
BAYFIELD SCHOOL DISTRICT
NUMBER 10-JtR
*FEDERAL AWARDS REPORTS
IN ACCORDANCE WITH THE
SINGLE AUDIT ACT AND
UNIFORM GUIDANCE
JUNE 30, 2022*

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

**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
Bayfield School District Number 10-JtR
Bayfield, 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, each major fund and the aggregate remaining fund information of Bayfield School District Number 10-JtR (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2019.

Report On 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) 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 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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report On 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 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*.

District's Response To Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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.

RubinBrown LLP

December 20, 2022

**Independent Auditors' Report On Compliance
For Each Major Federal Program,
Report On Internal Control Over Compliance
And Report On Schedule Of Expenditure Of Federal
Awards Required By The Uniform Guidance**

Board of Education
Bayfield School District Number 10-JtR
Bayfield, Colorado

Report On Compliance For Each Major Federal Program

Opinion On Each Major Federal Program

We have audited Bayfield School District Number 10-JtR's (the District) compliance with the types of compliance requirements identified as being subject to audit in the Office of Management and Budget's *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, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis For Opinion On Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* (the Uniform Guidance). Our responsibility under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities For The Audit Of Compliance section of our report.

We are required to be independent of the District and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities Of Management For Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities For The Audit Of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities For The Audit Of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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.

RubinBrown LLP

December 20, 2022

BAYFIELD SCHOOL DISTRICT NUMBER 10-JtR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Federal Expenditures	Expenditures To Sub-Recipients
U.S. Department Of Agriculture				
<u>Child Nutrition Cluster</u>				
Passed through Colorado Department of Education				
COVID-19 Seamless Summer Breakfast	10.553	5553	\$ 166,119	\$ —
Passed through Colorado Department of Human Services				
Donated Food Commodities	10.555	4555	43,884	—
Passed through Colorado Department of Education				
COVID-19 Seamless Summer Lunch	10.555	5555	472,799	—
COVID-19 Supply Chain Assistance	10.555	6555	24,449	—
ALN 10.555 total			541,132	—
Total Child Nutrition Cluster			707,251	—
COVID-19 SNAP P-EBT Mini Grant	10.649	4649	614	—
Total U.S. Department Of Agriculture			707,865	—
U.S. Department Of Education				
Passed through Colorado Department of Education				
Title I Grants to Local Educational Agencies	84.010	4010	143,230	—
Title I Grants to Local Educational Agencies	84.010	5010	29,271	—
ALN 84.010 total			172,501	—
Indian Education Grants to Local Education Agencies	84.060A	4060	14,919	—
Title III- English Language Acquisition Grants	84.365	4365	2,778	—
Title IIA Improving Teacher Quality State Grants	84.367	4367	32,870	—
Title IV Student Support	84.424A	4424	10,187	—
COVID-19 Elementary and Secondary School				
Emergency Relief Fund Set Aside Supplemental	84.425D	5425	689	—
COVID-19 Elementary and Secondary School				
Emergency Relief Fund II Set Aside Supplemental	84.425D	4419	27,200	—
ALN 84.425D total			27,889	—
COVID-19 Elementary and Secondary School				
Emergency Relief Fund III	84.425U	4414	343,281	—
COVID-19 Elementary and Secondary School				
Emergency Relief Fund III Learning Loss Set-Aside	84.425U	9414	149,740	—
ALN 84.425U total			493,021	—
Total Elementary and Secondary School Emergency Relief Funds			520,910	—
Total U.S. Department Of Education			754,165	—
Total Federal Awards Expended			\$ 1,462,030	\$ —

BAYFIELD SCHOOL DISTRICT NUMBER 10-JtR

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2022

1. Basis Of Presentation

The accompanying schedule of expenditures of federal awards, which includes the federal grant activity of the District, is presented on the modified accrual basis of accounting. The information in this 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 Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the District's financial statements for the year ended June 30, 2022.

2. Noncash Activities

The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received. The commodities are recognized as expenditures when used by the schools. Commodities are valued based on current market value. Expenditures totaling \$43,884 were recognized for food commodities used during the year ended June 30, 2022. The majority of the commodities are stored at the individual schools, instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as deferred revenue.

