

# SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2021



CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO



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Cherry Creek Schools





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# **SINGLE AUDIT REPORT**

For the Year Ended June 30, 2021

Christopher Smith  
Superintendent

Prepared by:

Fiscal Services Division

Scott S. Smith  
Chief Financial and Operating Officer

Bradley S. Arnold  
Controller

Morgan W. Holtzman  
Manager of Accounting



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CHERRY CREEK SCHOOL DISTRICT NO. 5

ARAPAHOE COUNTY, COLORADO

SINGLE AUDIT REPORT

For the Year Ended June 30, 2020

**SINGLE AUDIT REPORTS**

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# Single Audit

The Single Audit Act Amendments of 1996 mandate independent financial and compliance audits of federal award programs. In addition to the required independent auditor's reports, the schedules of expenditures of federal awards and summary of findings and questioned costs are provided to support the requirements for compliance with the OMB Uniform Guidance.



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**CHERRY CREEK SCHOOL DISTRICT NO. 5**  
**ARAPAHOE COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
as of June 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	<u>Assistance Listing Number</u>	<u>State Grant Number</u>	<u>Disbursements/ Expenditures</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through State Department of Education			
Title I Grants to Local Educational Agencies (Title I, Part A of ESEA)	84.010	4010	\$ 4,150,559
Title I, Part A: Improving Basic Programs Operated by Schools	84.010	5010	<u>300,990</u>
			4,451,549
Special Education--Grants to States (IDEA, Part B)	84.027	4027	8,733,861
Special Education--Preschool Grants (IDEA Preschool)	84.173	4173	<u>120,948</u>
subtotal IDEA Cluster			<u>8,854,809</u>
English Language Acquisition Grants (Title III)	84.365	4365	396,941
English Language Acquisition Grants (Title III, Set Aside)	84.365	7365	<u>23,402</u>
subtotal ELA Cluster			<u>420,343</u>
Improving Teacher Quality State Grants (Title IIA)	84.367	4367	214,838
Title IV	84.424	4424	154,029
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER Fund)	84.425D	4425	3,452,352
Passed through Colorado Community College and Occupational Education System			
Vocational Education - Basic Grants To States (Perkins III)	84.048	4048	257,497
Passed through State Department of Education			
Rehabilitation Services - Vocational Rehabilitation Grants To States	84.126	6126	<u>414,869</u>
Total U.S. Department of Education			<u>18,220,286</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
Passed through State Department of Education			
COVID-19 Coronavirus Relief Fund (CRF)	21.019	4012	26,846,155
COVID-19 Coronavirus Relief Fund (CRF) - K-12 At-Risk Pupils	21.019	5012	873,449
COVID-19 Coronavirus Relief Fund (CRF) - Safe Schools Reopening Grant (SSRG)	21.019	6012	1,448,513
Passed through from Arapahoe County			
COVID-19 Coronavirus Relief Fund (CRF)	21.019	N/A	<u>2,808,600</u>
Total U.S. Department of the Treasury			<u>31,976,717</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through State Department of Education			
Summer Food Service Program	10.559	4559	12,351,015
Emergency Feeding Program	10.555	4555	890,878
Passed through State Department of Human Services			
USDA Commodities	10.555	4555	<u>888,601</u>
subtotal Child Nutrition Cluster			<u>14,130,494</u>
Total U.S. Department of Agriculture			<u>14,130,494</u>
Total Federal Awards			<u>\$ 64,327,497</u>

CHERRY CREEK SCHOOL DISTRICT NO. 5  
ARAPAHOE COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2021

1) **Basis of Presentation**

In the accompanying schedule of expenditures of federal awards, award revenues and expenditures have been prepared on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards except Assistance Listing # 21.019, which follows criteria determined by the U.S. Department of Treasury for allowability of costs, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The basis of accounting used for the schedule of expenditures of federal awards is consistent with the basis of accounting used for the annual financial report presentation.

2) **Noncash Federal Awards**

The District receives food commodities from the U. S. Department of Agriculture for use in its food service program. Commodities are recorded under Assistance Listing # 10.555 on the Schedule of Federal Awards. The commodities, in the amount of \$888,601, are recognized as revenue when received. The commodities are recognized as expenditures when used by the schools. The majority of the commodities are stored at the individual schools instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. The valuation of commodities is based on fair market value at the time of receipt. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue.

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

4) The District did not fund any subrecipients.



**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***

Board of Education  
Cherry Creek School District No. 5  
Greenwood Village, Colorado

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cherry Creek School District No. 5 (the District), as of and for the year ended June 30, 2021, 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 10, 2021. Our report includes a reference to other auditors who audited the financial statements of Cherry Creek Academy, Heritage Heights Academy, and Colorado Skies Academy, as described in our report on the District's financial statements. The financial statements of Cherry Creek Academy, Heritage Heights Academy, and Colorado Skies Academy 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 Cherry Creek Academy, Heritage Heights Academy, and Colorado Skies Academy.

