

**MEMORANDUM**

**TO:** Members, Utah State Board of Education

**FROM:** Natalie Grange CPA, CFE  
School Finance Director

**DATE:** June 9-10, 2016

**ACTION:** Summary of the Review of Fiscal Year 2015 Financial and Single Audits for all Local Education Agencies (LEAs)

---

**Background:**

A summary of fiscal year 2015 financial statements, single audits (if applicable), and management letters of all LEAs that were in operation during fiscal year 2015 will be presented. The financial statements, audit opinions, and management letters are due to the State by November 30 of each year.

The financial statements, single audits, associated audit opinions, and management letters have been reviewed by the School Finance Division for various elements.

**Board Strategic Plan:**

This item supports the following imperative(s) and strategies in the Board's Strategic Plan:

- Educational Equity
- System Values

**Action:**

It is anticipated that the Finance Committee will receive and accept the report and recommend release to the full board.

**Contact:** Natalie Grange, School Finance Director, 801-538-7668  
Brian Ipson, Financial Manager Data and Research, 801-538-7609  
Scott Jones, Deputy Superintendent of Operations, 801-538-7814

**MEMORANDUM**

**TO:** Members, Utah State Board of Education

**FROM:** Natalie Grange CPA, CFE  
School Finance Director

**DATE:** June 9-10, 2016

**SUBJECT:** Summary of the review of fiscal year 2015 financial and single audits for all local education agencies (LEAs)

---

**Background:** This memo summarizes our review of the fiscal year 2015 financial statements, single audits (if applicable), and management letters of all LEAs that were in operation during fiscal year 2015. The financial statements, audit opinions, and management letters are due to the State by November 30 of each year.

The financial statements, single audits, associated audit opinions, and management letters have been reviewed by the School Finance Division for various elements.

**Audit Opinions:** We noted that all LEAs fulfilled their statutory requirement to obtain a financial statement audit, if applicable. There were 41 districts and 112 charter school audits reviewed, in total 147 LEAs. Of these, there were 12 charter schools which were not operational and did not have students enrolled during fiscal year 2015. Six of these charter schools were in their planning year and had an agreed-upon procedures engagement performed, in accordance with guidelines established by the Office of the Utah State Auditor. We reviewed the agreed-upon procedures report for these charter schools. The other six charter schools will not open until fiscal year 2017 and will have an agreed-upon procedures engagement performed during fiscal year 2016.

All LEAs except for Wasatch Institute of Technology (WIT) received unqualified opinions on their financial statements. WIT's charter was revoked and the school was closed at the conclusion of the 2014-15 school year. The qualified opinion received was issued because the auditor was unable to obtain appropriate audit evidence regarding the amounts recorded in the fixed asset accounts at June 30, 2015 due to insufficient accounting controls. The School Finance Section is currently working with WIT to determine whether the school's accounting records and report are complete and whether any compliance issues exist regarding state and federal expenditures and the disposition of the LEAs assets.

**Federal Single Audits:** 38 districts and 6 charter schools obtained federal single audits. Of the single audits reviewed, we did not note any qualified opinions on either internal controls or

compliance over the federal grants tested as major. There were no questioned costs identified in the single audits reviewed. School Finance also conducted an analysis to ensure that all LEAs that did not obtain a single audit were below the \$500,000 threshold of federal expenditures for which a single audit is required. No exceptions were noted.

**Specific Audit Findings:** *A deficiency in internal control or compliance* 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 or noncompliance 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 LEAs financial statements or material noncompliance will not be prevented, or detected and corrected on a timely basis. **Material weaknesses are the most severe category of findings.**

*A significant deficiency* is a deficiency, or combination of deficiencies, in internal control or compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Material Weaknesses:** There were two districts and five charter schools for which material weaknesses were identified by the independent auditors. There were eight individual material weakness findings issued.

