISTRICT

COMPLIANCE REPORTS

Year Ended June 30, 2016

TABLE OF CONTENTS

	Page
Schedule of Expenditures of Federal Awards	1
Notes to Schedule of Expenditures of Federal Awards	2
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 <i>Government Auditing Standards</i>	3
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	5
Summary Schedule of Prior Audit Findings	7
Schedule of Findings and Questioned Costs	8
Independent Auditor's Report on Compliance and Report on Internal Control over Compliance Required by the <i>State Compliance Audit Guide</i>	9

DAVIS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	District's Program Number	Passed Through to Subrecipients	Receivable (Unearned) June 30, 2015	Received	Expended	Receivable (Unearned) June 30, 2016
U.S. DEPARTMENT OF AGRICULTURE:								
Passed Through Utah State Board of Education:								
<i>Child Nutrition Cluster:</i>								
School Breakfast Program	10.553	44	8000	\$ -	\$ 29,537	\$ 1,394,051	\$ 1,382,694	\$ 18,180
National School Lunch Program (Donated Commodities)	10.555		8000	-	-	2,108,055	2,108,055	-
National School Lunch Program	10.555	42/43	8000	-	194,462	8,274,684	8,275,155	194,933
Total Child Nutrition Cluster				-	223,999	11,776,790	11,765,904	213,113
Child and Adult Care Food Program	10.558	47	6919/7365/7367	-	-	39,221	39,221	-
Fresh Fruit and Vegetable Program	10.582	48	8000	-	-	4,951	4,951	-
Passed Through Davis County:								
<i>Forest Service Schools and Roads Cluster:</i>								
Schools and Roads - Grants to States	10.665	28075	0010	-	-	16,297	16,297	-
Total U.S. Department of Agriculture				-	223,999	11,837,259	11,826,373	213,113
U.S. DEPARTMENT OF DEFENSE:								
Direct Programs:								
The Language Flagship Grants to Institutions of Higher Education	12.550		7326	-	8,142	111,354	111,518	8,306
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556		7327/7328/7329	-	27,896	278,633	272,335	21,598
Total U.S. Department of Defense				-	36,038	389,987	383,853	29,904
U.S. DEPARTMENT OF EDUCATION:								
Passed Through Utah State Board of Education:								
<i>Special Education Cluster (IDEA):</i>								
Special Education - Grants to States	84.027	19	1200	-	-	9,997,139	10,228,154	231,015
Special Education - Preschool Grants	84.173	52	1290	-	-	279,784	279,784	-
Total Special Education Cluster (IDEA)				-	-	10,276,923	10,507,938	231,015
Direct Programs:								
Impact Aid	84.041		0015/1220	-	-	688,963	688,963	-
Indian Education - Grants to Local Educational Agencies	84.060		7322	-	7,170	118,539	119,374	8,005
Passed Through Utah State Board of Education:								
Adult Education - Basic Grants to States	84.002	33	1610	-	121,211	308,923	249,798	62,086
Title I Grants to Local Educational Agencies	84.010	08	7511	-	1,943,573	6,615,252	7,806,672	3,134,993
Migrant Education - State Grant Program	84.011	15	7548	-	21,056	51,129	30,073	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	13	5202	-	20,560	55,218	40,376	5,718
Career and Technical Education - Basic Grants to States	84.048	21	6900/6904	-	570,654	872,881	565,899	263,672
Education for Homeless Children and Youth	84.196	28	5272	-	-	9,583	41,957	32,374
Twenty-First Century Community Learning Centers	84.287	60	7365/7366/7367	-	116,690	319,952	229,190	25,928
English Language Acquisition State Grants	84.365	73	7628	-	145,311	252,354	203,743	96,700
Mathematics and Science Partnerships	84.366	06	2925	-	1,361	1,361	-	-
Improving Teacher Quality State Grants	84.367	74	7627	-	55,123	529,603	1,201,625	727,145
Passed Through Utah State Department of Health:								
Special Education - Grants for Infants and Families	84.181	1518809	1299	-	-	362,660	523,330	160,670
Passed Through Utah State University:								
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	15000652	7635/7654	-	40,909	284,825	309,131	65,215
Total U.S. Department of Education					3,043,618	20,748,166	22,518,069	4,813,521
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:								
Passed Through Department of Workforce Services:								
<i>TANF Cluster:</i>								
Temporary Assistance for Needy Families	93.558	130146	5656/7690/7691/7692	-	86,152	220,417	273,432	139,167
<i>CCDF Cluster:</i>								
Child Care and Development Block Grant	93.575	CT16DWS	5655	-	100,396	313,833	443,377	229,940
Direct Programs:								
Head Start	93.600		7314/7315/7318/7320	-	520,013	4,310,701	4,336,084	545,396
Total U.S. Department of Health and Human Services					706,561	4,844,951	5,052,893	914,503
Total federal awards					\$ 4,010,216	\$ 37,820,363	\$ 39,781,188	\$ 5,971,041

DAVIS SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A. Basis for Presentation – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Davis 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.

Donated food commodities are recorded at acquisition value in the *School Food Services Fund* as an inventory asset and federal revenue when received totaling \$2,108,055 for the year ended June 30, 2016. Donated food commodity inventories are recorded as expenditures in the *School Food Services Fund* when they are consumed by the schools; for purposes of the Schedule, donated food commodities are also recorded as expenditures when received.

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

Note C. Relationship to District’s Financial Statements – A reconciliation of federal revenue 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	\$ 31,631,894
Debt Service Fund	1,027,390
School Food Services Fund (other governmental funds)	<u>11,730,006</u>
Total amount reported in the financial statements	44,389,290
Interest rate subsidy	(1,027,391)
Medical Assistance Program grant monies received through State of Utah Department of Health	<u>(3,580,711)</u>
Total federal revenue not included on schedule	<u>(4,608,102)</u>
Total federal revenue reported on the schedule of expenditures of federal awards (SEFA)	<u><u>\$ 39,781,188</u></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
Davis 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, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davis 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 15, 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 and the other auditors 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 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*.

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.

Squire & Company, PC

Orem, Utah
November 15, 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
Davis School District

Report on Compliance for Each Major Federal Program

We have audited the compliance of Davis 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 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 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.

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 governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davis School 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 issued our report thereon dated November 15, 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.

Squire & Company, PC

Orem, Utah
November 15, 2016

DAVIS SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2016

No findings were reported in the prior year.

DAVIS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2016

I. Summary of auditor's results:

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? ___ yes X 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 2 CFR 200.156(a)? ___ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	<i>Special Education Cluster (IDEA):</i>
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
93.600	Head Start

Dollar threshold used to distinguish between type A and type B programs: \$ 1,193,436

Auditee qualified as low-risk auditee? X yes ___ no

II. Financial statement findings:

No matters were reported.

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
Davis School District

Report on Compliance

We have audited the compliance of Davis 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
- School District Tax Levies
- 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 state 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, Davis 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 *general fund* and the *student activities fund* exceeded budgeted amounts by \$475,972 and \$206,729, 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 recommendation. 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.

Equire & Company, PC

Orem, Utah
November 15, 2016