

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

CONTENTS

	PAGE
INTRODUCTORY SECTION	
Schedule of School Board Members and Officials	
INDEPENDENT AUDITOR'S REPORT	
REQUIRED SUPPLEMENTAL INFORMATION	
Management's Discussion and Analysis	1
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet –Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Statement of Fiduciary Net Position – Fiduciary Funds	15
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	16
Notes to Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	42
Schedules of District's Share of Net Pension Liability and District's Contributions for Defined Benefit Pension Plans	43
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	45
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Food Service Fund	47
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Service Fund	48
Notes to the Required Supplementary Information	49

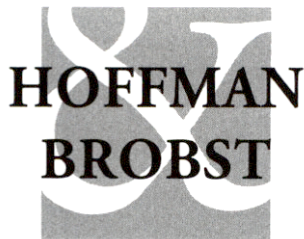
CONTENTS

	PAGE
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Building Construction Fund	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Debt Service Fund	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Historical Analysis	54
OTHER REQUIRED REPORTS	
Schedule of Findings on Internal Control Structure and Compliance	55
Schedule of Findings on Internal Control Structure and Compliance Corrective Action Plan	58
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 <i>Government Auditing Standards</i>	61
Independent Auditor’s Report on Minnesota Legal Compliance	63
STUDENT ACTIVITY FUNDS	
Independent Auditor’s Report on the Student Activity Funds	64
Statement of Cash Receipts and Disbursements - Student Activity Funds	66
Notes to the Student Activity Funds Financial Statement	67
Independent Auditor’s Report on Compliance with Laws and Regulations Applicable to the Student Activity Funds	68
Schedule of Findings on Student Activity Internal Control Structure and Compliance and Corrective Action Plan	69
MANAGEMENT LETTER	71
UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS COMPLIANCE TABLE	72

INTRODUCTORY SECTION

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF SCHOOL BOARD MEMBERS AND OFFICIALS
JUNE 30, 2018

<u>SCHOOL BOARD MEMBERS</u>		<u>TERM EXPIRES</u>
Eric Dahlager	Chairperson	2018
Carnie Allex	Vice-Chairperson	2020
Liza Fagen	Clerk	2020
Todd Terhaar	Treasurer	2020
Darin Bratsch	Director	2018
Maria Kramer	Director	2020
Ryan Lippert	Director	2018
 <u>SCHOOL OFFICIAL</u>		
Michelle Mortensen	Superintendent of Schools	



PLLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the School Board
Independent School District No. 2890
Renville County West
Renville, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2890, Renville County West, Renville, Minnesota as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards 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 entity'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 entity'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

903 East College Drive
P.O. Box 548
Marshall, MN 56258
www.hoffmanbrobst.com
507 532 5735
FAX 537 0696

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2890, Renville County West, Renville, Minnesota as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 10 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Independent School District No. 2890, Renville County West, Renville, Minnesota's basic financial statements. The introductory section, other supplementary information, and the uniform financial accounting and reporting standards compliance table listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The uniform financial accounting and reporting standards 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. Such 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 uniform financial accounting and reporting standards compliance table is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and other supplementary information have not been subjected 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 them.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2017 financial statements, and our report, dated November 9, 2017, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2018, on our consideration of Independent School District No. 2890, Renville County West, Renville, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Independent School District No. 2890, Renville County West, Renville, Minnesota'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 Independent School District No. 2890, Renville County West, Renville, Minnesota's internal control over financial reporting and compliance.



Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2018

REQUIRED SUPPLEMENTAL INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

As management of Independent School District No. 2890, Renville County West, Renville, Minnesota, we offer readers of Independent School District No. 2890, Renville County West, Renville, Minnesota's financial statements this narrative overview and analysis of the financial activities of Independent School District No. 2890, Renville County West, Renville, Minnesota for the fiscal year ended June 30, 2018.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 fiscal year include the following:

- Net position in the Statement of Net Position decreased \$3,144,213 from the prior year to \$(2,916,954). This decrease was primarily the result of a change in estimated discount rate (from 8.00% to 4.66%) used by Teacher Retirement Association relating to the calculation of the District's proportion of the State's Net Pension Liability in fiscal year 2017. This change is amortized over the average expected remaining service life of all members (six years). The decrease was also due to the District now recognizing a total OPEB liability in conjunction with the implementation of GASB Statement No. 75. The decrease in net position from these changes was partially offset by favorable operating results of the General Fund and the decrease in District debt due to the scheduled principal payments on long-term debt.
- The General Fund fund balance increased \$222,881 to \$3,548,543. The unassigned fund balance increased \$243,131 to \$2,692,376. This large increase is mainly due to an increase in general education aid. The combined total of the assigned and unassigned fund balance in the General Fund amounts to 44.8% of annual budgeted expenditures which meets the District's fund balance goal of a minimum of 10% of operating budget.
- \$303,956 of funds remaining after the parking lot refurbishing was transferred from the Building Construction Fund to the Debt Service Fund to assist in paying the debt.
- The District implemented GASB Statement No. 75 which requires governments providing other postemployment benefits to recognize their total OPEB liability, OPEB expense, and related deferred inflows and outflows of resources on the District's government-wide financial statements. The District's beginning governmental activities net position has been restated from \$227,259 to \$(1,487,921) (a decrease of \$1,715,180).
- The District has approved to build an addition on to and remodel the existing bus garage. The project will be paid for by the General Fund and is expected to be completed and placed in service during fiscal year 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts. They are:

- Independent Auditor's Report,
- Required Supplementary Information which includes the Management's Discussion and Analysis (this section),
- Basic financial statements, notes to financial statements, and
- Other supplementary information and other required reports and information.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd)

The basic financial statements include two kinds of statements that present different views of the District:

- The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending. The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

GOVERNMENT-WIDE STATEMENTS

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are shown in one category:

- **Governmental Activities** – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food service, and community education. Property taxes and state aids finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – rather than the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

The District has two kinds of funds:

- **Governmental funds** – The District's basic services are included in governmental funds, which generally focuses on: 1) how cash and other financial assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information (reconciliation schedules) follows the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

FUND FINANCIAL STATEMENTS (Cont'd)

- **Fiduciary funds** – The District is the trustee, or fiduciary, for various funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE STATEMENTS)
NET POSITION**

The District's combined net position was \$(2,916,954) on June 30, 2018. This was a decrease of 1,383.5% from the previous year total of \$227,259. A summary of the District's net position is as follows:

Net Position – Governmental Activities			Percentage Change
	<u>6/30/2018</u>	<u>6/30/2017</u>	
Current and Other Assets	\$ 6,391,572	\$ 6,213,247	
Capital Assets	13,178,508	13,406,867	
Total Assets	<u>19,570,080</u>	<u>19,620,114</u>	(0.3%)
Related to OPEB	155,988	-	
Related to Pensions	<u>6,874,820</u>	<u>9,290,961</u>	
Total Deferred Outflows of Resources	<u>7,030,808</u>	<u>9,290,961</u>	(24.3%)
Current Liabilities	1,036,132	823,670	
Noncurrent Liabilities	<u>24,303,613</u>	<u>25,647,607</u>	
Total Liabilities	<u>25,339,745</u>	<u>26,471,277</u>	(4.3%)
Property Taxes Levied for Subsequent Year's Expenditures	2,044,981	1,927,923	
Related to Pensions	<u>2,133,116</u>	<u>284,616</u>	
Total Deferred Inflows of Resources	<u>4,178,097</u>	<u>2,212,539</u>	88.8%
Invested in Capital Assets	2,767,434	2,736,236	
Restricted	585,396	254,014	
Unrestricted	<u>(6,269,784)</u>	<u>(2,762,991)</u>	
Total Net Position	<u>\$ (2,916,954)</u>	<u>\$ 227,259</u>	(1,383.5%)

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GOVERNMENT-WIDE STATEMENTS)
(Cont'd)**

CHANGE IN NET POSITION

The change in net position occurs as a result of the District implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (prior period adjustment) and expenses being greater than revenue for the year ended June 30, 2018, mainly due to the District incurring \$2,125,406 in pension expense. This pension expense (as required by GASB Statement No. 68) is allocated among all programs of the District. A summary of the District's revenues and expenses is as follows:

Change in Net Position – Governmental Activities			Percentage Change
	<u>6/30/2018</u>	<u>6/30/2017</u>	
Revenues			
Program Revenues			
Charges for Services	\$ 245,477	\$ 288,443	
Operating Grants and Contributions	1,873,583	1,796,186	
Capital Grants and Contributions	21,870	-	
General Revenues			
Property Taxes	2,092,580	2,020,180	
Unallocated Federal and State Aid	4,403,749	4,276,571	
Other	<u>74,184</u>	<u>49,035</u>	
Total Revenues	<u>8,711,443</u>	<u>8,430,415</u>	3.3%
Expenses			
District and School Administration	708,629	756,249	
District Support Services	458,597	547,273	
Regular Instruction	4,914,874	4,785,240	
Vocational Instruction	128,149	124,473	
Exceptional Instruction	1,361,245	1,379,860	
Community Education and Services	169,862	153,003	
Instructional Support Services	58,326	91,299	
Pupil Support Services	965,743	1,077,578	
Site, Buildings and Equipment	674,061	629,304	
Fiscal and Other Fixed Cost Programs	36,282	41,236	
Interest on Long-Term Debt	324,691	296,850	
Depreciation – Unallocated	330,905	289,319	
Loss on the Disposal of Equipment	<u>9,112</u>	<u>144,551</u>	
Total Expenses	<u>10,140,476</u>	<u>10,316,235</u>	(1.7%)
Increase (Decrease) in Net Position	<u>(1,429,033)</u>	<u>(1,885,820)</u>	
Beginning of Year Net Position,			
As Originally Stated	227,259	2,113,079	
Prior Period Adjustment (GASB 75)	<u>(1,715,180)</u>	<u>-</u>	
Beginning Net Position, as Restated	<u>(1,487,921)</u>	<u>2,113,079</u>	
End of Year Net Position	<u>\$ (2,916,954)</u>	<u>\$ 227,259</u>	(1,383.5%)

The District's total revenues consisted of program revenues of \$2,140,930, property taxes of \$2,092,580, unallocated federal and state aids of \$4,403,749 and a small amount from interest and miscellaneous other sources. Expenses totaling \$10,140,476 consisted primarily of student instructional costs of \$6,404,268, student support services of \$1,024,069, administration costs of \$1,167,226, site, buildings and equipment costs of \$674,061, community education services of \$169,862 and minor other amounts.

The cost of all governmental activities this year was \$10,140,476.

- The users of the District's programs paid for 2.4%, or \$245,477, of the costs.
- The federal and state governments subsidized certain programs with grants and contributions. This totaled \$1,895,453 or 18.7% of the total costs.
- Most of the District's net cost of services (\$7,999,546), however, were paid for by state taxpayers based on the statewide education aid formula and by District taxpayers.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS)

FUND BALANCE

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,051,960. This was up from \$3,917,816 at the end of the prior year, an increase of \$134,144. The General Fund increased due to an increase in state aids resulting from an increase in enrollment and an increase in the per student general education aid formula, along with a decrease in utility and repair and maintenance costs which is partially offset by an increase in salary and benefit costs. The Food Service Fund decreased due to expenditures for new equipment. The Community Service Fund increased mainly due to positive operations and a transfer from the General Fund to match the pool fundraiser. The decrease in the Building Construction Fund was due to payments for the parking lot refurbishing and a transfer to the Debt Service Fund to close the fund. The Debt Service Fund increased due to the residual equity transfer from the Building Construction Fund and revenues being greater than debt payments.

REVENUES AND EXPENDITURES

Revenues and other financing sources of the District's governmental funds totaled \$8,724,670. This was an increase of 5.8% from the previous year total of \$8,246,317. Total expenditures and other financing uses were \$8,590,526. This was a decrease of 4.6% from the previous year total of \$9,003,550. A summary of the revenues, expenditures, and other sources (uses) reported on the governmental financial statements is as follows:

Revenues and Expenditures – Governmental Funds

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other Sources (Uses)</u>	<u>Residual Equity Transfer</u>	<u>Fund Balance Increase (Decrease)</u>
General Fund	\$ 7,534,303	\$ 7,306,970	\$ (4,452)		\$ 222,881
Food Service Fund	323,654	345,816	-		(22,162)
Community Service Fund	157,130	146,238	10,000		20,892
Building Construction Fund	1,487	109,104	-	\$ (303,956)	(411,573)
Debt Service Fund	<u>692,548</u>	<u>672,398</u>	<u>-</u>	<u>303,956</u>	<u>324,106</u>
Totals	<u>\$ 8,709,122</u>	<u>\$ 8,580,526</u>	<u>\$ 5,548</u>	<u>\$ -</u>	<u>\$ 134,144</u>

GENERAL FUND

The General Fund is used by the District to record the primary operations of providing educational services to students from kindergarten through grade twelve. Pupil transportation activities, capital purchases and major maintenance projects are also included in the General Fund.

