

**CASA GRANDE UNION HIGH
SCHOOL DISTRICT NO. 82
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2015**

**CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
SINGLE AUDIT REPORTING PACKAGE
FOR THE YEAR ENDED JUNE 30, 2015**

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**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

Governing Board
Casa Grande Union High School District No. 82

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Casa Grande Union High School District No. 82, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Casa Grande Union High School District No. 82's basic financial statements, and have issued our report thereon dated December 18, 2015. Our report included an emphasis of matter paragraph as to comparability because of the implementation of Governmental Accounting Standards Board Statement No. 68, as amended by Statement No. 71.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa Grande Union High School District No. 82'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 Casa Grande Union High School District No. 82's internal control. Accordingly, we do not express an opinion on the effectiveness of Casa Grande Union High School District No. 82'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 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 consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2015-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casa Grande Union High School District No. 82'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*.

Casa Grande Union High School District No. 82's Response to Findings

Casa Grande Union High School District No. 82's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Casa Grande Union High School District No. 82's response was not subjected to the 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 18, 2015

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133**

Independent Auditor's Report

Governing Board
Casa Grande Union High School District No. 82

Report on Compliance for Each Major Federal Program

We have audited Casa Grande Union High School District No. 82'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 Casa Grande Union High School District No. 82's major federal programs for the year ended June 30, 2015. Casa Grande Union High School District No. 82'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Casa Grande Union High School District No. 82'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Casa Grande Union High School District No. 82'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 Casa Grande Union High School District No. 82's compliance.

Opinion on Each Major Federal Program

In our opinion, Casa Grande Union High School District No. 82 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003. Our opinion on each major federal program is not modified with respect to these matters.

Casa Grande Union High School District No. 82's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Casa Grande Union High School District No. 82's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Casa Grande Union High School District No. 82 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 Casa Grande Union High School District No. 82'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 OMB Circular A-133, 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 Casa Grande Union High School District No. 82'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-002 and 2015-003, that we consider to be significant deficiencies.

Casa Grande Union High School District No. 82's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Casa Grande Union High School District No. 82's responses were not subjected to the audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Casa Grande Union High School District No. 82 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Casa Grande Union High School District No. 82's basic financial statements. We issued our report thereon dated December 18, 2015, 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 OMB Circular A-133 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 18, 2015

**CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures and Transfers</u>	<u>Total Expenditures and Transfers</u>
<u>U.S. Department of Education</u>				
Direct Programs:				
Impact Aid	84.041	N/A	\$	\$ 118,256
Indian Education - Grants to Local Educational Agencies	84.060	N/A		95,102
Passed through Arizona Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A140003		1,659,984
Migrant Education - State Grant Program	84.011	S011A140003		32,719
Special Education - Grants to States	84.027	H027A140007		821,457
Career and Technical Education - Basic Grants to States	84.048	V048A140003		289,979
Improving Teacher Quality State Grants	84.367	S367A140049		200,849
Passed through Northern Arizona University:				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334S120012		<u>361,306</u>
Total U.S. Department of Education				<u><u>3,579,652</u></u>
<u>U.S. Department of Agriculture</u>				
Passed through Arizona Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
National School Lunch Program	10.555	7AZ300AZ3		69,653
Cash Assistance:				
School Breakfast Program	10.553	7AZ300AZ3	155,900	
National School Lunch Program	10.555	7AZ300AZ3	<u>700,538</u>	
Cash Assistance Subtotal				<u>856,438</u>
Total Child Nutrition Cluster				<u><u>926,091</u></u>
<u>U.S. Department of Health and Human Services</u>				
Passed through Public Consulting Group, Inc.:				
Medical Assistance Program	93.778	N/A		<u>10,663</u>
<u>U.S. Department of Defense</u>				
Direct Programs:				
ROTC	12.UNKNOWN	N/A		<u>159,088</u>
Total Expenditures of Federal Awards				<u><u>\$ 4,675,494</u></u>

CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Casa Grande Union High School District No. 82 under programs of the federal government for the year ended June 30, 2015. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

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 applicable OMB cost principles circular, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any 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. Pass-through entity identifying numbers are presented where available.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2015 *Catalog of Federal Domestic Assistance*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word “unknown” were used.

**CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

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? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X 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 OMB Circular A-133? X yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.048	Career and Technical Education – Basic Grants to States
84.367	Improving Teacher Quality State Grants
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

**CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

**FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Reference Number: FS-2015-001

Type of Finding: Material Weakness

Description: Internal Controls over Accounting Records and Financial Reporting

CRITERIA

District management is responsible for establishing and maintaining internal controls over the District's accounting records and financial reporting. Effective internal controls include properly reconciling cash balances and activity with the County Treasurer to ensure the accounting records and financial statements are accurate.

CONDITION/CONTEXT

The District's accounting records did not include debt service payments made by the County Treasurer, on behalf of the District, during June 2015.

CAUSE

Management did not properly reconcile cash balances and activity for the debt service funds at year end to identify and accurately recognize debt service payments.

