

# Colorado Springs School District 11

Single Audit Reports

June 30, 2020



**Colorado Springs School District 11**  
**June 30, 2020**

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**Colorado Springs School District 11**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

Federal Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor's Identifying Number	Federal CFDA Number
<b>U.S. Department of Education</b>		
<b>Direct Programs:</b>		
Impact Aid	4041	84.041
Title VI A - Indian Education	4060	84.060
Subtotal		
<b>Pass-Through - Colorado Department of Education:</b>		
Title I	4010/5010/7010	84.010
Title VI-B IDEA Special Education	4027	84.027
Title VI-B IDEA Preschool	4173	84.173
Total Special Education Cluster (IDEA)		
Special Education - Grants for Infants and Families with Disabilities	5181	84.181
Title III Part A English Language Acquisition	4365/7365	84.365
Title II Part A Training & Recruiting-Improving Teacher Quality	4367	84.367
Title IV Student Support and Academic Enrichment	4424	84.424
Colorado Multi-Tiered System of Supports-Special Education-State Personnel Development	5323	84.323
Adult Education	5002/6002	84.002
Subtotal		
<b>Grants from Other Pass-Through - Colorado Community College Systems:</b>		
Perkins Grant-Career and Technical Education	4048	84.048
Subtotal		
Total U.S. Department of Education		
<b>U.S. Department of Health and Human Services Administration for Children &amp; Families</b>		
<b>Grants from Other Pass - Through Colorado Department of Health and Human Services:</b>		
CRELA - Refugee English Language Acquisition-Promoting Safe and Stable Families	7566	93.556
CRELA - Temporary Assistance for Needy Families	8558	93.558
Total U.S. Department of Health and Human Services		
<b>U.S. Department of Defense</b>		
<b>Direct Programs:</b>		
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	7556	12.556
Total U.S. Department of Defense		
<b>U.S. Department of the Treasury</b>		
<b>Pass- Through - Colorado Department of Education</b>		
COVID-19 Coronavirus Relief Fund	4012	21.019
Total U.S. Department of the Treasury		
<b>U.S. Department of Agriculture</b>		
<b>Pass-Through - Colorado Department of Human Services:</b>		
National School Lunch Program- Donated Commodities	4555	10.555
<b>Pass-Through - Colorado Department of Education:</b>		
National School Breakfast Program	4553	10.553
National School Lunch Program	4555	10.555
COVID 19-National School Lunch Program	4555	10.555
Summer Lunch Program	4559	10.559
Total Child Nutrition Program Cluster		
<b>Pass-Through - Colorado Department of Health and Environment:</b>		
Child & Adult Care Food Program	4558	10.558
Total U.S. Department of Agriculture		
Total federal awards		

See notes to Schedule of Expenditures of Federal Awards

Current Year Award Amount	Accounts Rec or (Deferred Rev) at June 30, 2019	Receipts Federal Sources	Expenditures	Accounts Rec or (Deferred Rev) at June 30, 2020
\$ -	-	\$ 265,845	265,845	\$ -
33,786	548	29,194	28,885	239
	548	295,039	294,730	239
8,050,966	1,144,106	8,015,886	7,669,503	797,723
5,415,101	365,313	4,831,435	5,033,058	566,936
152,819	14,305	162,708	163,062	14,659
	379,618	4,994,143	5,196,120	581,595
8,006	(8,006)	-	8,006	-
147,349	8,713	168,957	167,972	7,728
1,152,969	172,875	1,121,371	1,078,111	129,615
527,164	53,140	451,969	681,711	282,882
30,461	4,146	31,429	37,772	10,489
491,989	65,495	462,760	473,090	75,825
	1,820,087	15,246,515	15,312,285	1,885,857
288,996	16,868	234,798	272,550	54,620
	16,868	234,798	272,550	54,620
	1,837,503	15,776,352	15,879,565	1,940,716
31,500	3,452	41,030	47,778	10,200
38,500	4,952	25,785	22,984	2,151
	8,404	66,815	70,762	12,351
99,995	19,482	112,636	146,084	52,930
	19,482	112,636	146,084	52,930
15,500,000	-	15,543,743	2,159,999	(13,383,744)
	-	15,543,743	2,159,999	(13,383,744)
781,182	(132,956)	530,823	334,055	(329,724)
-	179,902	1,605,827	1,425,924	(1)
-	-	3,767,863	4,028,863	261,000
-	495,913	1,263,168	1,263,168	495,913
-	133,556	230,221	96,665	-
	676,415	7,397,902	7,148,675	427,188
-	(14,283)	52,771	57,404	(9,649)
	662,132	7,450,673	7,206,079	417,539
\$	2,527,521	\$ 38,950,219	\$ 25,462,489	\$ (10,960,208)