**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 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.

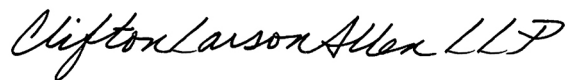
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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*.

**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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
December 10, 2021



**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**

Board of Education  
Cherry Creek School District No. 5  
Greenwood Village, Colorado

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

We have audited Cherry Creek School District No. 5'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 Cherry Creek School District No. 5's major federal programs for the year ended June 30, 2021. Cherry Creek School District No. 5'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 Cherry Creek School District No. 5'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 Cherry Creek School District No. 5'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 Cherry Creek School District No. 5's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Cherry Creek School District No. 5 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, 2021.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

Cherry Creek School District No. 5's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Cherry Creek School District No. 5's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of Cherry Creek School District No. 5 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 Cherry Creek School District No. 5'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 Cherry Creek School District No. 5'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 2021-001, that we consider to be a significant deficiency.

Cherry Creek School District No. 5's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Cherry Creek School District No. 5'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cherry Creek School District No. 5 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Cherry Creek School District No. 5's basic financial statements. We issued our report thereon dated December 10, 2021, 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**

Greenwood Village, Colorado  
March 23, 2022



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**CHERRY CREEK SCHOOL DISTRICT NO. 5  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**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?   x   yes      \_\_\_\_\_ 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)?   x   yes      \_\_\_\_\_ no

**Identification of Major Federal Programs**

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.010	Title I
21.019	COVID-19 Coronavirus Relief Fund
84.425D	COVID-19 Elementary and Secondary School Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$   \$1,929,825  

Auditee qualified as low-risk auditee?   x   yes      \_\_\_\_\_ no

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2021 – 001**

Federal Agency: Department of Education

Federal Program Title: COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund

Assistance Listing Number: 84.425D

Pass-Through Agency: Colorado Department of Education

Pass-Through Number(s): 4425

Award Period: May 7, 2020 through September 30, 2021

Compliance Requirement: Allowable Costs/Activities

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

**Criteria or specific requirement:** 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the allowable costs and activities. Cherry Creek School District No. 5 (the District) should have internal controls designed to ensure compliance with those provisions.

**Condition:** During our testing, we noted the District did not have adequate procedures in place designed to ensure proper compliance over the costs charged to the grant.

**Questioned costs:** N/A

**Context:** In fiscal year 2021, the District furloughed a number of employees in response to the COVID-19 pandemic. During our testing over payroll disbursements, we noted the District improperly charged the full salaries of several furloughed employees' to the ESSER grant. The furlough portion for these individuals should have been subtracted from the amount charged to the grant. Upon further review of the payroll population, the issue was isolated to certain furloughs that occurred in December 2020. The District replaced the furlough portion with other allowable payroll disbursements that were allowable under the ESSER grant. We tested these allowable payroll disbursement replacements and noted they were properly supported and properly charged to the grant. There were 720 total transactions charged to the grant. Of these transactions, 48 related to the December 2020 furlough totaling \$60,723, which were subsequently replaced and allowed under the grant. The sample is deemed statistically valid.

**Cause:** The District improperly accounted for these furlough amounts by charging them to the grant.

**Effect:** The auditor noted an instance of noncompliance with the allowable costs and activities requirements. After discussing with management, the District replaced the improperly charged furlough costs with other allowable payroll costs that were paid and recorded in fiscal year 2021. Accordingly, no changes needed to be made to the Schedule of Expenditures of Federal Awards (SEFA).

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**Repeat Finding:** No

**Recommendation:** We recommend the District implement controls and procedures to ensure costs are appropriately charged to and comply with provisions of the grant.

**Action taken in response to finding:** The District has expanded controls and procedures, including additional levels of review over the calculation of allowable costs, to ensure furlough days are properly accounted for should the District receive such one-time grants and implement furlough days in the future. The furlough days in combination with the ESSER grant received as a response to the COVID-19 pandemic is expected to be a one-time event.

**Name(s) of the contact person(s) responsible for corrective action:** Scott Smith, Chief of Operations and Finance

**Planned completion date for corrective action plan:** April 1, 2022

CHERRY CREEK SCHOOL DISTRICT  
ARAPAHOE COUNTY, COLORADO  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2021



Department of Education

Cherry Creek School District No. 5 respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 1, 2020 – June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

None

**FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

Department of Education

2021-001 COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund – Assistance Listing No. 84.425D

Recommendation: We recommend the District implement controls and procedures to ensure costs are appropriately charged to and comply with provisions of the grant.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The District has expanded controls and procedures, including additional levels of review over the calculation of allowable costs, to ensure furlough days are properly accounted for should the District receive such one-time grants and implement furlough days in the future. The furlough days in combination with the ESSER grant received as a response to the COVID-19 pandemic is expected to be a one-time event.