The most frequent material weaknesses noted are as follows:

- 1) Material audit adjustments regarding booking or correcting year-end accruals, assets, or liabilities
- 2) Lack of reconciling balance sheet accounts accurately and in a timely manner
- 3) Failure to properly maintain documentation required for determination of eligibility for free and reduced lunch
- 4) Failure to properly capitalize and account for fixed assets
- 5) Failure to submit audited financial statements, single audit package, and other financial information to the Utah State Auditor, USOE, and the Utah Public Finance Website in a timely manner

**Significant Deficiencies/Other Matters:** There were six districts and two charter schools for which significant deficiencies were identified by the independent auditors. There were 10 total significant deficiency findings issued.

The most frequent findings identified are as follows:

- 1) A significant amount of transactions not recorded in the accounting system during the fiscal year
- 2) Lack of segregation of duties and inadequate internal controls over the accounting function

- 3) Lack of oversight of individual school bank accounts and school accounting records and failure to properly reconcile the accounts
- 4) Lack of expertise to prepare year-end financial statements, accruals or significant audit adjustments required to correct account balances in the general ledger system

**Follow-Up Letters**

Letters were sent to each LEA that received findings or was considered a moderate risk or higher. These letters required a response from the LEA requesting a corrective action plan or the status of planned corrective actions as identified by the LEA in their audit response. Depending on results of the follow-up letters, the School Finance Section could schedule site visits for LEAs that have unresolved findings pertaining to internal controls, program accounting, federal compliance, or other significant issues. Visits and follow-ups will also be made by various programs at the USOE based on the audit results. One such site visit already occurred with AISU on 5/24/2016.

**FY15 LEA Audits - Summary of Findings**

LEA #	District	Single Audit	2015 Total Material Weaknesses	2015 Total Significant Deficiencies	2015 Total Non-Compliance	2015 Total Other Matters	2015 Questioned Costs	Letter Type / Risk Level	Follow-up Letter Sent	Section Specific Issues
1	Alpine School District	Yes	0	0	1	0	0	Moderate	5/2/2016	
2	Beaver CO School District	Yes	0	0	0	4	0	Moderate	5/2/2016	
3	Box Elder CO School District	Yes	0	0	2	3	0	Moderate	5/2/2016	
4	Cache CO School District	Yes	0	0	3	1	0	Moderate	5/2/2016	
5	Carbon CO School District	Yes	0	0	2	0	0	Moderate	5/2/2016	
6	Daggett CO School District	No	0	0	0	0	0	Low	N/A	
7	Davis CO School District	Yes	0	0	0	2	0	Moderate	5/2/2016	
8	Duchesne CO School District	Yes	0	0	1	0	0	Moderate	5/2/2016	
9	Emery School District	Yes	0	0	1	1	0	Moderate	5/2/2016	
10	Garfield CO School District	Yes	1	0	0	0	0	High	5/2/2016	
11	Grand CO School District	Yes	0	0	0	0	0	Low	N/A	
12	Granite School District	Yes	0	0	0	1	0	Moderate	5/2/2016	
13	Iron CO School District	Yes	0	0	4	1	0	Moderate	5/2/2016	
14	Jordan School District	Yes	0	0	0	1	0	Moderate	5/2/2016	
15	Juab School District	Yes	0	0	0	0	0	Low	N/A	
16	Kane Co School District	Yes	0	0	0	1	0	Moderate	5/2/2016	
17	Millard School District	Yes	0	0	2	1	0	Moderate	5/2/2016	MSP - Educator Salary Adjustment & Class Size Reduction
18	Morgan School District	Yes	0	0	0	0	0	Low	N/A	
19	Nebo School District	Yes	0	0	0	2	0	Moderate	5/2/2016	Payroll Certification Issues w/ Transportation Department
20	North Sanpete School District	Yes	0	0	2	2	0	Moderate	5/2/2016	Title I - Aide not "Highly Qualified"
21	North Summit School District	Yes	0	1	0	0	0	High	5/2/2016	
22	Park City School District	Yes	0	0	0	0	0	Low	N/A	
23	Piute School District	Yes	0	1	2	1	0	High	5/2/2016	
24	Rich School District	No	0	0	0	0	0	Low	N/A	
25	San Juan School District	Yes	0	0	0	1	0	Moderate	5/2/2016	
26	Sevier School District	Yes	0	0	0	0	0	Moderate	5/2/2016	
27	South Sanpete School District	Yes	0	0	0	0	0	Low	N/A	
28	South Summit School District	Yes	0	0	0	0	0	Low	N/A	
29	Tintic School District	No	0	2	1	0	0	High	5/2/2016	
30	Tooele School District	Yes	0	0	1	0	0	Moderate	5/2/2016	
31	Uintah School District	Yes	0	0	0	1	0	Moderate	5/2/2016	