# **Colorado Springs School District 11**

## **Notes to the Schedule of Expenditures of Federal Awards**

### **June 30, 2020**

*NOTE 1: BASIS OF PRESENTATION*

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Colorado Springs School District 11 (the District) for the year ended June 30, 2020. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the schedule. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts reported in, or used in the preparation of, the basic financial statements. Because the Schedule presents only a select portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

*NOTE 2: SIGNIFICANT ACCOUNTING POLICIES*

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Expenditures of federal awards are recognized in the accounting period when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

*NOTE 3: SUBRECIPIENTS*

For the year ended June 30, 2020, the District did not pass through any federal grant awards to subrecipients.

*NOTE 4: INDIRECT COST RATE*

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

*NOTE 5: NON-CASH PROGRAMS (COMMODITIES)*

Commodities donated to the District by the U.S. Department of Agriculture (USDA) of \$530,822.79 are valued based on the USDA's Donated Commodity Price List. These are shown as part of the National School Lunch program (10.555).

**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***

**Independent Auditor's Report**

Board of Education  
Colorado Springs School District 11  
Colorado Springs, Colorado

We have audited, in accordance with 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Colorado Springs School District 11 (the District), as of and for the year ended June 30, 2020, the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 19, 2020. Our report contained an emphasis of matter paragraph regarding a change in accounting principle and included a reference to other auditors who audited the financial statements of the District's Charter Schools, discretely presented component units of the District, as described in our report on the District's financial statements. All component units included as aggregate discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

***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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 District'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.

Board of Education  
Colorado Springs School District 11

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

### ***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 financial statements. 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*.

### ***The District's Response to Findings***

The District's response to the finding identified in our audit are 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 the financial statements, and accordingly, we express no opinion on it.

### ***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.

**BKD, LLP**

Colorado Springs, Colorado  
October 19, 2020

## Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

### Independent Auditor's Report

Board of Education  
Colorado Springs School District 11  
Colorado Springs, Colorado

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

We have audited Colorado Springs School District No. 11 (the District's) 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 auditor's 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.

#### ***Auditor's 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. 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.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, 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 October 19, 2020, which contained an unmodified opinion 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

Board of Education  
Colorado Springs School District 11

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.

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.

*BKD, LLP*

Colorado Springs, Colorado  
February 9, 2021

**Colorado Springs School District 11**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified       Qualified       Adverse       Disclaimer

2. The independent auditor’s report on internal control over financial reporting disclosed:

Significant deficiency(ies)?       Yes       None Reported

Material weakness(es)?       Yes       No

3. Noncompliance considered material to the financial statements was disclosed by the audit?       Yes       No

*Federal Awards*

4. The independent auditor’s report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?       Yes       None Reported

Material weakness(es)?       Yes       No

5. The opinions expressed in the independent auditor’s report on compliance for major federal award programs were:

Unmodified       Qualified       Adverse       Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?       Yes       No

**Colorado Springs School District 11**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2020**

7. The District's major programs were:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
84.010	Title I
84.367	Title II Part A Training & Recruiting-Improving Teacher Quality
21.019	COVID 19- Coronavirus Relief Fund