Name(s) of the contact person(s) responsible for corrective action: Scott Smith, Chief of Operations and Finance

Planned completion date for corrective action plan: April 1, 2022

If the Department of Education has questions regarding this plan, please call Scott Smith at 720-554-4344.

**CHERRY CREEK SCHOOL DISTRICT NO. 5  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2021**



Cherry Creek School District No. 5 respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: July 1, 2020 – June 30, 2021

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

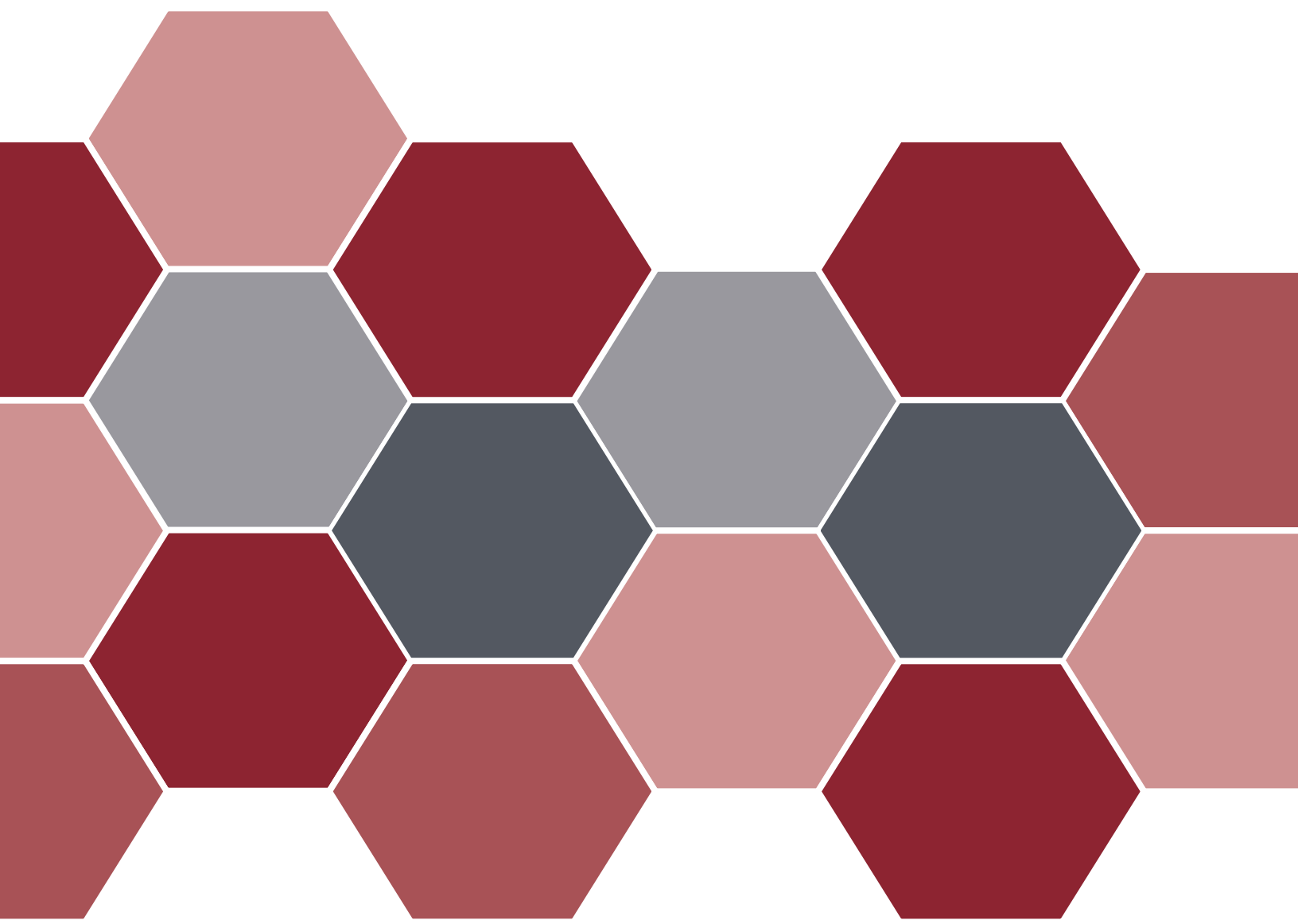
There were no financial statement findings in the prior year.

**FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**

There were no federal award program audit findings in the prior year.

If there are questions regarding this schedule, please call Scott Smith at 720-554-4344.





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Cherry Creek Schools

4700 SOUTH YOSEMITE STREET  
GREENWOOD VILLAGE, CO 80111