

INDEPENDENT SCHOOL DISTRICT NO. 833
SOUTH WASHINGTON COUNTY SCHOOLS

COTTAGE GROVE, MINNESOTA

Federal Single Audit Reports

Year Ended
June 30, 2022

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INDEPENDENT SCHOOL DISTRICT NO. 833

Federal Single Audit Reports
Year Ended June 30, 2022

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INDEPENDENT SCHOOL DISTRICT NO. 833

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Federal Expenditures	
U.S. Department of Agriculture			
Passed through Minnesota Department of Education			
Child nutrition cluster			
National School Lunch Program	10.555	\$ 771,764	
COVID-19 – National School Lunch Program	10.555	<u>8,712,202</u>	
Total ALN 10.555			\$ 9,483,966
COVID-19 – School Breakfast Program	10.553		1,669,822
Summer Food Service Program for Children	10.559		<u>230,965</u>
Total child nutrition cluster			\$ 11,384,753
U.S. Department of the Treasury			
Passed through Minnesota Department of Education			
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		650,022
Federal Communications Commission			
Direct			
COVID-19 – Emergency Connectivity Fund Program	32.009		751,843
U.S. Department of Education			
Direct			
Indian Education Grants to Local Educational Agencies	84.060		24,793
Passed through Minnesota Department of Education			
Adult Education – Basic Grants to States	84.002		70,088
Title I Grants to Local Educational Agencies	84.010		470,310
Special education cluster			
Special Education Grants to States	84.027	3,390,009	
COVID-19 – Special Education Grants to States	84.027	<u>189,847</u>	
Total ALN 84.027			3,579,856
Special Education Preschool Grants	84.173	65,043	
COVID-19 – Special Education Preschool Grants	84.173	<u>19,467</u>	
Total ALN 84.173			84,510
Total special education cluster			3,664,366
Special Education – Grants for Infants and Families	84.181		240,210
English Language Acquisition State Grants	84.365		94,562
Supporting Effective Instruction State Grants	84.367		211,312
Student Support and Academic Enrichment Program	84.424		40,261
Education Stabilization Fund			
COVID-19 – Governor’s Emergency Education Relief (GEER) Fund	84.425C		428,282
COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D		1,525,873
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U		2,229,652
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund – Homeless Children and Youth	84.425W		<u>12,443</u>
Total ALN 84.425			4,196,250
Passed through Northeast Metropolitan Intermediate School District No. 916			
Career and Technical Education – Basic Grants to States	84.048		37,146
Passed through Minnesota Department of Education			
Education for Homeless Children and Youth	84.196		5,982
Passed through Independent School District No. 624, White Bear Lake			
Education for Homeless Children and Youth	84.196		<u>2,631</u>
Total ALN 84.196			8,613
U.S. Department of Health and Human Services			
Passed through Minnesota Department of Education			
COVID-19 – Epidemiology and Laboratory Capacity for Infectious Diseases	93.323		221,589
Passed through Minnesota Department of Human Services			
Child Care and Development Fund Cluster			
COVID-19 – Child Care and Development Block Grant	93.575		<u>245,200</u>
Total expenditures of federal awards			<u>\$ 22,311,318</u>

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB’s *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the District’s basic financial statements.

Note 2: All pass-through entities listed above use the same federal Assistance Listing Numbers (ALN) as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The District did not elect to use the 10 percent de minimis indirect cost rate.

Note 4: The District had \$698,610 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

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PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S 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

To the School Board and Management of
Independent School District No. 833
Cottage Grove, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 833's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *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, 2022. The District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2022.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance requirements referred to above.

(continued)

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

Management is responsible for compliance with the requirements referred to on the previous page and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

OTHER MATTERS

The results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 2022-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

(continued)

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section on the previous page and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as findings 2022-002 and 2022-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

(continued)

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, 2022, and the related notes to the financial statements, which collectively comprise District's basic financial statements. We issued our report thereon dated December 21, 2022, which contained unmodified opinions on those financial statements. Our audit was performed 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.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota
February 15, 2023

INDEPENDENT SCHOOL DISTRICT NO. 833

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued? X Unmodified
 Qualified
 Adverse
 Disclaimer

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to the financial statements noted? Yes X No

Federal Awards

Internal controls over major federal award programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? X Yes None reported

Type of auditor's report issued on compliance for major programs?

