BYERS SCHOOL DISTRICT 32-J
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2021

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BYERS SCHOOL DISTRICT 32-J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number		State Grant Number	Provided to Subrecipient	Grant Expenditures 2020-21
U.S. Department of Agriculture					
Child Nutrition Cluster - Cluster					
(Passed through Colorado Department of Education)					
National School Lunch Program	10.555		4555	$ -	$ 41,511
Summer Food Service Program for Children	10.559		4559	-	211,043
Total Child Nutrition Cluster - Cluster				-	252,554
Total U.S. Department of Agriculture					252,554
U.S. Department of Education					
Passed through Colorado Department of Education:					
Title I, ECEA Education Handicapped Children	84.010		4010	-	352,254
Title IV A	84.424		4424	-	26,960
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I)	84.425D	(1)	4425	-	303,289
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	(1)	4420	-	1,056,271
Total U.S. Department of Education				-	1,738,774
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ -	$ 1,991,328

(1) COVID-19 - Elementary and Secondary School Emergency Relief (ESSER): $1,359,560

BYERS SCHOOL DISTRICT 32-J
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Programs (Uniform Guidance), using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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.

NOTE 3: INDIRECT COSTS

The district has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 4: SUBRECIPIENTS

The district provided no federal awards to subrecipients.

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INDEPENDENT AUDITORS' 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
Byers School District 32-J
Byers, Colorado

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Byers School District 32-J, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Byers School District 32-J's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Byers School District 32-J's internal control over financial reporting (internal control) as a basis for designing 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 Byers School District 32-J's internal control. Accordingly, we do not express an opinion on the effectiveness of Byers School District 32-J'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Board of Education
Byers School District 32-J

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Byers School District 32-J'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 financial statements. 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*.

Byers School District 32-J's Response to Findings

Byers School District 32-J's response to the findings identified in our audit is described in the accompanying corrective action plan. Byers School District 32-J's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
December 8, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Byers School District 32-J
Byers, Colorado

Report on Compliance for Each Major Federal Program

We have audited Byers School District 32-J's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Byers School District 32-J's major federal programs for the year ended June 30, 2021. Byers School District 32-J's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Byers School District 32-J'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 Byers School District 32-J'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 Byers School District 32-J's compliance.

Opinion on Each Major Federal Program

In our opinion, Byers School District 32-J 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, 2021.

Report on Internal Control Over Compliance

Management of Byers School District 32-J 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 Byers School District 32-J'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 Byers School District 32-J'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 a 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Byers School District 32-J as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Byers School District 32-J's basic financial statements. We issued our report thereon dated February 11, 2022, 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 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 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
February 11, 2022

Byers School District 32-J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? __x__ yes _____ no

   - Significant deficiency(ies) identified? _____ yes __x__ none reported

3. Noncompliance material to financial statements noted? _____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? _____ yes __x__ no

   - Significant deficiency(ies) identified? _____ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes __x__ no

Identification of Major Federal Programs

AL Number(s)	**Name of Federal Program or Cluster**
84.425	COVID-19 – ESSER I and II

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? _____ yes __x__ no

Section II – Financial Statement Findings

2021 – 001 BEST Grant

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: Construction invoices related to the BEST grant were not accrued as expenditures and payables in the year of service. The cash with fiscal agent associated with the new loan was not reflected in the activity for the District.

Criteria: Governmental Accounting Standards Board Statement No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements – An Interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; And GASB Statements No. 10, 16, and 18*, and subsequent amendments to this guidance define accrual accounting and provide guidance for proper accounting of these liabilities.

Context: During testing of the BEST grant, it was noted that invoices applicable to work performed in 2021 for an ongoing construction in progress project were not recorded as expenditures for the District. It was also noted that the retainage payable associated with the project was also not accrued as a payable as of the end of the year. Also, the new loan proceeds and cash held with fiscal agent were not recorded.

Effect: As a result of this issue, the following adjustments were required to by posted by the District:

- General Fund – An adjustment to increase Accounts Payable and Expenditures by $330,182. An adjustment to increase cash with fiscal agent, issuances costs, and loan proceeds by $1,168,765, $35,402, and $1,204,167.

Cause: BEST grant activity was not properly reviewed and reported.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that the District increase its review of invoices received from construction related vendors.

Views of responsible officials and planned corrective actions: The District agrees with the finding and has adjusted cash, expenditures, payables, and other financing sources accordingly. The District will improve the process for reconciling items related grants and vendor payments on on going construction projects.

Responsible Official: Stacy Sondburg, Business Manager

<u>2021 – 002 Reconciliation of grant related revenues and expenditures</u>

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: Revenues and related unearned revenue balances presented by the District did not agree to cash receipts received or expenditures during the audit period.

Criteria: Based on the guidance in Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, grant revenue should be recognized when eligibility requirements are met, and the resources are available.

Context: The error was noted during testing of grant revenues and expenditures which included reconciliation of the account balance to underlying transactional level detail and testing of significant transactions.

Effect: As a result of this issue, the following adjustments were required to by posted by the District:

- Grants Fund – Adjustments to increase unearned revenue $113,364 and decrease revenue by $113,364.

Cause: The District's process for reconciling grant related activity did not identify the differences between expenditures and corresponding revenues for federal programs.

Repeat Finding: No.

Recommendation: We recommend that the District improve the process for reconciling grant related activity on a monthly basis to be reported correctly at year end.

Views of responsible officials and planned corrective actions: The District agrees with the finding and has adjusted revenue and unearned revenue accordingly. The District will improve the process for reconciling grant activity and improve the review process to ensure that this error does not occur again. All of the factors contributing to the cause of this error are being actively addresses to minimize the change of future errors.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

BYERS SCHOOL DISTRICT 32-J
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021

Byers School District 32-J respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: June 30, 2021

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no financial statement findings in the prior year.

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BYERS SCHOOL DISTRICT 32-J
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2021

U.S. Department of Education

Byers School District 32-J respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: year ended June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2021-001 BEST Grant

Recommendation: We recommend that the District increase its review of invoices received from construction related vendors.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The District will review invoices received from construction vendors for the BEST grant as they are received.

Name of the contact person responsible for corrective action: Stacy Sondburg, Business Manager

Planned completion date for corrective action plan: 2/15/22

MATERIAL WEAKNESS

2021-002 Reconciliation of grant related revenues and expenditures

Recommendation: We recommend that the District improve the process for reconciling grant related activity on a monthly basis to be reported correctly at year end.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The District will reconcile grants monthly to ensure revenues and expenditures match.

Name of the contact person responsible for corrective action: Stacy Sondburg, Business Manager

Planned completion date for corrective action plan: 2/15/22

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

There were no Federal Award Program findings in the current year.

If the U.S. Department of Education has questions regarding this plan, please call Stacy Sondburg at 303-822-5292 ext. 1139.