INDEPENDENT SCHOOL DISTRICT NO. 624
WHITE BEAR LAKE, MINNESOTA

Special Purpose Audit Reports

Year Ended
June 30, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 624

Special Purpose Audit Reports
Year Ended June 30, 2017

Table of Contents

	Page
Schedule of Expenditures of Federal Awards	1
Independent Auditor's 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*	2–3
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	4–6
Independent Auditor's Report on Minnesota Legal Compliance	7–8
Schedule of Findings and Questioned Costs	9–12
Independent Auditor's Report on Uniform Financial Accounting and Reporting Standards Compliance Table	13–14
Uniform Financial Accounting and Reporting Standards Compliance Table	15–16

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 624

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures		Noncash Assistance
U.S. Department of Agriculture				
Passed through Minnesota Department of Education				
Child nutrition cluster				
School Breakfast Program	10.553	$ 268,108		
National School Lunch Program	10.555	1,629,786		$ 262,798
Special Milk Program for Children	10.556	702		
Summer Food Service Program for Children	10.559	69,317		
Total child nutrition cluster			$ 1,967,913	
Child and Adult Care Food Program	10.558		14,688	
Child Nutrition Discretionary Grants	10.579		25,000	
Fresh Fruit and Vegetable Program	10.582		22,754	
U.S. Department of Education				
Passed through Minnesota Department of Education				
Special education cluster				
Special Education – Grants to States	84.027	1,559,520		
Special Education – Preschool Grants	84.173	55,305		
Total special education cluster			1,614,825	
Title I – Grants to Local Educational Agencies	84.010		797,089	
Special Education – Grants for Infants and Families	84.181		43,060	
Supporting Effective Instruction State Grant	84.367		191,882	
English Language Acquisition State Grants	84.365		65,418	
Passed through Northeast Metropolitan Intermediate School District No. 916				
Career and Technical Education – Basic Grants to States	84.048		14,502	
Direct				
Indian Education Grants to Local Educational Agencies	84.060		5,880	
U.S. Department of Health and Human Services Administration f Community Living				
Passed through Metropolitan Area Agency on Aging				
Special Programs for the Aging - Grants for Supportive Services and Senior Centers	93.044		14,785	
Total federal awards			$ 4,777,796	

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 both OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* when applicable. 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 CFDA numbers 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.

THIS PAGE INTENTIONALLY LEFT BLANK

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA

INDEPENDENT AUDITOR'S 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

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, 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, each major fund, and the aggregate remaining fund information of Independent School District No. 624 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2017.

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) to determine the 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 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.

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.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

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 determination of financial statement amounts. 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 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 report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 6, 2017

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA

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 Board of Education and Management of
Independent School District No. 624
White Bear Lake, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Independent School District No. 624's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2017. The District's major federal programs are identified in the Summary of Audit 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.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

BASIS FOR QUALIFIED OPINION ON TITLE I – GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA NO. 84.010)

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding eligibility in finding 2017-002. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

QUALIFIED OPINION ON TITLE I – GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA NO. 84.010)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on Title I – Grants to Local Educational Agencies (CFDA No. 84.010) for the year ended June 30, 2017.

UNMODIFIED OPINION ON EACH OF THE OTHER MAJOR FEDERAL PROGRAMS

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to previously that could have a direct and material effect on each of its other major federal programs identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2017.

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 on the previous page. 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 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002 that we consider to be significant deficiencies.

(continued)

DISTRICT'S RESPONSES TO FINDINGS

The District's responses to the internal control over compliance findings and reportable instances of noncompliance identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

PURPOSE OF THIS REPORT

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 6, 2017, 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.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 6, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, 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, each major fund, and the aggregate remaining fund information of Independent School District No. 624 (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2017.

MINNESOTA LEGAL COMPLIANCE

The *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and uniform financial accounting and reporting standards for school districts. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*, except as described in the Schedule of Findings and Questioned Costs as item 2017-003. 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 the District's noncompliance with the above referenced provisions.

DISTRICT'S RESPONSE TO FINDING

The District's response to the legal compliance finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. The District's response was not subject to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on it.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

PURPOSE OF THIS REPORT

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 report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 6, 2017

INDEPENDENT SCHOOL DISTRICT NO. 624

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

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 deficiency(ies) 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 deficiency(ies) identified?	**X**	Yes		None reported

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

Title I – Grants to Local Educational Agencies (CFDA 84.010)	Qualified
Special Education Cluster	
Special Education – Grants to States (CFDA 84.027)	Unmodified
Special Education – Preschool Grants (CFDA 84.173)	Unmodified

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

Programs tested as major programs:

Program or Cluster	CFDA No.
The U.S. Department of Agriculture:	
Title I – Grants to Local Educational Agencies	84.010
Special Education Cluster	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173

Threshold for distinguishing type A and B programs.	$ 750,000

Does the auditee qualify as a low-risk auditee?	**X**	Yes		No

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF EDUCATION, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION – TITLE I – GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA NO. 84.010)

2017-001 Internal Controls Over Compliance With Special Tests and Provisions Requirements

Criteria – 34 CFR § 200.62(a) requires Independent School District No. 624 (the District) to provide notice to all private schools within its boundaries that Title I funding is available to the private school.

