

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND OTHER REQUIRED REPORTS**

**JUNE 30, 2019**

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
HOPKINS, MINNESOTA  
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## **SINGLE AUDIT AND OTHER REQUIRED REPORTS**



**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**

Members of the Board of Education  
Independent School District No. 270  
Hopkins Public Schools  
Hopkins, Minnesota

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 Hopkins Public Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Hopkins Public Schools' basic financial statements, and have issued our report thereon dated December 17, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Hopkins Public Schools' 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 Hopkins Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Hopkins Public Schools' 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. 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.

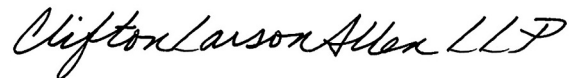
Members of the Board of Education  
Independent School District No. 270  
Hopkins Public Schools

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hopkins Public Schools' 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*.

### **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 result of that testing, and not to provide an opinion on the effectiveness of Hopkins Public Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hopkins Public Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 17, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

School Board  
Independent School District No. 270  
Hopkins Public Schools  
Hopkins, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited Hopkins Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hopkins Public Schools' major federal programs for the year ended June 30, 2019. Hopkins Public Schools' major federal programs are identified in the summary of auditors' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Hopkins Public Schools' 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 Hopkins Public Schools' 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 Hopkins Public Schools' compliance.

***Opinion on Each Major Federal Program***

In our opinion, Hopkins Public Schools 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, 2019.

**Report on Internal Control Over Compliance**

Management of Hopkins Public Schools 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 Hopkins Public Schools' 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 Hopkins Public Schools' 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.

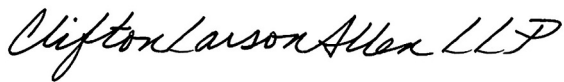
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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.

School Board  
Independent School District No. 270  
Hopkins Public Schools

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hopkins Public Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Hopkins Public Schools' basic financial statements. We issued our report thereon dated December 17, 2019, 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 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 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.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 17, 2019



**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
HOPKINS, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

Federal Agency/Pass-Through Grantor/Program Title	Pass-Through Entity Number	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through Minnesota Department of Education:			
Child Nutrition Cluster			
Non-Cash Assistance (Commodities):			
Commodities	(a)	01-0492-000-000	\$ 220,617
Cash Assistance:			
National School Lunch Program	(a)	01-0492-000-000	1,071,832
Commodities Rebate Program	(a)	01-0492-000-000	1,069
Total CFDA Number 10.555			<u>1,293,518</u>
School Breakfast Program	(a)	01-0492-000-000	309,926
Special Milk Program	(a)	01-0492-000-000	627
Summer Food Service Program	(a)	01-0492-000-000	116,461
Fresh Fruits and Vegetables Program		01-0492-000-000	12,597
Total U.S. Department of Agriculture			<u>1,733,129</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through Minnesota Department of Education:			
ESEA Title I Grants to Local Educational Agencies		01-0492-000-000	951,195
IDEA, Part B - Special Education Grants to States	(b)	01-0492-000-000	1,856,948
Eisenhower Professional Development Grants to States		01-0492-000-000	182,906
Title III LEP		01-0492-000-000	75,893
IDEA, Preschool Grants	(b)	01-0492-000-000	11,416
Infants and Toddlers Program		01-0492-000-000	41,346
Adult Basic Education		01-0492-000-000	109,422
Striving Readers Comprehensive Literacy Grant		01-0492-000-000	722,455
Passed Through Intermediate School District No. 284:			
Vocation Education - Basic Grants to States		Unknown	19,678
Total U.S. Department of Education			<u>3,971,259</u>
Total Federal Awards			<u>\$ 5,704,388</u>

Notes to Schedule of Expenditures of Federal Awards:

(a) = Child Nutrition Cluster Total = \$1,720,532

(b) = Special Education Cluster Total = \$1,868,364

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
HOPKINS, MINNESOTA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hopkins Public Schools under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Hopkins Public Schools, it is not intended to and does not present the financial position, changes in fund balance, or cash flows of Hopkins Public Schools.