3. Indirect Costs

The District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JtR

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2022

Section I - Summary Of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

AL No.	Name Of Federal Program Or Cluster
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84.425	COVID-19 - Elementary and Secondary Emergency Relief
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Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

BAYFIELD SCHOOL DISTRICT NUMBER 10-JtR

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*
For The Year Ended June 30, 2022

Section II - Financial Statement Findings

Finding 2022-001 Material Weakness, Internal Control Over Financial Reporting

Criteria Or Specific Requirement: Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Condition: The District received new sources of food services grant funding due to the pandemic and did not expend enough funds to fully earn the grant funds in accordance with their requirements. The remaining funds should have been recognized as unearned revenue to be used in future periods. The District also omitted to charge overhead against the program in the prior year.

Cause: The District was unaware of the requirements to fully earn the funds.

Effect: The District's beginning net position as well as current-year and prior-year grant revenue was overstated. The prior-year food services fund expenditures were understated.

Identification As A Repeat Finding: N/A

Recommendation: The District should evaluate the sufficiency of training and oversight related to new sources of grant funding.

Views Of Responsible Officials And Planned Corrective Action: The District agrees with the finding and has put together a correction action plan for the finding. See corrective action plan included in this report.

BAYFIELD SCHOOL DISTRICT NUMBER 10-JtR

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)
For The Year Ended June 30, 2022**

Section III - Federal Award Findings And Questioned Costs

Finding 2022-002 Material Weakness, Inaccurate Schedule Of Expenditures Of Federal Awards (The SEFA)

Criteria: Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) provides guidance related to preparation and reporting of a SEFA. 2 CFR Section 200.100 identifies the required elements of the SEFA and 2 CFR Section 200.510 specifically requires that the SEFA include information on each federal award expended during the year. The District is required to prepare a complete and accurate SEFA and to have a system of internal controls, the design and operation of which allows management or employees in the normal course of performing their assigned functions to prevent, or detect and correct, errors on a timely basis.

Condition: The initial SEFA was inaccurate, which led to errors in reporting federal awards. The District incorrectly reported expenditures within two programs totaling \$220,070 that were in excess of actual expenditures.

Cause: The District did not have adequate training and oversight in place for accounting staff to ensure its SEFA was prepared in accordance with federal requirements. The District received new sources of federal funding, and the preparer and reviewer were not familiar with federal requirements and the guidance for the SEFA; this resulted in the errors noted above.

Effect: As a result of the errors, the SEFA was materially incorrect. Inaccurate identification of federal awards may also result in inaccurate identification of compliance requirements, risk assessments, major program determination, materiality determinations and reporting errors.

Questioned Costs: None

Context: N/A

Identification As A Repeat Finding: N/A

BAYFIELD SCHOOL DISTRICT NUMBER 10-JtR

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)
For The Year Ended December 31, 2022**

Recommendation: The District should strengthen its internal controls by implementing additional training and oversight of personnel to ensure the SEFA accurately reflects federal expenditures for the fiscal year.

Views Of Responsible Officials And Planned Corrective Action: The District agrees with the finding and has put together a correction action plan for the finding. See corrective action plan included in this report.



CORRECTIVE ACTION PLAN For the Year Ended June 30 2022

Finding 2022-001

Material Weakness, Internal Control Over Financial Reporting

Personnel Responsible for Corrective Action: John Moore, Director of Finance and Leon Hanhardt, Superintendent

Anticipated Completion Date: September 30, 2023

Corrective Action Plan:

The District will continue to evaluate the evolving operational and accounting requirements of all sources of grant funding, as well as work with those agencies and others to evaluate and properly record all impacts of that funding.

Finding 2022-002

Material Weakness, Inaccurate Schedule of Expenditures of Federal Awards (SEFA)

Personnel Responsible for Corrective Action: John Moore, Director of Finance and Leon Hanhardt, Superintendent

Anticipated Completion Date: September 30, 2023

Corrective Action Plan:

District personnel will agree amounts reported on the SEFA to the corresponding expenditures recorded in the general ledger and an individual independent of preparation of the SEFA will review the report.