HOPKINS PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 270

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND OTHER REQUIRED REPORTS

JUNE 30, 2019
## SINGLE AUDIT AND OTHER REQUIRED REPORTS

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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.
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.
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
**U.S. DEPARTMENT OF AGRICULTURE**

Passed Through Minnesota Department of Education:

<table>
<thead>
<tr>
<th>Grantor/Program Title</th>
<th>Federal Agency/Pass-Through</th>
<th>Pass-Through Entity Number</th>
<th>CFDA Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child Nutrition Cluster</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Cash Assistance (Commodities):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodities (a)</td>
<td>01-0492-000-000</td>
<td>10.553</td>
<td>$220,617</td>
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</tr>
<tr>
<td>Cash Assistance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National School Lunch Program (a)</td>
<td>01-0492-000-000</td>
<td>10.555</td>
<td>$1,071,832</td>
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</tr>
<tr>
<td>Commodity Rebate Program (a)</td>
<td>01-0492-000-000</td>
<td>10.555</td>
<td>$1,069</td>
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</tr>
<tr>
<td>Total CFDA Number 10.555</td>
<td></td>
<td></td>
<td>$1,293,518</td>
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</tr>
<tr>
<td>School Breakfast Program (a)</td>
<td>01-0492-000-000</td>
<td>10.553</td>
<td>$309,926</td>
<td></td>
</tr>
<tr>
<td>Special Milk Program (a)</td>
<td>01-0492-000-000</td>
<td>10.556</td>
<td>$627</td>
<td></td>
</tr>
<tr>
<td>Summer Food Service Program (a)</td>
<td>01-0492-000-000</td>
<td>10.559</td>
<td>$116,461</td>
<td></td>
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<tr>
<td>Fresh Fruits and Vegetables Program</td>
<td>01-0492-000-000</td>
<td>10.582</td>
<td>$12,597</td>
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<tr>
<td>Total U.S. Department of Agriculture</td>
<td></td>
<td></td>
<td>$1,733,129</td>
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</tr>
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</table>

**U.S. DEPARTMENT OF EDUCATION**

Passed Through Minnesota Department of Education:

<table>
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<tr>
<th>Grantor/Program Title</th>
<th>Federal Agency/Pass-Through</th>
<th>Pass-Through Entity Number</th>
<th>CFDA Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESEA Title I Grants to Local Educational Agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDEA, Part B - Special Education Grants to States (b)</td>
<td>01-0492-000-000</td>
<td>84.027</td>
<td>$1,856,948</td>
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</tr>
<tr>
<td>Eisenhower Professional Development Grants to States</td>
<td>01-0492-000-000</td>
<td>84.367</td>
<td>$182,906</td>
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<tr>
<td>Title III LEP (b)</td>
<td>01-0492-000-000</td>
<td>84.365</td>
<td>$75,893</td>
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<tr>
<td>IDEA, Preschool Grants (b)</td>
<td>01-0492-000-000</td>
<td>84.181</td>
<td>$41,346</td>
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<tr>
<td>Infants and Toddlers Program</td>
<td>01-0492-000-000</td>
<td>84.002</td>
<td>$109,422</td>
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<tr>
<td>Adult Basic Education</td>
<td>01-0492-000-000</td>
<td>84.371</td>
<td>$722,455</td>
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<tr>
<td>Striving Readers Comprehensive Literacy Grant</td>
<td>01-0492-000-000</td>
<td>84.048</td>
<td>$19,678</td>
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<tr>
<td>Total U.S. Department of Education</td>
<td></td>
<td></td>
<td>$3,971,259</td>
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Passed Through Intermediate School District No. 284:

<table>
<thead>
<tr>
<th>Grantor/Program Title</th>
<th>Federal Agency/Pass-Through</th>
<th>Pass-Through Entity Number</th>
<th>CFDA Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocation Education - Basic Grants to States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Federal Awards</td>
<td></td>
<td></td>
<td></td>
<td>$5,704,388</td>
</tr>
</tbody>
</table>

Notes to Schedule of Expenditures of Federal Awards:

(a) = Child Nutrition Cluster Total = $1,720,532
(b) = Special Education Cluster Total = $1,868,364
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

Minneapolis, Minnesota

December 17, 2019
**Section I – Summary of Auditors’ Results**

**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**

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.553, 10.555, 10.556, &amp; 10.559, 84.010</td>
<td>Child Nutrition Cluster Title I, Part A</td>
</tr>
</tbody>
</table>

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

Auditee qualified as low-risk auditee? _______ yes  ____ x ____ no
Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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

Section IV – Prior Year Findings

None

Section V – MN Legal Compliance Findings

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 reported 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.
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.
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.
Section V – MN Legal Compliance Findings (Continued)

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
# Extracurricular Student Activity Accounts

## Statement of Cash Receipts and Disbursements

**Year Ended June 30, 2019**

See accompanying Notes to Financial Statement.