8. The threshold used to distinguish between Type A and Type B programs: \$763,875.

9. The District qualified as low-risk auditee?  Yes  No

**Colorado Springs School District 11**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2020**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
<b>2020-001</b>	<p><b>Finding: Accounting for Capital Assets</b></p> <p><b>Criteria or Specific Requirement:</b> Under accounting principles generally accepted in the United States of America (US GAAP), capital assets should be accounted for at their historical cost and in the period in which the asset is acquired. Accounting guidance that addresses the proper recognition and accounting of capital assets includes Governmental Accounting Standards Board (GASB) Statement No. 34, <i>Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments</i>, GASB Statement No. 37, <i>Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Government: Omnibus - an amendment of GASB Statements No. 21 and No. 34</i> and various implementation guidance issued by the GASB.</p> <p><b>Condition:</b> The following conditions were noted:</p> <ul style="list-style-type: none"> <li>• As part of our capital asset testing for government wide activity, we selected 67 construction-in-progress project additions noting 42 exceptions. The total error was approximately \$2.4 million and related to a phone system that should have been capitalized in the previous accounting period.</li> <li>• As part of our construction-in-progress testing, we observed 18 capital assets that had been replaced, renovated or removed, during the fiscal year, but were not disposed of in the accounting system. The total error was approximately \$500,000.</li> <li>• As part of our construction-in-progress testing, we observed \$37,000 of retention that had not been identified for accrual/expenditure in the capital project fund.</li> <li>• As part of our construction-in-progress testing, we observed four capital projects that were capitalized twice, totaling approximately \$220,000, and nine capital asset additions that were below the District's capitalization threshold, totaling approximately \$120,000.</li> </ul> <p><b>Effect:</b> Audit adjustments totaling approximately \$3.3 million were proposed to correct the above items. The District passed on recording these adjustments.</p> <p><b>Cause:</b> The primary cause of these issues related to the transition in personnel responsible for the District's capital assets and the lack of necessary training.</p> <p><b>Recommendation:</b> We recommend the District update necessary policies and procedures relating to capital assets and we recommend this process be completed as timely as possible. Once complete, adequate training should be provided to all employees involved in capital asset reporting to ensure the new policies and procedures are properly implemented and enforced.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions:</b> Agree. See separate report for planned corrective actions.</p>

**Colorado Springs School District 11**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

**Section III – Federal Awards Findings**

**Reference  
Number**

**Findings**

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No Findings Noted.

**Colorado Springs School District 11**  
**Status of Prior Year Audit Findings**  
**Year Ended June 30, 2020**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2019-001	<i>Title I Grants to Local Educational Agencies - Allowable Costs / Cost Principles - We recommend the District start a process to implement procedures to strengthen controls and improve procedures for timely follow-up. We recommend the District continue this process to strengthen controls and to ensure all required certifications are obtained.</i>	Implemented.



Dr. Michael J. Thomas, Superintendent

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**CORRECTIVE ACTION PLAN**  
**Year Ended June 30, 2020**

**2020-001 Finding: Accounting for Capital Assets.**

**STATUS:** Corrective action in progress

**CLIENT PLANNED ACTION:** The District concurs with the recommendations and currently has a project in-process to draft and implement updated policies and procedures for capital assets. The project scope includes establishing a reconciliation process to ensure capital assets are identified for capitalization and capital assets that have been disposed of are correctly removed. All assets are tagged and inventoried including assets that may not meet capitalization thresholds.

**CLIENT RESPONSIBLE PARTY:** Mark Capps, Senior Accountant.

**COMPLETION DATE:** The phases of the project related to capital assets and external financial reporting will be fully implemented by June 30, 2021.

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020**

**2019-001 Finding: Allowable Costs/Cost Principles.**

**STATUS:** Implemented.

**CLIENT PLANNED ACTION:** The D11 grant's office implemented processes and procedures to strengthen internal controls for timely follow-up, as recommended by the auditor. The district increased internal controls and now ensures all required certifications are obtained.

The district's corrective process includes:

- 1) Each department responsible for collecting time and effort certifications assigned a second staff member to conduct a second reconciliation against a grant-funded staffing list provided by the Human Resources Department to ensure all grant funded staff (managed by said department) are included and related certifications are collected. This two-deep verification process has also help to minimize the potential for missed documentation collection due to staff transitions/vacancies.
- 2) The district's Grants Department:
  - a. Requires all departments/teams managing federally funded grants with salary expenditures to annually designate the two staff members responsible for time and effort certifications.
  - b. Requests quarterly and / or semi-annual written confirmation (as appropriate) that responsible staff have reviewed/reconciled collected documentation to Human Resources Department lists for each grant.

**CLIENT RESPONSIBLE PARTY:** Dr. Kristin Watkins, Director of Grants.

**COMPLETION DATE:** October 30, 2020.