**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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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. Hopkins Public Schools uses the indirect cost rate provided to them by the Minnesota Department of Education (the pass-through entity) rather than use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

School Board  
Independent School District No. 270  
Hopkins Public Schools  
Hopkins, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Hopkins Public Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 17, 2019.

The *Minnesota Legal Compliance Audit Guide for School Districts* promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts. Our study included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that Hopkins Public Schools failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*, except as disclosed in the schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-003, and 2019-004. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the School's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Hopkins Public Schools' response to the legal compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Hopkins Public Schools' response was not subject to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts* and the results of that testing, and not to provide an opinion on the effectiveness of the Schools compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 17, 2019

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
HOPKINS, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

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**Section I – Summary of Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

***Identification of Major Federal Programs***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
10.553, 10.555, 10.556, & 10.559 84.010	Child Nutrition Cluster Title I, Part A

Dollar threshold used to distinguish between Type A and Type B programs:

\$   \$750,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        x   no

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
HOPKINS, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose matters required to be reported in accordance with 2 CFR 200.516(a).

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**Section IV – Prior Year Findings**

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None

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**Section V – MN Legal Compliance Findings**

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**FINDING: 2019-001      UNCLAIMED PROPERTY**

**Condition:** Minnesota statute 345.41 requires unclaimed or uncashed checks or other intangible property held for more than three years to be reports and delivered to the MN Department of Commerce.

**Recommendation:** During our review of the School District's outstanding checks listing, we noted six checks which were over three years old which were not properly turned over to the state.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The District will immediately implement the recommendation by October 31, 2019, as this is the due date of the annual report to be filed with the state.

**Officials Responsible for Ensuring CAP:**

Tariro Chapinduka, Executive Director of Business Services, and Jason Stegeman, Controller, are the officials responsible for ensuring implementation of the corrective action plan.

**Planned Completion Date for CAP:**

The planned completion date for the CAP is June 30, 2020.

**Plan to Monitor Completion of CAP:**

The Board of Education and administration will be monitoring this corrective action plan.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
HOPKINS, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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**Section V – MN Legal Compliance Findings (Continued)**

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**FINDING: 2019-002      BROKER CERTIFICATIONS**

**Condition:** Minnesota statute 356A.06, subdivision 8b, the District must provide annually to brokers for pension or postemployment benefit plans a written statement of investment restrictions applicable under state law. The broker(s) must acknowledge in writing annually the receipt of this statement of investment restrictions. During our review of the District's broker certification, we noted that the district did not obtain a certification form the investment brokers for the District's OPEB plan investments.

**Recommendation:** Management should review its procedures over broker certifications to ensure all brokers utilized by the District are provided with the appropriate certification annually and that they are all returned to the District with signatures of acknowledgement from each broker.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The District will immediately implement the recommendation.

**Officials Responsible for Ensuring CAP:**

Tariro Chapinduka, Executive Director of Business Services, and Jason Stegeman, Controller, are the officials responsible for ensuring implementation of the corrective action plan.

**Planned Completion Date for CAP:**

The planned completion date for the CAP is December 31, 2019.

**Plan to Monitor Completion of CAP:**

The Board of Education and administration will be monitoring this corrective action plan.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
HOPKINS, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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**Section V – MN Legal Compliance Findings (Continued)**

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**FINDING: 2019-003      PROMPT PAYMENT OF BILLS**

**Condition:** Minnesota statute 471.425 requires Districts to pay all vendors within the time period set by the terms of the contract or invoice or 35 days in the absence of such terms. During our testing of a sample of 22 District transactions we noted one which was not paid within the time required by state statutes.

