

Douglas County School District Single Audit Report

For the Year Ended June 30, 2021



**Douglas County
School District Re 1**
620 Wilcox Street
Castle Rock, CO 80104
www.dcsdk12.org



DOUGLAS COUNTY SCHOOL DISTRICT RE.1
620 Wilcox Street
Castle Rock, Colorado 80104

SINGLE AUDIT REPORT
For the Year Ended June 30, 2021



Corey J. Wise
SUPERINTENDENT

Prepared by:
Office of Business Services

Kate Kotaska
Chief Financial Officer

Jana L. Schleusner
Director of Finance



Douglas County School District

Learn Today, Lead Tomorrow

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DOUGLAS COUNTY SCHOOL DISTRICT RE.1

Single Audit Report

June 30, 2021

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**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
Douglas County School District No. Re.1
Douglas County, 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 Douglas County School District No. Re.1 (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 7, 2021. Our report includes a reference to other auditors who audited the financial statements of the District's Charter Schools, discretely presented component units, as described in our report on the District's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

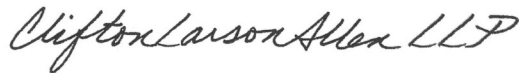
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Broomfield, Colorado
February 23, 2022



**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
Douglas County School District No. Re.1
Douglas County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Douglas County School District No. Re.1's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.



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.

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 Douglas County School District No. Re.1 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. We issued our report thereon dated December 7, 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
February 23, 2022

Douglas County School District RE.1

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Pass-Through			
Colorado Department of Education			
COVID-19 - Coronavirus Relief Fund	21.019	4012	\$ 20,139,893
COVID-19 - Coronavirus Relief Fund At-Risk Pupils	21.019	5012	605,840
COVID-19 - Safe School Reopening Grant	21.019	6012	1,517,666
Total Department of Treasury			<u>22,263,399</u>
U.S. Department of Education			
Pass-Through			
Colorado Department of Education			
COVID-19 - ESSER I Fund	84.425D	4425	1,274,772
COVID-19 - ESSER II Fund	84.425D	4420	769,575
COVID-19 - ESSER III Fund	84.425U	4414	250,522
COVID-19 - ESSER III Set Aside - Learning Loss	84.425U	9414	1,276,579
Total CFDA No. 84.425			<u>3,571,448</u>
Title I, Part A			
Title I, Part A - Homeless Set Aside	84.010	4010	1,219,451
Title I, Part A - District Managed	84.010	9202	157,197
Title I, Part A - District Managed	84.010	9206	177,075
Title I, Part A - Parent Activities	84.010	9211	2,048
Title I, Part A (Prevention Integration)	84.010	5010	56,164
Total CFDA No. 84.010			<u>1,611,935</u>
Title III, Part A: English Language Acquisition Grants			
Title III, Part A: English Language Acquisition Grants	84.365	4365	284,481
Title II, Part A: Improving Teacher Quality	84.367	4367	394,377
Title IV-A: Student Support and Academic Enrichment	84.424A	4424	244,312
Special Education Cluster:			
IDEA Part B: Special Education (IDEA, Part B)	84.027	4027	9,955,580
IDEA Part B: Special Education - Preschool	84.173	4173	129,133
Total Special Education Cluster			<u>10,084,713</u>
Colorado Multi-Tiered System of Supports MTSS			
Remote Learning Grant for Colorado Charter Schools	84.323a	5323	21,241
Remote Learning Grant for Colorado Charter Schools	84.282A	8282	35,000
State Board for Community College and Occupational Education			
Career & Technical Education Grant	84.048	4048	186,125
Total Department of Education			<u>16,433,632</u>
U.S. Department of Health and Human Services			
Child Care Cluster:			
Direct			
Childcare Development & Block Grant	93.575		52,260
Pass-Through			
Colorado State Department of Education			
Childcare Development & Block Grant (EQIT)	93.575	7575-1000	454,282
Total Department of Health and Human Services			<u>506,542</u>
U.S. Department of Agriculture			
Pass-Through			
Colorado Department of Education			
Child Nutrition Cluster:			
Summer Food Program for Children	10.559	4559	14,077,787
National School Lunch Program	10.555	4555	1,973,127
National School Lunch Program (Non-Cash), pass through	10.555	4555	790,413
State Department of Human Services			16,841,327
Total Child Nutrition Cluster			<u>16,841,327</u>
SNAP CN Local P-EBT	10.649	4649	8,806
Total Department of Agriculture			<u>16,850,133</u>
Total Expenditures of Federal Awards			<u>\$ 56,053,706</u>

Douglas County School District RE. 1

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Douglas County School District RE. 1 (the District) for the year ended June 30, 2021. The schedule does not include the federal grant activity of the District's Charter Schools, discretely presented component units. 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 CFR 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 presented 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 Account Policies

The accompanying schedule of expenditures of federal awards is presented on the modified 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, where in certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Noncash Assistance

The schedule includes federal awards in the form of noncash assistance (food commodities) received during the year in the amount of \$790,413 from the U.S. Department of Agriculture passed through the State Department of Education and the State Department of Human Services - CFDA No. 10.555. The commodities are recognized as expenditures when used by the schools and are valued at current market price.

Note 4. Subrecipients

For the year ended June 30, 2021, the District did not pass through any federal grants to subrecipients.

Note 5. Indirect Cost Rate

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

**DOUGLAS COUNTY SCHOOL DISTRICT NO. RE.1
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? _____ yes x 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)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425U, 84.425D 21.019	COVID-19 – Education Stabilization Fund COVID-19 – Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,681,611

Auditee qualified as low-risk auditee?

 x yes _____ no

DOUGLAS COUNTY SCHOOL DISTRICT NO. RE.1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**DOUGLAS COUNTY SCHOOL DISTRICT NO. RE.1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

Section IV - Prior Year Audit Findings

Douglas County School District Re. 1 respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2021.

Audit period: 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

2020 – 001

Condition: During fiscal year 2020, it was noted the District improperly recognized revenue in fiscal year 2020 for family deposits in the Child Care Fund 29. Revenue was being recorded for childcare days enrolled in by families, but not yet used by the families.

Status: Corrective action was taken on this finding. The District revised its year end close checklist to include verifying any changes to policy with all enterprise fund managers. Corrective action was taken by Jana Schleusner, Director of Finance, in December of the year ended 2020.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2020 – 002

Condition: During our testing, we noted a total of \$9,190 of charter school purchases that occurred outside of the period of performance for the federal award, March 1, 2020 through December 30, 2020.

Status: Corrective action was taken on this finding. The District adjusted the practice to instead reimburse charter schools quickly and not pass through funds in total. This allows the normal review process to function as designed. Corrective action was taken by Jana Schleusner, Director of Finance, in February of the year ended 2021.

2020 – 003

Condition: During our testing, we noted a total of \$306 of payroll costs charged to the federal award that were not necessary expenditures due to the public health emergency that were not accounted for in the government's most recently approved budget.

Status: Corrective action was taken on this finding. Due to the timing and nature of this grant, the process occurred outside of normal District process and procedure. If the District must operate outside of the normal process, they now ensure a thorough review of all calculations and assumptions is completed before posting. Corrective action was taken by Jana Schleusner, Director of Finance, in February of the year ended 2021.

If there are any questions regarding this schedule, please call Jana Schleusner, Director of Finance, at 720-433-1101.