32	Wasatch School District	Yes	0	0	0	1	0	Moderate	5/2/2016	
33	Washington CO School District	Yes	0	0	6	1	0	High	5/2/2016	CNP - Did not document food inventory receipt
34	Wayne School District	Yes	0	0	0	1	0	Moderate	5/2/2016	
35	Weber CO School District	Yes	1	0	1	0	0	High	5/2/2016	
36	SLC School District	Yes	0	0	0	0	0	Moderate	5/2/2016	
37	Ogden City School District	Yes	0	1	1	0	0	High	5/2/2016	
38	Provo School District	Yes	0	1	0	0	0	High	5/2/2016	
39	Logan City School District	Yes	0	1	0	3	0	High	5/2/2016	MSP - Educator Salary Adjustment
40	Murray School District	Yes	0	0	2	2	0	Moderate	5/2/2016	
42	Canyons School District	Yes	0	0	1	0	0	Moderate	5/2/2016	
<b>Districts Total:</b>			2	7	33	31	0			

LEA #	Charter School	Single Audit	2015 Total Material Weaknesses	2015 Total Significant Deficiencies	2015 Total Non-Compliance	2015 Total Other Matters	2015 Questioned Costs	Letter Type / Risk Level	Letter Sent	Section Specific Issues
68	Ogden Preparatory Academy Inc.	Yes	1	0	0	1	0	High	5/2/2016	CNP - No Documentation for Free/Reduced for Various Students
74	American Preparatory Academy (Utah Charter Academies, Inc.)	Yes	0	0	0	1	0	Moderate	5/2/2016	
81	Walden School	No	0	0	0	0	0	Low	N/A	
82	Freedom Academy	No	0	0	1	1	0	Moderate	5/2/2016	
83	Academy for Math, Engineering & Science	No	0	0	0	0	0	Low	N/A	
86	Pinnacle Canyon Academy	No	0	0	2	0	0	Moderate	5/2/2016	
87	City Academy	No	0	0	1	1	0	Moderate	5/2/2016	
89	Soldier Hollow	No	1	0	0	0	0	High	5/2/2016	
90	Tuacahn High School	No	0	0	2	0	0	Moderate	5/2/2016	
92	Uintah River High School	No	0	0	1	0	0	Moderate	5/2/2016	
93	John Hancock Charter School	No	0	0	0	0	0	Low	N/A	
94	Thomas Edison Charter School	No	0	0	0	0	0	Low	N/A	
95	Timpanogos Academy	No	0	0	0	1	0	Low	N/A	
97	Salt Lake Arts Academy	No	0	0	0	1	0	Moderate	5/2/2016	
98	Fast Forward Charter High School	No	0	0	0	1	0	Moderate	5/2/2016	
A1	Northern Utah Academy for Math, Engineering, and Science	No	0	0	0	0	0	Low	N/A	
A2	The Ranches Academy Inc	No	0	0	0	0	0	Low	N/A	
A3	DaVinci Academy	No	0	0	1	1	0	Moderate	5/2/2016	
A4	Summit Academy	No	0	0	0	0	0	Low	N/A	
A5	Itineris Early College High School	No	0	0	1	1	0	Moderate	5/2/2016	
A6	North Davis Preparatory Academy	No	0	0	0	0	0	Low	N/A	