Condition – During our audit, we noted that the District did not maintain documentation of the communication to each private school within its boundaries.

Questioned Costs – Not applicable.

Context – There was a lack of written communications to private schools within its boundaries.

Repeat Finding – This is a current year finding only.

Cause – This was an oversight by district personnel.

Effect – This could be viewed as a violation of the award agreement.

Recommendation – We recommend that the District review its internal control procedures relating to Title I funding to ensure this communication occurs in the future.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review and update documentation and procedures relating to communication with private schools within its boundaries. The District has separately issued a Corrective Action Plan related to this finding.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE – U.S. DEPARTMENT OF EDUCATION, PASSED THROUGH MINNESOTA DEPARTMENT OF EDUCATION – TITLE I – GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA NO. 84.010) (CONTINUED)

2017-002 Internal Controls Over Compliance With Eligibility Requirements and Reportable Instances of Noncompliance for Eligibility of Individuals

Criteria – 34 CFR § 200.62(b)(1)(i) requires the District to maintain effective internal control over compliance with requirements applicable to federal program expenditures, including eligibility requirements.

Condition – During our audit, we noted that the District did not have sufficient controls to ensure Title I expenditures were for students who reside within the boundaries of a Title I-serviced school. We noted one student that received Title I services that did not reside within the boundaries of the Title I-serviced school.

Questioned Costs – Less than $25,000.

Context – One of five students tested that attend nonpublic schools received Title I services when they did not reside within the boundaries of a Title I-serviced school.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – This could be viewed as a violation of the award agreement.

Recommendation – We recommend that the District review its internal control procedures relating to eligibility within the Title I program.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District will review and update its policies and procedures relating to eligibility within its federal programs to ensure compliance with Uniform Guidance in the future. The District has separately issued a Corrective Action Plan related to this finding.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

2017-003 Withholding Affidavit

Criteria – Minnesota Statutes § 270C.66.

Condition – Before making final settlement with any contractor under a contract requiring the employment of employees for wages by said contractor or subcontractors, the District must obtain a certificate by the Commissioner of Revenue that the contractor or subcontractor has complied with the withholding requirements of Minnesota Statutes § 290.92 (either Commissioner of Revenue Form IC134 or a Contractor's Withholding Affidavit). The District did not obtain the required certificate for one contract completed during fiscal 2017.

Questioned Costs – Not applicable.

Context – One of three contracts tested were not in compliance.

Repeat Finding – This is a current year finding.

Cause – This was an oversight by district personnel.

Effect – The District did not obtain the required documentation of either a Contractor's Withholding Affidavit or Commissioner of Revenue Form IC134.

Recommendation – We recommend that the District review purchasing procedures and obtain required documentation for future contracts.

View of Responsible Official and Planned Corrective Actions – The District agrees with the finding. The District intends to review the state statute and obtain the required documents for all future contracts completed as required. The District has separately issued a Corrective Action Plan related to this finding.

MMKR
CERTIFIED PUBLIC ACCOUNTANTS

PRINCIPALS
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA

INDEPENDENT AUDITOR'S REPORT ON UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE

To the Board of Education and Management of
Independent School District No. 624
White Bear Lake, 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, each major fund, and the aggregate remaining fund information of Independent School District No. 624 (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 6, 2017.

Auditing standards referred to in the previous paragraph require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education (MDE), and is not a required part of the basic financial statements of the District. The UFARS Compliance Table 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 basic 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 UFARS Compliance Table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

Malloy, Montague, Karnowski, Radosevich & Co., P.A.
5353 Wayzata Boulevard • Suite 410 • Minneapolis, MN 55416 • Phone: 952-545-0424 • Fax: 952-545-0569 • www.mmkr.com

The purpose of this report on the UFARS Compliance Table required by the MDE is solely to describe the scope of our testing of the UFARS Compliance Table and the results of that testing based on our audit. Accordingly, this report is not suitable for any other purpose.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
November 6, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT SCHOOL DISTRICT NO. 624

Uniform Financial Accounting and Reporting Standards
Compliance Table
June 30, 2017

