



Financial Statements  
June 30, 2020

Sourcewell

Staples, Minnesota

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Name	Position	Term Expires
<b>Elected</b>		
Mike Wilson - Sub-Region IV	Chairperson	12/31/2021
Linda Arts - Sub-Region II	Vice-Chairperson	12/31/2023
Scott Veronen - Sub-Region I	Clerk	12/31/2022
Sharon Thiel - Sub-Region I	Treasurer	12/31/2021
Chris Kircher - Sub-Region III	Director	12/31/2023
Ryan Thomas - Sub-Region III	Director	12/31/2020
Sara Nagel - Sub-Region II	Director	12/31/2022
Greg Zylka - Sub-Region IV	Director	12/31/2020
<b>Management</b>		
Dr. Chad Coquette	Executive Director	
Mike Carlson	Director of Finance	
Michael Brandt	Manager of Accounting, Auditing, and Financial Reporting	
Jonathan Daniel	Sourcewell Technology VP of Finance	





The official directory has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2020, on our consideration of Sourcewell’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sourcewell’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sourcewell’s internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the Legal Compliance Audit Guide prepared by the Office of the State Auditor pursuant to Minn. Stat. §6.65, we have also issued a report dated November 20, 2020 on our consideration of Sourcewell’s compliance with aspects of the provisions of the Minnesota Legal Compliance Audit Guide for Political Subdivisions. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not directed primarily toward obtaining knowledge of noncompliance. That report is an integral part of procedures performed in accordance with the Office of the State Auditor’s Minnesota Legal Compliance Audit Guide for Political Subdivisions in considering Sourcewell’s compliance with certain regulatory requirements pursuant to Minn. Stat. §6.65.



Fargo, North Dakota  
November 20, 2020





















































































































































































**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sourcewell'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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Fargo, North Dakota  
November 20, 2020





### **Report on Internal Control over Compliance**

Management of Sourcewell is responsible for establishing and maintaining effective internal control over compliance with compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sourcewell'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 Sourcewell'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 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 the 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.

This 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.



Fargo, North Dakota  
November 20, 2020



## Report on *Minnesota Legal Compliance*

To the Board of Directors of  
Sourcewell  
Staples, Minnesota

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, business-type activities, and each major fund of Sourcewell as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that Sourcewell failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards sections of the *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding Sourcewell's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Fargo, North Dakota  
November 20, 2020

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

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Special Education Cluster (IDEA)	
Special Education Grants to States - Regional Low Incidence	84.027
Special Education Grants to States - CSPD	84.027
Special Education Grants to States - Centers of Excellence CSPD	84.173
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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None

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**Section III – Minnesota Legal Compliance Findings**

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None

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**Section IV –Federal Award Findings and Questioned Costs**

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None