

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623**

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

JUNE 30, 2020

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INDEPENDENT SCHOOL DISTRICT NO. 623
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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***

School Board
Independent School District No. 623
Roseville Area Schools
Roseville, 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 Roseville Area Schools (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 4, 2020



**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. 623
Roseville Area Schools
Roseville, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Roseville Area Schools' (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 4, 2020, 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 4, 2020

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

Grantor/Program	Pass-Through Entity Number	CFDA Number	Federal Expenditures	Subrecipient Payments
U.S. Department of Agriculture				
Pass-Through Minnesota Department of Education				
Noncash Assistance (Commodities):				
National School Lunch Program	N/A	10.550	\$ 255,696	\$ -
Cash Assistance:				
School Breakfast Program	202020N109942	10.553	** 387,722	-
National School Lunch Program	202020N109942	10.555	** 1,184,261	-
After School Snack	202020N109942	10.555	** 189	-
Special Milk Program for Children	202020N109942	10.556	** 646	-
Child and Adult Care Food Program	202020N109942	10.558	375,177	-
Summer Food Program	202020N109942	10.559	** 717,052	-
Fresh Fruit and Vegetable Grant Program	202020L160342	10.582	63,493	-
Total Cash Assistance			<u>2,728,540</u>	<u>-</u>
Total U.S. Department of Agriculture			2,984,236	-
U.S. Department of Education				
Pass-Through Minnesota Department of Education				
Cash Assistance:				
Adult Basic Education - Civics Competitive Allocation	V002A190024	84.002	90,214	15,945
Title I Grants to Local Educational Agencies	S010A190023	84.010	1,710,897	2,935
IDEA, Part B - Special Education Grants to States	H027A190087	84.027	* 1,362,917	99,430
IDEA, Part B - Coordinated Early Intervening Services	H027A190087	84.027	* 80,687	21,074
IDEA, Preschool Grants	H173A180086	84.173	* 36,263	-
Special Education Grants for Infants and Families with Disabilities	H181A190029	84.181	35,882	21,838
Title IV, Part B - Twenty-First Century Community Learning Centers	S287C190023	84.287	414,895	-
Title III, Part A - English Language Acquisition Grants	S365A200023	84.365	128,195	8,715
Title II - Improving Teacher Quality State Grants	S367A200022	84.367	255,671	8,887
Title IV, Part A - Student Support and Academic Enrichment	S424A200024	84.424	78,333	16,018
			<u>4,193,954</u>	<u>194,842</u>
Pass-Through Intermediate School District No. 916				
Cash Assistance:				
Career and Technical Education - Carl Perkins	V048A190023A	84.048	11,304	2,058
Total Cash Assistance - U.S. Department of Education			<u>4,205,258</u>	<u>196,900</u>
Total Federal Awards Expended			<u>\$ 7,189,494</u>	<u>\$ 196,900</u>

* - Special Education Cluster = \$1,479,867

** - Child Nutrition Cluster = \$2,289,870

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Roseville Area Schools (the District) under programs of the federal government for the year ended June 30, 2020. 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 the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

School Board
Independent School District No. 623
Roseville Area Schools
Roseville, 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 Roseville Area Schools (the District) as of and for the year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2020.

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 *Minnesota Legal Compliance Audit Guide for School Districts*, except as described in the schedule of findings and questioned costs, as item 2020-002. 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.

The District's written response to the legal compliance finding identified in our audit is described in the schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements 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 District's compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
December 4, 2020

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

1. Internal control over financial reporting:

- Material weakness(es) identified? _____ yes _____ x no
- Significant deficiency(ies) identified? _____ yes _____ x none reported

2. Noncompliance material to financial statements noted? _____ yes _____ x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes _____ x no
- Significant deficiency(ies) identified? _____ x yes _____ none reported

1. Type of auditors’ report issued on compliance for major federal programs: Unmodified

2. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555 and 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

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

There were no financial statement findings in the current year.

Section III – Findings and Questioned Costs – Major Federal Programs

Finding 2020-001

Federal agency: U.S. Department of Agriculture

Federal program titles: Child Nutrition Cluster

CFDA Number: 10.553, 10.555 and 10.559

Pass-Through Agency: Minnesota Department of Education

Award Period: Fiscal year 2020

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: 2 CFR § 180.300 requires that before the District enters into covered transaction with an entity at a lower tier, the District must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

Condition: In our testing sample for Child Nutrition, we noted an instance where documentation showed verification after entering into a covered transaction. However, no documentation was available showing verification occurring before entering into the covered transaction.

Questioned Costs: None

Context: One sampled procurement did not have evidence of such verification prior to entering into a covered transaction.

Cause: Responsible employee failed to retain record of verification the vendor in question was run through the federal database to ensure there was no record of suspension or debarment in federal data base. This process is required to be completed prior to doing business with a new vendor and at the beginning of each fiscal year with all current vendors.

Effect: Documentation showing evidence of this internal control was not available.

Repeat Finding: N/A

Recommendation: We recommend the District ensure that this suspension and debarment verification occurs before entering into covered transactions and that supporting documentation of this internal control is retained.

Views of responsible officials: There is no disagreement with the audit finding.

**ROSEVILLE AREA SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 623
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2020**

Section IV – MN Legal Compliance Findings

Finding 2020-002

Criteria or specific requirement: Minnesota Statute §471.425, requires municipalities to pay each vendor obligation according to the terms of the contract, or if no contract terms apply, within the standard payment period, which is defined as within 35 days from the date of receipt for municipalities which have regularly scheduled board meetings at least once a month.

Condition: We noted three invoices in our testing sample that was not paid by the District within the standard payment period, as defined by Minnesota Statutes.

Context: Three of the twenty-five disbursements we selected for testing were not in compliance with Minnesota Statutes.

Cause: Invoices were not processed and paid within the required period. The District believes the invoice may have been received late.

Effect: The District was not in compliance with state statutes related to payment of local government bills.

Recommendation: We recommend the District make every effort possible to ensure that invoices are routed to the District's Business Services Department so that they can be processed in a timely manner. Additionally, we recommend the District stamp each invoice received with a "received date", so that they have documentation of when an invoice was actually received by the District.

Views of responsible officials: There is no disagreement with the audit finding.

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:

The District's Director of Finance and Operations is the school official responsible for carrying out the corrective action plan.

Planned Completion Date for CAP:

The planned completion date for the CAP is June 30, 2021.

Plan to Monitor Completion of CAP:

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