

**PARK CITY SCHOOL DISTRICT**

**COMPLIANCE REPORTS**

Year Ended June 30, 2015

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**PARK CITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2015

Grantor/Pass-through Grantor/Program Title	CFDA Number	USOE Revenue Code	District's Program Number	Receivable (Unearned) June 30, 2014	Receipts	Expenditures	Receivable (Unearned) June 30, 2015
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>							
Passed through Utah State Office of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	46	8074	\$ 2,726	\$ 82,168	\$ 82,690	\$ 3,248
National School Lunch Program	10.555	46	8071	-	104,366	107,064	2,698
National School Lunch Program	10.555	46	8072	12,318	385,300	384,851	11,869
National School Lunch Program	10.555	46	8075	-	13,856	13,856	-
National School Lunch Program (Commodities)	10.555		8001	-	93,187	93,187	-
Child and Adult Care Food Program	10.558	41	8079	-	1,000	1,000	-
Passed through Summit County:							
<i>Forest Service Schools and Roads Cluster:</i>							
Schools and Roads - Grants to States	10.665		9999	-	44,797	44,797	-
				15,044	724,674	727,445	17,815
<b>U.S. DEPARTMENT OF EDUCATION:</b>							
Passed through Utah State Office of Education:							
Adult Education - Basic Grants to States	84.002	33	7582	-	1,150	1,150	-
Title I Grants to Local Education Agencies	84.010	08	7801	129,112	239,914	198,056	87,254
<i>Special Education (IDEA) Cluster:</i>							
Special Education - Grants to States	84.027	19	7524	243,590	726,625	790,999	307,964
Special Education - Preschool Grants	84.173	52	7522	17,904	17,904	17,562	17,562
Career and Technical Education - Basic Grants to States	84.048	21	6043	30,248	59,091	28,843	-
English Language Acquisition State Grants	84.365	73	7880	16,138	36,137	28,069	8,070
Improving Teacher Quality State Grants	84.367	74	7860	38,506	50,153	44,934	33,287
				475,498	1,130,974	1,109,613	454,137
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:</b>							
Passed through Ogden School District:							
AmeriCorps	94.006		7601	-	22,205	22,205	-
Total federal awards				\$ 490,542	\$ 1,877,853	\$ 1,859,263	\$ 471,952

See notes to schedule of expenditures of federal awards.

**PARK CITY SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

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

Most of the federal awards are expenditure-driven grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; grants received in advance are recorded as unearned revenue. Donated food commodities are recorded at fair value in the *school 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 and totaled \$93,187 for the year ended June 30, 2015.

**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, 2015 is as follows:

General fund	\$ 1,176,615
Special revenue funds:	
Food services	<u>682,648</u>
Total federal revenue reported on schedule of expenditures and federal awards (SEFA)	<u><u>\$ 1,859,263</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  
Park City 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 Park City School District (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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.

Handwritten signature in black ink that reads "Agui & Company, PC". The signature is written in a cursive, flowing style.

Orem, Utah  
November 10, 2015



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Board of Education  
Park City School District

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

We have audited the compliance of Park City School District (the District) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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

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

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

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Park City School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Park City School District's basic financial statements. We have issued our report thereon dated November 10, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Agui & Company, PC*

Orem, Utah  
November 10, 2015

**PARK CITY SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2015

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No findings were reported in the prior year.

**PARK CITY SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2015

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I. Summary of auditor's results:

*Financial Statements*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

-Material weaknesses identified?      \_\_\_ 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 section 510(a) of Circular A-133?      \_\_\_ yes    X no

Identification of major programs:

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

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

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.

**PARK CITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

Year Ended June 30, 2015

State Grantor Agency / Program Title	Program Number	Year Last Audited	Receivable (Unearned) June 30, 2014	Received	Expended	Receivable (Unearned) June 30, 2015
<b>State Awards:</b>						
State of Utah Office of Education:						
Minimum School Program (per schedule)	Various	2015	\$ (327,635)	\$ 44,837,173	\$ 45,168,252	\$ 3,444
Minimum School Program Generated by Basic Levy			-	(40,498,024)	(40,498,024)	-
Total Minimum School Program revenue			(327,635)	4,339,149	4,670,228	3,444
Utah Performance Assessment System for Students (U-PASS)	5699	n/a	(4,402)	20,844	25,246	-
Professional Development	5618	n/a	11,850	11,850	-	-
Student Leadership	5816	n/a	4,999	4,999	-	-
State of Utah Department of Workforce Services:						
Park City Center for Advanced Professional Studies	0517	n/a	1,385	1,385	-	-
Other State Agencies	Various	n/a	-	61,247	61,247	-
Total expenditures of state awards			(313,803)	4,378,227	4,756,721	3,444
<b>State Funding Tested with Federal Programs:</b>						
State of Utah Office of Education:						
School Lunch Program (Liquor Control Tax)	8070	2013 *	98,272	266,835	234,599	66,036
Total state revenue (per statement of activities)			\$ (215,531)	\$ 4,645,062	\$ 4,991,320	\$ 69,480

\* Compliance is audited with federal *Child Nutrition Cluster* programs as part of the federal compliance audit.

This schedule is reported using the modified accrual basis of accounting for assistance received by governmental funds, which is described in Note 1 to the District's basic financial statements.



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

Board of Education  
Park City School District

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

We have audited the compliance of Park City School District (the District) with the general and major state program compliance requirements described in the *State Compliance Audit Guide* for the year ended June 30, 2015.

General state compliance requirements tested for the year ended June 30, 2015 are identified as follows:

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

The District's state awards (passed through the State of Utah Office of Education) classified as major programs for the year ended June 30, 2015 are as follows:

- Minimum School Program

***Management's Responsibility***

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

***Auditor's Responsibility***

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether

noncompliance with the compliance requirements referred to above that could have a direct and material effect on a general state compliance requirement or a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each general state compliance requirement tested and each major state program. However, our audit does not provide a legal determination of the District's compliance.

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

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

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

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We have issued our report thereon dated November 10, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis in accordance with the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Orem, Utah  
November 10, 2015