

**DAVIS SCHOOL DISTRICT**

**COMPLIANCE REPORTS**

Year Ended June 30, 2018

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**DAVIS SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Pass-Through Entity Identifying Number	District's Program Number	Receivable (Unearned) June 30, 2017	Received	Expended	Receivable (Unearned) June 30, 2018
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>							
Passed Through Utah State Board of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	SBP	8000	\$ 10,890	\$ 1,292,568	\$ 1,286,686	\$ 5,008
National School Lunch Program (Donated Commodities)	10.555	NSLF	8000	-	2,334,321	2,334,321	-
National School Lunch Program	10.555	NSLF	8000	160,671	8,313,509	8,291,533	138,695
Total Child Nutrition Cluster				171,561	11,940,398	11,912,540	143,703
Child and Adult Care Food Program	10.558	CAM	6919/7365/7367	-	3,460	3,460	-
Fresh Fruit and Vegetable Program	10.582	FFVP	8000	-	85,744	85,744	-
Passed Through Davis County:							
<i>Forest Service Schools and Roads Cluster:</i>							
Schools and Roads - Grants to States	10.665	N/A	0010	-	6,098	6,098	-
Total U.S. Department of Agriculture				171,561	12,035,700	12,007,842	143,703
<b>U.S. DEPARTMENT OF DEFENSE:</b>							
Direct Programs:							
The Language Flagship Grants to Institutions of Higher Education	12.550		7326	7,964	108,417	109,160	8,707
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556		7327/7328/7329	34,934	91,960	220,406	163,380
Total U.S. Department of Defense				42,898	200,377	329,566	172,087
<b>U.S. DEPARTMENT OF EDUCATION:</b>							
Passed Through Utah State Board of Education:							
<i>Special Education Cluster (IDEA):</i>							
Special Education Grants to States	84.027	FTFL	1200	3,266,529	11,530,092	10,660,951	2,397,388
Special Education Preschool Grants	84.173	PRE	1290	130,784	382,621	304,090	52,253
Total Special Education Cluster (IDEA)				3,397,313	11,912,713	10,965,041	2,449,641
Direct Programs:							
Impact Aid	84.041		0015/1220	-	589,830	589,830	-
Indian Education Grants to Local Educational Agencies	84.060		7322	37,535	97,197	59,662	-
Passed Through Utah State Board of Education:							
Adult Education - Basic Grants to States	84.002	SLDR	1610	192,413	370,068	378,399	200,744
Title I Grants to Local Educational Agencies	84.010	T1FT	7511	1,883,136	7,637,783	6,620,643	865,996
Migrant Education State Grant Program	84.011	MGFT	7548	535	30,000	29,465	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	NDAC	5202	54,098	113,714	74,311	14,695
Career and Technical Education - Basic Grants to States	84.048	FLEA	6900/6904	559,462	560,518	574,737	573,681
Education for Homeless Children and Youth	84.196	MVFT	5272	-	21,202	38,843	17,641
Twenty-First Century Community Learning Centers	84.287	ASFT	7365/7366/7367	134,663	249,599	384,235	269,299
English Language Acquisition State Grants	84.365	ELFT	7628	72,081	146,667	209,504	134,918
Supporting Effective Instruction State Grants	84.367	4AFT	7627	185,220	814,879	1,145,904	516,245
Grants for State Assessments and Related Activities	84.369	AADM		-	7,832	8,272	440
Passed Through Utah State Department of Health:							
Special Education - Grants for Infants and Families	84.181	N/A	1299	-	419,985	419,985	-
Passed Through Utah State University:							
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	7635/7654	90,944	442,889	469,576	117,631
Total U.S. Department of Education				6,607,400	23,414,876	21,968,407	5,160,931
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>							
<i>TANF Cluster:</i>							
Passed Through Utah State Board of Education:							
Temporary Assistance for Needy Families	93.558	PCA	5659/5657	653,581	705,463	1,039,951	988,069
Passed Through Department of Workforce Services:							
Temporary Assistance for Needy Families	93.558	N/A	5656/7690/7691/7692	145,482	366,385	302,864	81,961
Total TANF Cluster				799,063	1,071,848	1,342,815	1,070,030
Passed Through Department of Workforce Services:							
<i>CCDF Cluster:</i>							
Child Care and Development Block Grant	93.575	N/A	5655	442,806	844,033	553,677	152,450
Direct Programs:							
Head Start	93.600		7314/7315/7318/7320	660,978	5,720,302	4,968,165	(91,159)
Total U.S. Department of Health and Human Services				1,902,847	7,636,183	6,864,657	1,131,321
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:</b>							
Passed Through Ogden School District:							
AmeriCorps	94.006	N/A	7636	20,774	113,221	120,305	27,858
Total Corporation for National and Community Service				20,774	113,221	120,305	27,858
Total federal awards				\$ 8,745,480	\$ 43,400,357	\$ 41,290,777	\$ 6,635,900

**DAVIS 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 Davis School District (the District) under programs of the federal government for the year ended June 30, 2018. 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 \$2,334,321 for the year ended June 30, 2018. 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, 2018 is as follows:

General Fund	\$ 32,042,146
Debt Service Fund	983,196
School Food Services Fund (other governmental funds)	<u>11,922,557</u>
Total amount reported in the financial statements	44,947,899
Interest rate subsidy	(983,196)
Medical Assistance Program grant monies received through State of Utah Department of Health	<u>(2,673,926)</u>
Total federal revenue not included on schedule	<u>(3,657,122)</u>
Total federal revenue reported on the schedule of expenditures of federal awards (SEFA)	<u>\$ 41,290,777</u>

**Note D. Subrecipients of Federal Awards** – The District did not provide federal award funding to any subrecipient during the year ended June 30, 2018.



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, each major fund, and the aggregate remaining fund information of Davis School District (the District), as of and for the year ended June 30, 2018, 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 2, 2018.

### **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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 2, 2018



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, 2018.

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, 2018.

**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, business-type activities, each major fund, and the aggregate remaining fund information of Davis School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 2, 2018, 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 2, 2018

**DAVIS SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2018

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No findings were reported in the prior year.

**DAVIS SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2018

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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>TANF Cluster:</i>
93.558	Temporary Assistance for Needy Families
	<i>Special Education Cluster (IDEA):</i>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.367	Supporting Effective Instruction State Grants

Dollar threshold used to distinguish between type A and type B programs: \$1,238,723

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.



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, 2018.

- Minimum School Program
- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- School District Tax Levies
- Open and Public Meetings Act
- Public Treasurer's Bond
- Tax Levy Revenue Recognition

***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, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed immaterial 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 of the *general fund* exceeded budgeted amounts by \$2,979,235 or 0.6 percent for the year ended June 30, 2018. We recommend budgets be adopted and amended as appropriate to avoid overspending.

*Management's Response* – 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.

*Squire + Company, PC*

Orem, Utah  
November 2, 2018