EFFECT/POTENTIAL EFFECT

Material audit adjustments were necessary to properly state the District's financial statements.

RECOMMENDATION

The District should design and implement internal control procedures that ensure accounting records and financial statements are free from material misstatements.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The District acknowledges the error in the Debt Service Fund. The District will ensure proper recording and reconciliation occurs.

**CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Reference Number: 2015-001
Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Agency: U.S. Department of Education
Pass-Through Agency: Arizona Department of Education
Applicable ARRA Program: N/A
Grantor Number: S010A140003
Questioned Costs: Unknown
Type of Finding: Noncompliance
Compliance Requirement: Special Tests and Provisions

CRITERIA

According to 34 CFR, §200.55, all teachers of core academic subjects were to be highly qualified by fiscal year 2005-06.

CONDITION/CONTEXT

The District did not meet the requirement that 100 percent of teachers of core academic subjects be highly qualified.

CAUSE

The District was unable to find teacher applicants that would meet the definition of highly qualified and therefore allow the District to meet the 100 percent rule.

EFFECT/POTENTIAL EFFECT

The District is not in compliance with the requirement for highly qualified teachers.

RECOMMENDATION

The District should continue to implement guidance prescribed by the Arizona Department of Education to help ensure that all teachers meet the highly qualified requirement.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The District will continue to try to find teachers that are highly qualified and continue to implement guidance by the Arizona Department of Education to ensure all teachers are highly qualified.

Contact Person: Mary Ann Amerson, Human Resources Director
Anticipated Completion Date: Ongoing

**CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Reference Number: 2015-002
Program: Career and Technical Education – Basic Grants to States
CFDA Number: 84.048
Federal Agency: U.S. Department of Education
Pass-Through Agency: Arizona Department of Education
Applicable ARRA Programs: N/A
Grantor Number: V048A140003
Questioned Costs: Unknown
Type of Finding: Noncompliance, Significant Deficiency
Compliance Requirement: Allowable Costs/Principles

CRITERIA

According to Office of Management and Budget (OMB) Circular A-87, employees who work solely on a single cost objective must submit semi-annual statements of certification that indicates the employee worked solely for that federal program. In addition, employees who work on multiple activities or cost objectives must submit monthly activity reports, documenting time worked in each federal program. In each case, the documents must be signed by the employee and the employee's supervisor.

CONDITION/CONTEXT

We reviewed eight employees paid from the Career and Technical Education program; however, none of the employees prepared adequate time and effort documentation.

CAUSE

The District was unaware time and effort documentation was required.

EFFECT/POTENTIAL EFFECT

Federally funded salaries for District employees were not properly substantiated. As a result, the District did not comply with the provisions of OMB Circular A-87 for the operation of federally funded programs

RECOMMENDATION

The District should ensure that all employees paid from federal funds appropriately document the distribution of time worked in federal programs as required by federal guidelines.

**CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Reference Number: 2015-002

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

Upon the findings of the 2015 audit the District's Career and Technical Education Department began completing bi-annual time and effort forms for all personnel paid from the Federal Perkins "Basic" Grant. The time and effort forms will be kept on file in the District's Career and Technical Education office.

Contact Person: Steve Sipes, Career and Technical Education Coordinator
Anticipated Completion Date: July 1, 2015

**CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Reference Number: 2015-003

Program: Career and Technical Education – Basic Grants to States

CFDA Number: 84.048

Federal Agency: U.S. Department of Education

Pass-Through Agency: Arizona Department of Education

Applicable ARRA Program: N/A

Grantor Number: V048A140003

Questioned Costs: Unknown

Type of Finding: Noncompliance, Significant Deficiency

Compliance Requirement: Matching, Level of Effort, Earmarking

CRITERIA

An LEA may use program funds only to supplement and, to the extent practical, increase the level of funds that would, in the absence of the federal funds, be made available from non-federal sources for the education of participating students. In no case may an LEA use federal program funds to supplant funds from non-federal sources.

CONDITION/CONTEXT

The District did not have controls in place to ensure federal funds were not supplanting non-federal funding.

CAUSE

The District was unaware of supplanting requirements.

EFFECT/POTENTIAL EFFECT

The District has not reviewed or determined if federal funds were used to supplant non-federal funding sources.

RECOMMENDATION

The District should allocate time and resources to review its Career and Technical Education program operations to verify and document if non-federal resources have been supplanted.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The District's Career and Technical Education Department was told that they had accidentally marked a box incorrectly on the Perkins application indicating that the District was supplanting. Every effort will be made from the District's Career and Technical Education Department to review future applications thoroughly so this does not happen again.

Contact Person: Steve Sipes, Career and Technical Education Coordinator

Anticipated Completion Date: July 1, 2015

**CASA GRANDE UNION HIGH SCHOOL DISTRICT NO. 82
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

Status of Federal Award Findings and Questioned Costs

Reference Number: 2014-001
Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010

Status: Not corrected, see current year finding 2015-001.

Reference Number: 2014-002
Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010

Status: Corrected.