**Recommendation:** Management should review its policies and procedures to ensure all invoices are paid within the required time frame.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The District will immediately implement the recommendation.

**Officials Responsible for Ensuring CAP:**

Tariro Chapinduka, Executive Director of Business Services, and Jason Stegeman, Controller, are the officials responsible for ensuring implementation of the corrective action plan.

**Planned Completion Date for CAP:**

The planned completion date for the CAP is June 30, 2020.

**Plan to Monitor Completion of CAP:**

The Board of Education and administration will be monitoring this corrective action plan.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
HOPKINS, MINNESOTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

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**Section V – MN Legal Compliance Findings (Continued)**

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**FINDING: 2019-004      Uniform Financial Accounting and Reporting Standards (UFARS)**

**Condition:** Minnesota’s Uniform Financial Accounting and Reporting Standards provide guidance for how financial transactions are to be coded based on the nature of the transaction. During our review of payroll disbursements we noted one disbursement which was for a teacher salary which was incorrectly coded to the nurse financial code under UFARS.

**Recommendation:** Management should review its policies and procedures to ensure all transactions are coded within UFARS guidelines.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Finding:**

There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:**

The District will immediately implement the recommendation.

**Officials Responsible for Ensuring CAP:**

Tariro Chapinduka, Executive Director of Business Services, and Jason Stegeman, Controller, are the officials responsible for ensuring implementation of the corrective action plan.

**Planned Completion Date for CAP:**

The planned completion date for the CAP is June 30, 2020.

**Plan to Monitor Completion of CAP:**

The Board of Education and administration will be monitoring this corrective action plan.



## **EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS**



## INDEPENDENT AUDITORS' REPORT ON EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS

School Board, Advisors, and Students  
Independent School District No. 270  
Hopkins Public Schools  
Hopkins, Minnesota

### **Report on the Financial Statement**

We have audited the statement of cash receipts and disbursements of the Student Activity Funds of Hopkins Public Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulatory basis of accounting described in note 1 to the financial statements. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 to the financial statements, to meet the financial reporting requirements of the Minnesota Department of Education, the financial statements are prepared by the Independent School District No. 270 in accordance with the financial reporting provisions of the accounting practices prescribed or permitted by the Minnesota Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 to the financial statements and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Student Activity Funds of Independent School District No. 270 as of June 30, 2019, or changes in financial position for the year then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

We were unable to audit cash receipts because the District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. We were unable to obtain sufficient appropriate audit evidence about the completeness of cash receipts by other auditing procedures.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effect of the matter discussed in the Basis for Qualified Opinion on Regulatory Basis paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of the Student Activity Funds of Hopkins Public Schools as of June 30, 2019, and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 17, 2019

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED JUNE 30, 2019**

	Balance June 30, 2018	Receipts	Disbursements	Balance June 30, 2019
<b>High School</b>				
Animal Impact	\$ 666	\$ 3	\$ 500	\$ 169
Art	447	9	23	433
AVID 12 Community Service	-	1,065	1,065	-
Band	682	451	427	706
Basketball Boys/Girls	10	-	-	10
Cheerleaders	2	4,389	3,853	538
Choir	36,145	12,639	9,913	38,871
Comedy Sportz League	119	4	-	123
Culinaries Prostart	4,388	470	468	4,390
Debate	417	4,281	1,810	2,888
Deca	(179)	19,188	18,998	11
Deeply Royal	2,052	83	-	2,135
Diversity Education Enrichment	170	2	81	91
Drama	432	11	-	443
Earth Club	1,986	1,295	342	2,939
Envirothon Trivia Team	710	2,465	-	3,175
Gay Straight Alliance	1,418	2,734	2,335	1,817
Golf Boys/Girls	6,230	17,632	10,820	13,042
HHS Student Wellness	1,613	33	34	1,612
HHS Trap Club	9,119	17,831	24,976	1,974
Hockey Boys/Girls	26	-	-	26
International Club	952	418	3	1,367
Intramural Sports	769	16	4	781
Jets	233	233	466	-
Lacross - Boys	91	2,565	2,388	268
Language - German	257	2,251	2,165	343
Math League	1,206	630	609	1,227
National Honor Society	210	2,470	2,287	393
Newspaper	5	50	50	5
Operation Smile	98	319	217	200
Orchestra	14,370	7,515	1,670	20,215
Phy Ed Exchange	3,608	198	122	3,684
Prom	21,264	27,760	27,577	21,447
Quiz Bowl	887	19	-	906
Radio and TV	1,566	33	-	1,599
Robotics	3,776	30,416	17,252	16,940