A7	Moab Charter School	No	0	0	0	0	0	Low	N/A	
A8	East Hollywood High School	No	0	0	1	1	0	Moderate	5/2/2016	
A9	Success Academy	No	0	0	1	0	0	Moderate	5/2/2016	
1B	Utah CO Academy of Sciences	No	0	0	0	0	0	Low	N/A	
2B	Lincoln Academy Incorporated	No	0	0	0	0	0	Low	N/A	
3B	Beehive Science & Technology	No	0	0	0	0	0	Low	N/A	
4B	Wasatch Peak Academy	No	0	0	0	1	0	Moderate	5/2/2016	
5B	North Star Academy	No	0	0	1	1	0	Moderate	5/2/2016	
7B	Reagan Academy	No	0	0	1	1	0	Moderate	5/2/2016	
8B	American Leadership Academy	Yes	0	0	0	0	0	Low	N/A	
9B	Navigator Pointe Academy	No	0	0	0	0	0	Low	N/A	
1C	Odyssey Charter School	No	0	0	1	1	0	Moderate	5/2/2016	
2C	Intech Collegiate High School	No	0	0	0	0	0	Low	N/A	
3C	Entheos Academy	Yes	0	0	0	0	0	Low	N/A	
4C	Lakeview Academy	No	0	0	0	0	0	Low	N/A	
5C	Legacy Preparatory Academy	No	0	0	1	0	0	Moderate	5/2/2016	
6C	Liberty Academy Charter School	No	0	0	1	0	0	Moderate	5/2/2016	State SPED - Did Not Meet MOE for carryover funds
7C	Monticello Academy Inc	No	0	0	0	0	0	Low	N/A	
8C	Mountainville Academy	No	0	1	0	2	0	High	5/2/2016	
9C	Paradigm High School	No	0	0	0	0	0	Low	N/A	
1D	Renaissance Academy	No	0	0	1	1	0	Moderate	5/2/2016	
2D	Channing Hall	No	0	0	1	0	0	Moderate	5/2/2016	
3D	Spectrum Academy	No	0	0	1	1	0	Moderate	5/2/2016	
4D	Syracuse Arts Academy Inc	No	0	0	0	0	0	Low	N/A	
5D	George Washington Academy	No	0	2	0	1	0	High	5/2/2016	
6D	Noah Webster Academy Inc	No	0	0	0	0	0	Low	N/A	
7D	Salt Lake School for Performing Arts	No	0	0	0	1	0	Moderate	5/2/2016	
8D	Open Classroom Charter School	No	0	0	0	0	0	Low	N/A	
9D	Canyon Rim Academy	No	0	0	1	1	0	Moderate	5/2/2016	
1E	Guadalupe Schools	No	0	0	0	1	0	Moderate	5/2/2016	
2E	Karl G. Maeser Preparatory Academy	No	0	0	0	0	0	Low	N/A	
3E	C.S. Lewis Academy	No	0	0	0	0	0	Low	N/A	
4E	Dual Immersion Academy	Yes	0	0	0	0	0	Low	N/A	
5E	USU Edith Bowen Lab School	No	0	0	1	0	0	Moderate	5/2/2016	
7E	Gateway Preparatory Academy	No	0	0	0	0	0	Low	N/A	
8E	Merit College Preparatory Academy	No	0	0	0	1	0	Moderate	5/2/2016	
9E	Providence Hall	No	0	0	0	0	0	Low	N/A	