		Audit	UFARS	Audit – UFARS
General Fund				
Total revenue		$ 103,701,389	$ 103,701,389	$ –
Total expenditures		$ 106,169,316	$ 106,169,316	$ –
Nonspendable				
460	Nonspendable fund balance	$ 315,203	$ 315,203	$ –
Restricted				
403	Staff development	$ –	$ –	$ –
406	Health and safety	$ (18,939)	$ (18,939)	$ –
407	Capital projects levy	$ 182,239	$ 182,239	$ –
408	Cooperative revenue	$ –	$ –	$ –
413	Projects funded by COP	$ –	$ –	$ –
414	Operating debt	$ –	$ –	$ –
416	Levy reduction	$ –	$ –	$ –
417	Taconite building maintenance	$ –	$ –	$ –
423	Certain teacher programs	$ –	$ –	$ –
424	Operating capital	$ 1,742,307	$ 1,742,307	$ –
426	$25 taconite	$ –	$ –	$ –
427	Disabled accessibility	$ –	$ –	$ –
428	Learning and development	$ 10,656	$ 10,656	$ –
434	Area learning center	$ –	$ –	$ –
435	Contracted alternative programs	$ –	$ –	$ –
436	State approved alternative program	$ –	$ –	$ –
438	Gifted and talented	$ –	$ –	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
441	Basic skills programs	$ –	$ –	$ –
445	Career and technical programs	$ –	$ –	$ –
448	Achievement and integration	$ –	$ –	$ –
449	Safe schools levy	$ –	$ –	$ –
450	Pre-kindergarten	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
453	Unfunded severance and retirement levy	$ –	$ –	$ –
467	Long-term facilities maintenance	$ –	$ –	$ –
472	Medical Assistance	$ 182,633	$ 182,633	$ –
464	Restricted fund balance	$ –	$ –	$ –
Committed				
418	Committed for separation	$ –	$ –	$ –
461	Committed fund balance	$ –	$ –	$ –
Assigned				
462	Assigned fund balance	$ 10,458,808	$ 10,458,808	$ –
Unassigned				
422	Unassigned fund balance	$ 12,166,697	$ 12,166,697	$ –
Food Service				
Total revenue		$ 4,607,261	$ 4,607,261	$ –
Total expenditures		$ 4,426,363	$ 4,426,363	$ –
Nonspendable				
460	Nonspendable fund balance	$ 114,108	$ 114,108	$ –
Restricted				
452	OPEB liability not in trust	$ –	$ –	$ –
464	Restricted fund balance	$ 387,230	$ 387,230	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Community Service				
Total revenue		$ 5,647,653	$ 5,647,653	$ –
Total expenditures		$ 5,470,711	$ 5,470,711	$ –
Nonspendable				
460	Nonspendable fund balance	$ 5,675	$ 5,675	$ –
Restricted/reserve				
426	$25 taconite	$ –	$ –	$ –
431	Community education	$ 1,331,845	$ 1,331,845	$ –
432	ECFE	$ 51,927	$ 51,927	$ –
440	Teacher development and evaluation	$ –	$ –	$ –
444	School readiness	$ 243,734	$ 243,734	$ –
447	Adult basic education	$ –	$ –	$ –
452	OPEB liability not in trust	$ –	$ –	$ –
Restricted				
464	Restricted fund balance	$ 14,492	$ 14,492	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

INDEPENDENT SCHOOL DISTRICT NO. 624

Uniform Financial Accounting and Reporting Standards
Compliance Table (continued)
June 30, 2017

		Audit	UFARS	Audit – UFARS
Building Construction				
Total revenue		$ 20,549	$ 20,549	$ –
Total expenditures		$ 4,784,117	$ 4,784,117	$ –
Nonspendable				
460	Nonspendable fund balance	$ 8,526	$ 8,526	$ –
Restricted				
407	Capital projects levy	$ –	$ –	$ –
413	Project funded by COP	$ –	$ –	$ –
467	Long-term facilities maintenance	$ 1,675,062	$ 1,675,062	$ –
464	Restricted fund balance	$ –	$ –	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Debt Service				
Total revenue		$ 4,927,273	$ 4,927,273	$ –
Total expenditures		$ 5,061,953	$ 5,061,953	$ –
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
451	QZAB payments	$ –	$ –	$ –
464	Restricted fund balance	$ 1,253,704	$ 1,253,704	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –
Trust				
Total revenue		$ 185,263	$ 185,264	$ (1)
Total expenditures		$ 203,569	$ 203,569	$ –
422	Net position	$ 147,963	$ 147,963	$ –
Internal Service				
Total revenue		$ 14,508,748	$ 14,508,748	$ –
Total expenditures		$ 16,078,200	$ 16,078,201	$ (1)
422	Net position	$ (970,064)	$ (970,064)	$ –
OPEB Revocable Trust Fund				
Total revenue		$ –	$ –	$ –
Total expenditures		$ –	$ –	$ –
422	Net position	$ –	$ –	$ –
OPEB Irrevocable Trust Fund				
Total revenue		$ 1,080,628	$ 1,080,628	$ –
Total expenditures		$ 1,890,826	$ 1,890,826	$ –
422	Net position	$ 30,294,627	$ 30,294,627	$ –
OPEB Debt Service Fund				
Total revenue		$ 6,176,884	$ 6,176,884	$ –
Total expenditures		$ 5,887,662	$ 5,887,663	$ (1)
Nonspendable				
460	Nonspendable fund balance	$ –	$ –	$ –
Restricted				
425	Bond refundings	$ –	$ –	$ –
464	Restricted fund balance	$ 1,111,176	$ 1,111,176	$ –
Unassigned				
463	Unassigned fund balance	$ –	$ –	$ –

Note 1: Statutory reserve deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

Note 2: The District may report certain balances as restricted for financial reporting purposes that are reported to the Minnesota Department of Education as unassigned for purposes of this table.

THIS PAGE INTENTIONALLY LEFT BLANK