See accompanying Notes to Financial Statement.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

	Balance June 30, 2018	Receipts	Disbursements	Balance June 30, 2019
<b>High School (Continued)</b>				
Science	\$ 620	\$ 479	\$ 453	\$ 646
Slalom Skiing Boys/Girls	2,150	2,102	2,359	1,893
Soccer Boys/Girls	1,672	3,340	1,358	3,654
Social Studies	8,538	175	168	8,545
Student Activity	7,188	8,478	9,173	6,493
Student Reflections	131	1,156	1,405	(118)
Swimming Boys/Girls	1,488	433	275	1,646
Synchronized Swimming	4,094	8,560	10,408	2,246
Tech Ed	5,530	222	89	5,663
Theater Arts Fund	986	18	130	874
Track Boys/Girls	2,909	11,136	9,029	5,016
Volleyball Boys/Girls	15	2	-	17
Weightlifting	-	1,510	894	616
Wrestling Boys	1,190	4,741	3,237	2,694
High School Total	<u>152,256</u>	<u>201,830</u>	<u>169,433</u>	<u>184,653</u>
<b>North Junior High</b>				
9th Grade Dance	56	-	141	(85)
Athletic Account	19	-	-	19
Choir	2	-	-	2
Drama	4,205	1,093	1,929	3,369
Idea Day	612	25	580	57
Student Council	11,748	870	2,144	10,474
North Junior High Total	<u>16,642</u>	<u>1,988</u>	<u>4,794</u>	<u>13,836</u>
<b>West Junior High</b>				
Choir	2,554	1,816	1,341	3,029
Drama	719	13	80	652
Robotics	-	1,907	1,249	658
Student Council	12,945	3,393	2,522	13,816
West Junior High Total	<u>16,218</u>	<u>7,129</u>	<u>5,192</u>	<u>18,155</u>
District Total	<u>\$ 185,116</u>	<u>\$ 210,947</u>	<u>\$ 179,419</u>	<u>\$ 216,644</u>

See accompanying Notes to Financial Statement.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2019**

**NOTE 1 BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

Extracurricular student activity fund transactions are defined as extracurricular programs conducted for the motivation and enjoyment of students. These programs and activities are not offered for school credits nor required for graduation. Activities are generally conducted outside of school hours. The content of the activities is determined primarily by the students, under the guidance of a staff member or other adult.

Extracurricular student activities are to be self-sustaining with all expenses paid by dues, admissions, or other student fundraising events.

The accounts of the District's extracurricular student activity accounts are maintained, and the accompanying financial statement has been prepared, on the regulatory basis of accounting as permitted by the Minnesota Department of Education. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

**NOTE 2 DEPOSITS AND INVESTMENTS**

All cash and investments of the student activity accounts are held in demand accounts. In accordance with Minnesota Statutes, the Student Activity Funds maintain deposits at those depository banks authorized by the School Board. All such depositories are members of the Federal Reserve System.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does have a deposit policy that will minimize Custodial Credit Risk by obtaining collateral or bond for all uninsured amounts on deposit, and by obtaining necessary documentation to show compliance with state law and a perfected security interest under federal law. Minnesota Statutes require that all district deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance.