U.S. Department of the Treasury – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds Unmodified

Federal Communications Commission – COVID-19 – Emergency Connectivity Fund Program Unmodified

U.S. Department of Education – Special Education Cluster Unmodified

U.S. Department of Education – COVID-19 – Education Stabilization Fund Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Programs tested as major programs:

Program or Cluster(s)	Federal ALN
U.S. Department of the Treasury – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Federal Communications Commission – COVID-19 – Emergency Connectivity Fund Program	32.009
U.S. Department of Education – special education cluster consisting of:	
– Special Education Grant to States	84.027
– COVID-19 – Special Education Grant to States	84.027
– Special Education Preschool Grants	84.173
– COVID-19 – Special Education Preschool Grants	84.173
U.S. Department of Education – COVID-19 – Education Stabilization Fund	84.425

Threshold for distinguishing between type A and B programs. \$ 750,000

Does the auditee qualify as a low-risk auditee? X Yes No

INDEPENDENT SCHOOL DISTRICT NO. 833

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2022

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF THE TREASURY, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – FEDERAL ALN 21.027

2022-002 Internal Control Over Compliance With Federal Suspension and Debarment Requirements

Criteria – 2 CFR § 180 requires Independent School District No. 833 (the District) to establish and maintain effective internal control over compliance with requirements applicable to federal program expenditures, including suspension and debarment requirements applicable to the coronavirus state and local fiscal recovery funds federal program.

Condition – During our audit, we noted the District did not have sufficient controls in place within its coronavirus state and local fiscal recovery funds federal program to assure that it was not contracting for goods or services with parties that are suspended or debarred, or whose principals are suspended or debarred from participating in contracts involving the expenditures of federal program funds.

Questioned Costs – None. Our testing did not indicate any instances of noncompliance with these requirements.

Context – The District did not obtain the appropriate documentation for one of two vendors tested applicable to the coronavirus state and local fiscal recovery funds to ensure the vendor was not suspended or debarred from participation in federal program contracts.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – Noncompliance with the suspension and debarment requirements could result in the District expending federal funds with vendors that are not eligible to be parties to such transactions, which could be viewed as a violation of the award agreement.

Recommendation – We recommend that the District review its internal control procedures relating to suspension and debarment for the coronavirus state and local fiscal recovery funds federal program. Internal controls over compliance for this area should include verification that any vendor with which the District contracts for goods or services exceeding \$25,000 is not listed as suspended or debarred on the federal Excluded Parties List System website.

INDEPENDENT SCHOOL DISTRICT NO. 833

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2022

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF THE TREASURY, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS – FEDERAL ALN 21.027 (CONTINUED)

2022-002 Internal Control Over Compliance With Federal Suspension and Debarment Requirements (continued)

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review and update its policies and procedures relating to suspension and debarment for its federal programs to ensure compliance with the Uniform Guidance in the future. The District has separately issued a Corrective Action Plan related to this finding.

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE AND REPORTABLE INSTANCE OF NONCOMPLIANCE – FEDERAL COMMUNICATIONS COMMISSION, EMERGENCY CONNECTIVITY FUND PROGRAM – FEDERAL ALN 32.009

2022-003 Internal Control Over Compliance and Noncompliance With Special Tests and Provisions Requirements

Criteria – 47 CFR § 54.1711 requires that the District only seek support for eligible equipment provided to students and school staff who would otherwise lack connected devices sufficient to engage in remote learning.

Condition – During our audit, we noted that the District did not have sufficient controls in place within its Emergency Connectivity Fund Program to assure compliance with federal special tests and provisions requirements. We noted that the District had requested reimbursement for all 2,560 devices, however, 124 of those devices were never used or deployed, and thus not meeting the definition of eligible equipment for which the District could seek reimbursement.

Questioned Costs – \$34,720.

Context – Of the 2,560 devices, 124 were not eligible to be reimbursed. At the time of our audit, the District did not have documentation of deployment or use for 124 devices to support the required unmet need.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel, due to unfamiliarity with a new federal program.

Effect – Noncompliance with the special tests and provisions requirements could be viewed as a violation of the award agreement and result in loss of funds.

INDEPENDENT SCHOOL DISTRICT NO. 833

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2022

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE AND REPORTABLE INSTANCE OF NONCOMPLIANCE – FEDERAL COMMUNICATIONS COMMISSION, EMERGENCY CONNECTIVITY FUND PROGRAM – FEDERAL ALN 32.009 (CONTINUED)

2022-003 Internal Control Over Compliance and Noncompliance With Special Tests and Provisions Requirements (continued)

Recommendation – We recommend that the District review its internal control procedures relating to special tests and provisions for the Emergency Connectivity Fund Program. The District should review the compliance guidance issued by the Federal Communications Commission to familiarize itself with federal compliance requirements specific to the Emergency Connectivity Fund Program.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review its procedures relating to special tests and provisions requirements to ensure compliance in the future with any additional federal awards. The District has separately issued a Corrective Action Plan related to this finding.