1F	Quest Academy	No	0	0	0	0	0	Low	N/A	
2F	Rockwell Charter High School	No	0	0	0	1	0	Moderate	5/2/2016	
3F	Venture Academy	No	0	0	0	1	0	Moderate	5/2/2016	
4F	SL Center for Science Education	No	0	0	0	0	0	Low	N/A	
5F	Utah Virtual Academy	Yes	0	0	2	3	0	Moderate	5/2/2016	
6F	Early Light Academy	No	0	0	1	1	0	Moderate	5/2/2016	
7F	Excelsior Academy	No	0	0	0	0	0	Low	N/A	
8F	Hawthorn Academy	No	0	0	0	1	0	Moderate	5/2/2016	
9F	Mountain Heights	No	0	0	0	1	0	Moderate	5/2/2016	
1G	Jefferson Academy, Inc.	No	0	0	0	1	0	Moderate	5/2/2016	
2G	Vista at Entrada Inc	No	0	0	1	0	0	Moderate	5/2/2016	
3G	Bear River Charter School	No	0	0	0	0	0	Low	N/A	
4G	Maria Montessori Academy	No	0	0	0	1	0	Moderate	5/2/2016	
5G	Canyon Grove Academy (Quail Run Primary School Foundation)	No	0	0	0	0	0	Low	N/A	
6G	Weilenmann School of Discovery	No	0	0	0	0	0	Low	N/A	
7G	Summit Academy High School	No	0	0	2	1	0	High	5/2/2016	
8G	Good Foundations Academy	No	0	0	2	0	0	Moderate	5/2/2016	State SPED - Did Not Meet MOE
9G	Alianza Academy Charter School	No	0	0	1	1	0	High	5/2/2016	
2H	Utah Connections Academy	No	0	0	0	0	0	Low	N/A	
3H	Endeavor Hall	No	0	0	0	1	0	Moderate	5/2/2016	
4H	Aristotle Academy	No	0	0	0	0	0	Low	N/A	
5H	HighMark Charter School	No	0	0	0	0	0	Low	N/A	
6H	Promontory School of Expeditionary Learning	No	0	0	0	1	0	Moderate	5/2/2016	
7H	Pacific Heritage Academy	No	0	0	1	1	0	Moderate	5/2/2016	
8H	Valley Academy	No	0	0	1	1	0	Moderate	5/2/2016	
9H	Pioneer High School for the Perf Arts	No	0	0	3	2	0	High	5/2/2016	State SPED and EARS - Unallowable Costs and Did Not Meet MOE
1I	Utah International Charter School	No	0	0	0	0	0	Low	N/A	
2I	Esperanza Elementary School	No	0	0	0	0	0	Low	N/A	
3I	Leadership Learning	No	0	0	0	1	0	Moderate	5/2/2016	
4I	Mana Academy (formerly Salt Lake Charter School)	No	0	0	0	1	0	Moderate	5/2/2016	
5I	Voyage Academy	No	0	0	0	0	0	Low	N/A	
6I	Wasatch institute of Technology	No	2	0	1	0	0	High	N/A	
7I	WSU Charter School	No	0	0	0	0	0	Low	N/A	
8I	Winter Sports School	no	1	0	1	1	0	High	5/2/2016	
9I	Utah Career Path HS	No	0	0	0	0	0	Low	N/A	
1J	American International School of Utah	No	0	0	3	1	0	High	5/2/2016	
2J	Ascent Academies	No	0	0	1	0	0	Moderate	5/2/2016	

3J	Dixie Montessori Academy	No	1	0	0	1	0	High	5/2/2016
4J	Kairos Academy	No	0	0	1	0	0	High	5/2/2016
5J	Mountain West Montessori Academy	No	0	0	0	0	0	Low	N/A
6J	Scholar Academy	No	0	0	0	0	0	Low	N/A
7J	Greenwood Academy	AUP	0	0	2	0	0	Moderate	5/2/2016
8J	Terra Academy	AUP	0	0	0	2	0	Moderate	5/2/2016
9J	Lumen Scholar Institute	AUP	0	0	2	2	0	Moderate	5/2/2016
1K	Vanguard Academy	AUP	0	0	2	1	0	Moderate	5/2/2016
2K	Utah Military Academy	No	0	0	0	1	0	Moderate	5/2/2016
3K	Roots Charter High School	AUP	0	0	1	1	0	Moderate	5/2/2016
4K	Athenian Academy	AUP	0	0	2	0	0	Moderate	5/2/2016
5K	Wasatch Waldorf Academy	N/A	Charter Opening in FY17, No Audit or AUP done for FY15						
6K	Franklin Discovery Academy	N/A	Charter Opening in FY17, No Audit or AUP done for FY15						
7K	Wallace Stegner Academy	N/A	Charter Opening in FY17, No Audit or AUP done for FY15						
8K	American Academy of Innovation	N/A	Charter Opening in FY17, No Audit or AUP done for FY15						
9K	St. George Academy	N/A	Charter Opening in FY17, No Audit or AUP done for FY15						
1L	Athlos Academy	N/A	Charter Opening in FY17, No Audit or AUP done for FY15						

<b>Charters Total:</b>	6	3	51	53	0
<b>State Total:</b>	8	10	84	84	0