
Estes Park School District R-3

Federal Awards Supplemental Information
June 30, 2022

Independent Auditor's Reports

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Estes Park School District R-3

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Estes Park School District R-3 (the "School District") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated January 23, 2023, which contained an unmodified opinion 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. We have not performed any procedures with respect to the audited financial statements subsequent to January 23, 2023.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 financial statements as a whole.

Plante & Moran, PLLC

January 23, 2023

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*

Independent Auditor's Report

To Management and the Board of Education
Estes Park School District R-3

We have audited, in accordance with 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 basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Estes Park School District R-3 (the "School District") as of and for the year ended June 30, 2022 and the related notes to the basic financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 School District'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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School 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*.

The School District's Responses to the Findings

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

To Management and the Board of Education
Estes Park School District R-3

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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

January 23, 2023

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Estes Park School District R-3

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Estes Park School District R-3's (the "School District") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of the 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 responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District and to meet our other 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 School 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 School District's federal programs.

Auditor's 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 School 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 School 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 School 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 School 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 School 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

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 *Auditor's 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

To the Board of Education
Estes Park School District R-3

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.

Plante & Moran, PLLC

January 23, 2023

Estes Park School District R-3

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters:			
Child Nutrition Cluster - U.S. Department of Agriculture:			
Passed through Colorado Department of Human Services -			
National School Lunch Program (Entitlement Commodities)	10.555	4555	\$ 185
Passed through the Colorado Department of Education:			
National School Lunch Program	10.555	4555	4,818
Supply Chain Assistance	10.555	6555	20,926
Seamless Summer Option (SSO) - Lunch	10.555	5555	<u>448,407</u>
Total National School Lunch Program (incl. commodities)			474,336
Summer Food Service Program	10.559	4559	7,176
School Breakfast Program - Seamless Summer Option (SSO) -			
Breakfast	10.553	5553	<u>87,105</u>
Total Child Nutrition Cluster			568,617
Special Education Cluster - U.S. Department of Education:			
Passed through the Colorado Department of Education -			
Grants to States IDEA, Part B:			
IDEA, Part B	84.027	4027	156,999
COVID-19 American Rescue Plan - IDEA, Part B	84.027A	6027	<u>45,345</u>
Total Grants to States IDEA, Part B			202,344
Preschool Grants Formula Grant IDEA, Part B	84.173	4173	<u>13,306</u>
Total Special Education Cluster			<u>215,650</u>
Total clusters			784,267
Other federal awards:			
U.S. Department of Agriculture - Passed through the Colorado			
Department of Education - COVID-19 P-EBT Grants			
	10.649	4649	614
U.S. Department of Education:			
Passed through the Colorado Department of Education:			
Title III, Part A	84.365	4365	12,156
Title II, Part A	84.367	4367	35,988
Title I, Part A	84.010	4010	264,473
COVID-19 Testing	93.323	7323	225
Education Stabilization Fund Program:			
COVID-19 GEER RISE	84.425C	6425	46,658
COVID-19 ESSER II Formula Fund	84.425D	4420	545,479
COVID-19 ESSER III Formula Fund	84.425U	4414	<u>127,029</u>
Total Education Stabilization Fund Program			<u>719,166</u>
Total U.S. Department of Education noncluster programs			<u>1,032,008</u>
Total federal expenditures			<u>\$ 1,816,889</u>

See notes to schedule of expenditures
of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Estes Park School District R-3 (the "School District") under programs of the federal government for the year ended June 30, 2022. 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 Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as outlined in the Compliance Supplement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

The School District has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance and is reported on the schedule of expenditures of federal awards.

Note 4 - Subrecipients

There were no subrecipients of federal awards during the year ended June 30, 2022.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to financial statements noted? Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
10.553, 10.555, 10.559	Child Nutrition Cluster	Unmodified
84.425C, 84.425D, 84.425U	Education Stabilization Fund	Unmodified

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

Auditee qualified as low-risk auditee? Yes X No

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings

Reference Number	Finding
2022-001	<p>Finding Type - Material weakness</p> <p>Criteria - The School District's internal control structure should ensure that accounting data is properly calculated and reported in the financial statements.</p> <p>Condition - An error was identified on the June 30, 2021 government-wide financial statements during the June 30, 2022 audit as a result of audit procedures, related to compensated absences. An adjustment was required to correct this error and was recorded by management restating the prior period net position.</p> <p>Context - The School District overstated compensated absences and understated net position by \$710,153 at July 1, 2022.</p> <p>Cause - The School District did not have proper controls or processes in place to analyze and review the June 30, 2021 financial statements in detail prior to their issuance, resulting in an adjustment to the prior period net position at June 30, 2022.</p> <p>Effect - Government-wide balances were misstated at June 30, 2021 and identified in the June 30, 2022 audit. Amounts were corrected by management during the audit process.</p> <p>Recommendation - We recommend that the School District implement controls and a process to review the financial statements in detail prior to their issuance.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The School District agrees with the finding and has corrected the error in the financial statements. As part of the preparation of the School District's financials, the accounting department will work with the audit firm to make sure all numbers shown in the report agree to district calculated balances. The accounting department will also work with the audit firm to receive the financials in a timely manner to allow for a proper review before they are published.</p>

Estes Park School District R-3

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding
2022-002	<p>Finding Type - Material weakness</p> <p>Criteria - The School District's internal control structure and documentation in relation to the recording of installment purchase agreements should ensure that accounting data is properly recorded and reported in accordance with generally accepted accounting principles.</p> <p>Condition - In 2021, the School District improperly recorded an installment purchase agreement. This error was identified as a result of the June 30, 2022 audit procedures. An adjustment was required to correct this error and was recorded by management restating the prior period net position.</p> <p>Context - The School District understated the installment purchase liability and overstated net position by \$496,598 at July 1, 2022.</p> <p>Cause - The School District has not established a system to ensure infrequent or unusual transactions, such as financing activities, are recorded and reported in accordance with generally accepted accounting principles.</p> <p>Effect - Government-wide balances were misstated at June 30, 2021 and identified in the June 30, 2022 audit. Amounts were corrected by management during the audit process.</p> <p>Recommendation - The School District should ensure that any infrequent or unusual transactions are calculated in accordance with the contract and recorded in accordance with generally accepted accounting principles.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The School District agrees with the finding and has corrected the error in the financial statements. Additionally, the business office will evaluate all agreements that the School District enters into throughout the year to determine proper reporting in accordance with GAAP. Also, as part of the audit, the School District will discuss any new agreements with the auditor to evaluate for proper reporting.</p>

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	