Authorized collateral includes certain state or local government obligations, obligations of the U.S. Treasury and U.S. agencies, irrevocable standby letter of credit issued by the Federal Home Loan Bank accompanied by written evidence that the Federal Home Loan Bank's public debt is rated "AA" or better by Moody's or Standard & Poor's Corporation, and certificates of deposit insured by the FDIC.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the District Treasurer or in a financial institution (as agent for the District) other than that furnishing the collateral.

**HOPKINS PUBLIC SCHOOLS  
 INDEPENDENT SCHOOL DISTRICT NO. 270  
 EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS  
 NOTES TO FINANCIAL STATEMENT  
 JUNE 30, 2019**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

As of June 30, 2019, the carrying amount of the Student Activity Funds deposits was \$0. All excess funds at the end of any given day are transferred into the Minnesota School District Liquid Asset Fund.

	<u>Amortized Cost</u>	<u>Carry Value</u>
Minnesota School District Liquid Asset Fund Plus (MSDLAF+)	<u>\$ 224,912</u>	<u>\$ 216,644</u>

The MSDLAF+ is an external investment pool and the investments within this pool are valued at amortized cost. The District's carrying value differs from the amortized cost due to outstanding payments initiated by the District as of June 30, 2019 but not yet reflected in the bank balance of the pool.

**Credit Risk** – The MSDLAF+ pool is rated AAAM by Standard & Poor's.



School Board, Advisors, and Students  
Independent School District No. 270  
Hopkins Public Schools  
Hopkins, Minnesota

In planning and performing our audit of the statement of cash receipts and disbursements of the extracurricular student activity funds of Independent School District No. 270 as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Independent School District No. 270's internal control over financial reporting (internal control) as a basis for designing our auditing 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 Independent School District No. 270's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 270's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 Independent School District No. 270's financial statements will not be prevented, or detected and corrected, on a timely basis.

### **Material weaknesses**

We consider the following deficiencies in Independent School District No. 270's internal control to be material weaknesses.

#### **Student Activity Receipts**

The District has not established procedures to provide assurance that all cash collections are recorded in the accounting records.

Hopkins Public Schools' response to the internal control findings identified in our audit are described in the accompanying extracurricular student activity accounts schedule of findings. Hopkins Public Schools' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



School Board, Advisers and Students  
Independent School District No. 270  
Hopkins Public Schools

This communication is intended solely for the information and use of management, the board of education, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 17, 2019



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE MANUAL FOR ACTIVITY FUND ACCOUNTING

School Board, Advisers, and Students  
Independent School District No. 270  
Hopkins Public Schools  
Hopkins, Minnesota

### Report on Compliance

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of cash receipts and disbursements of the Student Activity Funds of Hopkins Public Schools as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the basic financial statements, and have issued our report thereon dated December 17, 2019. We expressed an adverse opinion on accounting principles generally accepted in the United States of America because the financial statements are prepared on a basis of accounting that demonstrates compliance with the regulatory basis of accounting prescribed or permitted by the Minnesota Department of Education, which differs from accounting principles generally accepted in the United States of America. In addition, our report on the regulatory basis of accounting is qualified because the District has not established procedures to provide assurance that all cash collections are recorded in the accounting records.

The *Manual for Activity Fund Accounting* (MAFA), issued by the Minnesota Department of Education, provides uniform financial accounting and reporting standards for student activities. We have performed auditing procedures to test compliance with the provisions of this manual.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Manual for Activity Fund Accounting*, except as noted as items 2019-006 and 2019-007. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

Hopkins Public Schools' responses to the compliance findings identified in our audit are described in the extracurricular student activity accounts schedule of findings and corrective action. Hopkins Public Schools' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Education and management of Hopkins Public Schools and is not intended and should not be used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
December 17, 2019

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS  
SCHEDULE OF FINDINGS  
JUNE 30, 2019**

**FINDINGS – EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS**

**Finding: 2019-005**

**PROCEDURES TO PROVIDE ASSURANCE THAT ALL CASH COLLECTIONS ARE RECORDED IN THE ACCOUNTING RECORDS**

**Condition** – The District has not established accounting procedures to provide assurance that all cash collections are recorded in the accounting records. The District records student activity revenues on the cash basis and does not have an accounting system and internal controls in place to ensure student activity revenues and receipts have been properly recorded. The potential exists that a material misstatement could occur in the financial statements and not be prevented or detected by the District's internal controls.

