

INDEPENDENT SCHOOL DISTRICT NO. 831
FOREST LAKE, MINNESOTA

Federal Single Audit Reports

Year Ended
June 30, 2023

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INDEPENDENT SCHOOL DISTRICT NO. 831

Federal Single Audit Reports
Year Ended June 30, 2023

Table of Contents

| | Page |
|--|------|
| Schedule of Expenditures of Federal Awards | 1 |
| 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 | 2-4 |
| Schedule of Findings and Questioned Costs | 5-6 |

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INDEPENDENT SCHOOL DISTRICT NO. 831

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

| 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 | | |
| School Breakfast Program | 10.553 | \$ 312,988 |
| National School Lunch Program | 10.555 | 1,905,119 |
| Summer Food Service Program for Children | 10.559 | 20,347 |
| Total child nutrition cluster | | \$ 2,238,454 |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | 35,000 |
| COVID-19 – Pandemic EBT Administrative Costs | 10.649 | 3,135 |
| U.S. Department of the Treasury | | |
| Passed through Chisago County | | |
| COVID-19 – Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 94,156 |
| Passed through Minnesota Department of Education | | |
| COVID-19 – Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 179,954 |
| Total ALN 21.027 | | 274,110 |
| U.S. Department of Education | | |
| Direct | | |
| Indian Education Grants to Local Educational Agencies | 84.060 | 16,900 |
| Passed through Minnesota Department of Education | | |
| Special education cluster | | |
| Special Education Grant to States | 84.027 | \$ 1,259,478 |
| COVID-19 – Special Education Grant to States | 84.027 | 59,131 |
| Total ALN 84.027 | | 1,318,609 |
| Special Education Preschool Grants | 84.173 | 87,089 |
| COVID-19 – Special Education Preschool Grants | 84.173 | 24,008 |
| Total ALN 84.173 | | 111,097 |
| Total special education cluster | | 1,429,706 |
| Title I Grants to Local Educational Agencies | 84.010 | 596,388 |
| Special Education – Grants for Infants and Families | 84.181 | 24,032 |
| English Language Acquisition State Grants | 84.365 | 13,650 |
| Supporting Effective Instruction State Grants | 84.367 | 182,367 |
| Education Stabilization Fund | | |
| COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U | 948,077 |
| Passed through Independent School District No. 622 | | |
| Adult Education – Basic Grants to States | 84.002 | 3,191 |
| Passed through Northeast Metropolitan Intermediate School District No. 916 | | |
| Career and Technical Education – Basic Grants to States | 84.048 | 67,859 |
| U.S. Department of Health and Human Services | | |
| Passed through Minnesota Department of Human Services | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 216,252 |
| Total federal awards | | \$ 6,049,121 |

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 the 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 \$30,533 transferred into Supporting Effective Instruction State Grants, federal ALN 84.367 from other Title programs.

Note 5: The District had \$291,364 of noncash assistance included in the National School Lunch Program, federal ALN 10.555.

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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. 831
Forest Lake, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 831’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, 2023. 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, 2023.

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.

(continued)

REPORT ON 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 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. 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 above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 22, 2023, 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 27, 2024

INDEPENDENT SCHOOL DISTRICT NO. 831

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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 deficiencies 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 deficiencies identified? Yes X None reported

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

U.S. Department of Agriculture – Child Nutrition Cluster Unmodified
 U.S. Department of Education – Special Education Cluster Unmodified
 U.S. Department of Education – Education Stabilization Fund Unmodified

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

Programs tested as major programs:

| Program or Cluster | Federal ALN |
|---|-------------|
| U.S. Department of Agriculture – Child Nutrition Cluster | |
| School Breakfast Program | 10.553 |
| National School Lunch Program | 10.555 |
| Summer Food Service Program for Children | 10.559 |
| U.S. Department of Education – Special Education Cluster | |
| Special Education Grants to States | 84.027 |
| COVID-19 – Special Education Grants to States | 84.027 |
| Special Education Preschool Grants | 84.173 |
| COVID-19 – Special Education Preschool Grants | 84.173 |
| U.S. Department of Education – Education Stabilization Fund | |
| COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U |

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. 831

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2023

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

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