

2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 208.733.1161 • Fax: 208.733.6100

**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**

September 19, 2018

Board of Trustees
Blaine County School District No. 61
Hailey, Idaho

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 business-type activities, each major fund, and the aggregate remaining fund information of Blaine County School District No. 61 (District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 19, 2018.

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 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. 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*.

Report Continued—

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.

Workman & Company

WORKMAN & COMPANY
Certified Public Accountants
Twin Falls, Idaho

**SCHOOL DISTRICT NO. 61
BLAINE COUNTY, IDAHO**

**Schedule of Expenditures of Federal Awards
for the year ended June 30, 2018**

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures During Audit Period	Totals
<i>Special Education - Cluster</i>			
U.S. Department of Education:			
IDEA Part B	84.027	\$ 656,001	
IDEA Preschool	84.173	<u>15,362</u>	
Total			\$ 671,363
<i>Child Nutrition - Cluster</i>			
U.S. Department of Agriculture:			
National School Lunch Program	10.555	463,555	
School Breakfast Program	10.553	75,225	
Summer Food Service Program	10.559	<u>21,431</u>	
Total			560,211
<i>Other Programs</i>			
U.S. Department of Education:			
Title I Grants	84.010	332,319	
Career and Technical Education - Perkins IV	84.048	30,249	
English Language Acquisition	84.365	64,858	
Improving Teacher Quality	84.367	95,411	
Student Support & Academic Enrichment	84.424	8,828	
U.S. Department of Agriculture:			
Child Nutrition Discretionary Grant	10.579	<u>7,122</u>	
Total			<u>538,787</u>
Total All Programs			<u>\$ 1,770,361</u>

**SCHOOL DISTRICT NO. 61
BLAINE COUNTY, IDAHO**

**Schedule of Expenditures of Federal Awards
for the year ended June 30, 2018**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Blaine County School District No. 61. 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, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Blaine County School District No. 61, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the 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 - DE MINIMIS INDIRECT COST RATE

The Blaine County School District No. 61 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The examination of the records of the Blaine County School District No. 61 for the year ended June 30, 2017, revealed no areas of comments.

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The examination of the records of the Blaine County School District No. 61 for the year ended June 30, 2018, revealed no areas of comments, findings or questioned costs

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

September 19, 2018

Board of Trustees
Blaine County School District No. 61
Hailey, Idaho

Report on Compliance for Each Major Federal Program

We have audited the Blaine County School District No. 61'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 the Blaine County School District No. 61's major federal programs for the year ended June 30, 2018. Blaine County School District No. 61'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Blaine County School District No. 61'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 the Blaine County School District No. 61'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 Blaine County School District No. 61's compliance.

Opinion on Each Major Federal Program

In our opinion, the Blaine County School District No. 61, 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, 2018.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of the Blaine County School District No. 61, 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 Blaine County School District No. 61'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 the Blaine County School District No. 61'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Workman & Company

WORKMAN & COMPANY
Certified Public Accountants
Twin Falls, Idaho

BLAINE COUNTY SCHOOL DISTRICT NO. 61
Year Ended June 30, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes No
Significant deficiencies identified that are not considered to be material weakness(es) yes None reported

Noncompliance material to financial statements noted? yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes No
Significant deficiencies identified that are not considered to be material weakness(es) yes 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 No

Identification of major programs:

Federal CFDA Number

U.S. Department of Education

Title I Grants 84.010
Career & Technical Education 84.048

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

Auditee qualified as low-risk auditee? Yes no

Section II – Financial Statement Findings

No significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements were reported.

Section III – Federal Award Findings and Questioned Costs

No significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements were reported.