**Recommendation** – The accounting system and internal controls could be improved by (a) use of pre-numbered receipts with reconciliation of the numerical sequence, (b) reconciliation of merchandise purchased to items sold and items remaining at the end of the fundraiser, and (c) calculation of expected sales compared to cash receipts or various other procedures determined by management.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Findings:** There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:** The District records student activity revenues on the cash basis and does not have an accounting system and internal controls in place to ensure student activity revenues and receipts have been properly recorded. The District has determined the costs of implementing controls over fundraising activities, in light of the multiple locations and times of these activities, outweigh the benefits; therefore, the District will continue to rely on activity fund advisors for appropriate oversight and supervision, but will not, at this time, implement procedures and policies to provide for detail internal control processes at each fund raising location and activity.

**Official Responsible for Ensuring CAP:** Tariro Chapinduka, Director of Business Services, is the school official responsible for carrying out the corrective action plan.

**Planned Completion Date for CAP:** The CAP will be carried out as part of each annual audit, therefore, the CAP is ongoing.

**Plan to Monitor Completion of CAP:** The corrective action plan will be monitored each year by the District financial staff and Board of Education as a part of the process of developing the annual audit report.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS  
SCHEDULE OF FINDINGS (CONTINUED)  
JUNE 30, 2019**

**Finding: 2019-006**

**INACTIVE STUDENT ACTIVITY ACCOUNTS**

**Condition** – CLA noted five student activity accounts which did not have any activity for all of fiscal 2019 and which were not closed at year-end, per MAFA guidelines.

**Effect** – The District was not in compliance with the Manual for Activity Fund accounting with regards to inactive student activity accounts.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Findings:** There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:** The District will continued to review its procedures around reviewing and closing inactive student activity accounts.

**Official Responsible for Ensuring CAP:** Tariro Chapinduka, Director of Business Services, is the school official responsible for carrying out the corrective action plan.

**Planned Completion Date for CAP:** The CAP will be carried out as part of each annual audit, therefore, the CAP is ongoing.

**Plan to Monitor Completion of CAP:** The corrective action plan will be monitored each year by the District financial staff and Board of Education as a part of the process of developing the annual audit report.

**HOPKINS PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 270  
EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS  
SCHEDULE OF FINDINGS (CONTINUED)  
JUNE 30, 2019**

**Finding: 2019-007**

**STUDENT ACTIVITY ACCOUNTS WITH NEGATIVE BALANCES**

**Condition** – CLA noted two student activity accounts which had negative balances at June 30, 2019, which is not allowed by the Manual for Activity Fund Accounting.

**Effect** – The District was not in compliance with the Manual for Activity Fund accounting with regards to negative student activity fund balances.

**CORRECTIVE ACTION PLAN (CAP):**

**Explanation of Disagreement with Audit Findings:** There is no disagreement with the audit finding.

**Actions Planned in Response to Finding:** The District will continued to review its procedures around monitoring activity fund balances near year-end.

**Official Responsible for Ensuring CAP:** Tariro Chapinduka, Director of Business Services, is the school official responsible for carrying out the corrective action plan.

**Planned Completion Date for CAP:** The CAP will be carried out as part of each annual audit, therefore, the CAP is ongoing.

**Plan to Monitor Completion of CAP:** The corrective action plan will be monitored each year by the District financial staff and Board of Education as a part of the process of developing the annual audit report.