### High School

<table>
<thead>
<tr>
<th>Activity</th>
<th>Balance June 30, 2018</th>
<th>Receipts</th>
<th>Disbursements</th>
<th>Balance June 30, 2019</th>
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</thead>
<tbody>
<tr>
<td>Animal Impact</td>
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<td>$3</td>
<td>$500</td>
<td>$169</td>
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<tr>
<td>Art</td>
<td>447</td>
<td>9</td>
<td>23</td>
<td>433</td>
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<tr>
<td>AVID 12 Community Service</td>
<td>-</td>
<td>1,065</td>
<td>1,065</td>
<td>-</td>
</tr>
<tr>
<td>Band</td>
<td>682</td>
<td>451</td>
<td>427</td>
<td>706</td>
</tr>
<tr>
<td>Basketball Boys/Girls</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Cheerleaders</td>
<td>2</td>
<td>4,389</td>
<td>3,853</td>
<td>538</td>
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<td>Choir</td>
<td>36,145</td>
<td>12,639</td>
<td>9,913</td>
<td>38,871</td>
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<tr>
<td>Comedy Sportz League</td>
<td>119</td>
<td>4</td>
<td>-</td>
<td>123</td>
</tr>
<tr>
<td>Culinaries Prostart</td>
<td>4,388</td>
<td>470</td>
<td>468</td>
<td>4,390</td>
</tr>
<tr>
<td>Debate</td>
<td>417</td>
<td>4,281</td>
<td>1,810</td>
<td>2,888</td>
</tr>
<tr>
<td>Deca</td>
<td>(179)</td>
<td>19,188</td>
<td>18,998</td>
<td>11</td>
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<tr>
<td>Deeply Royal</td>
<td>2,052</td>
<td>83</td>
<td>-</td>
<td>2,135</td>
</tr>
<tr>
<td>Diversity Education Enrichment</td>
<td>170</td>
<td>2</td>
<td>81</td>
<td>91</td>
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<tr>
<td>Drama</td>
<td>432</td>
<td>11</td>
<td>-</td>
<td>443</td>
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<tr>
<td>Earth Club</td>
<td>1,986</td>
<td>1,295</td>
<td>342</td>
<td>2,939</td>
</tr>
<tr>
<td>Envirothon Trivia Team</td>
<td>710</td>
<td>2,465</td>
<td>-</td>
<td>3,175</td>
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<tr>
<td>Gay Straight Alliance</td>
<td>1,418</td>
<td>2,734</td>
<td>2,335</td>
<td>1,817</td>
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<td>Golf Boys/Girls</td>
<td>6,230</td>
<td>17,632</td>
<td>10,820</td>
<td>13,042</td>
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<td>HHS Student Wellness</td>
<td>1,613</td>
<td>33</td>
<td>34</td>
<td>1,612</td>
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<tr>
<td>HHS Trap Club</td>
<td>9,119</td>
<td>17,831</td>
<td>24,976</td>
<td>1,974</td>
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<td>Hockey Boys/Girls</td>
<td>26</td>
<td>-</td>
<td>-</td>
<td>26</td>
</tr>
<tr>
<td>International Club</td>
<td>952</td>
<td>418</td>
<td>3</td>
<td>1,367</td>
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<tr>
<td>Intramural Sports</td>
<td>769</td>
<td>16</td>
<td>4</td>
<td>781</td>
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<tr>
<td>Jets</td>
<td>233</td>
<td>233</td>
<td>466</td>
<td>-</td>
</tr>
<tr>
<td>Lacross - Boys</td>
<td>91</td>
<td>2,565</td>
<td>2,388</td>
<td>268</td>
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<tr>
<td>Language - German</td>
<td>257</td>
<td>2,251</td>
<td>2,165</td>
<td>343</td>
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<td>Math League</td>
<td>1,206</td>
<td>630</td>
<td>609</td>
<td>1,227</td>
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<td>National Honor Society</td>
<td>210</td>
<td>2,470</td>
<td>2,287</td>
<td>393</td>
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<td>Newspaper</td>
<td>5</td>
<td>50</td>
<td>50</td>
<td>5</td>
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<td>Operation Smile</td>
<td>98</td>
<td>319</td>
<td>217</td>
<td>200</td>
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<td>Orchestra</td>
<td>14,370</td>
<td>7,515</td>
<td>1,670</td>
<td>20,215</td>
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<td>Phy Ed Exchange</td>
<td>3,608</td>
<td>198</td>
<td>122</td>
<td>3,684</td>
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<tr>
<td>Prom</td>
<td>21,264</td>
<td>27,760</td>
<td>27,577</td>
<td>21,447</td>
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<tr>
<td>Quiz Bowl</td>
<td>887</td>
<td>19</td>
<td>-</td>
<td>906</td>
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<td>Radio and TV</td>
<td>1,566</td>
<td>33</td>
<td>-</td>
<td>1,599</td>
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<tr>
<td>Robotics</td>
<td>3,776</td>
<td>30,416</td>
<td>17,252</td>
<td>16,940</td>
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</tbody>
</table>
## HOPKINS PUBLIC SCHOOLS
### INDEPENDENT SCHOOL DISTRICT NO. 270
#### EXTRACURRICULAR STUDENT ACTIVITY ACCOUNTS
##### STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
##### YEAR ENDED JUNE 30, 2019

See accompanying Notes to Financial Statement.

(16)
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.
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.

<table>
<thead>
<tr>
<th>Minnesota School District Liquid Asset Fund Plus (MSDLAF+)</th>
<th>Amortized Cost</th>
<th>Carry Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 224,912</td>
<td>$ 216,644</td>
</tr>
</tbody>
</table>

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.
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.
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

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
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 fundraising 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.
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.
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.