The following schedule presents a summary of General Fund revenues and other financing sources:

Revenues – General Fund

	<u>Year Ended 6/30/2018</u>	<u>Year Ended 6/30/2017</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Local Sources				
Property Taxes	\$ 1,380,475	\$ 1,483,534	\$ (103,059)	(7.0%)
Tuition Contracts	14,958	69,131	(54,173)	(78.4%)
Other Local Sources	210,056	166,714	43,342	26.0%
State Sources	5,638,277	5,291,062	347,215	6.6%
Federal Sources	<u>290,537</u>	<u>276,498</u>	<u>14,039</u>	5.1%
Total Revenues	<u>7,534,303</u>	<u>7,286,939</u>	<u>247,364</u>	<u>3.4%</u>
Other Financing Sources				
Proceeds from Sale of Equipment	<u>5,548</u>	<u>9,503</u>	<u>(3,955)</u>	<u>(41.6%)</u>
Total Revenues and Other Financing Sources	<u>\$ 7,539,851</u>	<u>\$ 7,296,442</u>	<u>\$ 243,409</u>	<u>3.3%</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS) (Cont'd)
GENERAL FUND (Cont'd)**

The following schedule presents a summary of General Fund expenditures:

Expenditures – General Fund				
	Year Ended 6/30/2018	Year Ended 6/30/2017	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries and Wages	\$ 4,514,347	\$ 4,357,972	\$ 156,375	3.6%
Employee Benefits	1,165,012	1,093,121	71,891	6.6%
Purchased Services	814,222	820,074	(5,852)	(0.7%)
Supplies and Materials	307,223	332,411	(25,188)	(7.6%)
Other Expenditures	23,604	29,918	(6,314)	(21.1%)
Capital Expenditures	360,721	351,755	8,966	2.5%
Debt Service Expenditures	<u>121,841</u>	<u>121,841</u>	-	0.0%
Total Expenditures	7,306,970	7,107,092	199,878	2.8%
Other Financing Uses				
Transfer Out to Other Funds	<u>10,000</u>	<u>-</u>	<u>10,000</u>	100.0%
Total Expenditures and Other Financing Uses	\$ <u>7,316,970</u>	\$ <u>7,107,092</u>	\$ <u>209,878</u>	3.0%

In summary, the 2017-2018 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$222,881 resulting in the total fund balance increasing to \$3,548,543 at June 30, 2018. After deducting statutory and accounting standards restrictions and fund balance policy assignments, the unassigned fund balance increased \$243,131 to \$2,692,376 at June 30, 2018. The District closely monitors the General Fund unassigned fund balance through its budgeting process throughout the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year ended June 30, 2018 the District revised its operating budget once. This revision was planned, and was necessary because when the initial budget was prepared and adopted (a budget must be in place prior to the beginning of the fiscal year on July 1) details of student enrollment numbers, salary details, staffing levels, and other significant information items were not yet known. This revision was made in March to reflect significant changes in enrollment data, state funding adjustments, and unforeseen changes in revenue and expenditure categories.

The District's final budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues and other financing sources by \$102,637; the actual results for the year showed a surplus of \$222,881.

- Actual revenues were \$262,042, or 3.6 percent, more than budget. This was due mainly to a change in student count being used for general education budgeting purposes.
- Actual expenditures were \$63,476, or 0.9 percent, less than budget. This was due to the District paying less than expected for salaries, benefits and purchased services for exceptional instruction and less than expected for purchased services for pupil support services, partially offset by more spent than expected for regular instruction salaries, purchased services for regular instruction and site, buildings, and equipment, and capital outlay.

FOOD SERVICE FUND

The Food Service Fund revenue for 2017-2018 totaled \$323,654 and expenditures were \$345,816, resulting in a fund balance decrease of \$22,162. The Food Service Fund decreased due to expenditures for new equipment. The June 30, 2018 Food Service Fund fund balance is \$25,859.

COMMUNITY SERVICE FUND

In 2017-2018, the total revenues and other financing sources for the Community Service Fund were \$167,130 and total expenditures were \$146,238, resulting in a fund balance increase of \$20,892. This is mainly due to positive operations and a transfer from the General Fund for a donation for future pool operations. The Community Service Fund fund balance as of June 30, 2018 is \$44,864.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS) (Cont'd)
BUILDING CONSTRUCTION FUND**

Total expenditures exceeded revenues by \$107,617 for 2017-2018 in the Building Construction Fund. This decrease is due to spending funds for refurbishing the parking lot. Since all bonded construction projects were completed, the District transferred the residual equity of \$303,956 to the Debt Service Fund, and closed the Building Construction Fund as of June 30, 2018.

DEBT SERVICE

In 2017-2018, total revenues were \$692,548 and total expenditures were \$672,398. There was also a residual equity transfer of \$303,956 from the Building Construction Fund. This resulted in a total fund balance increase of \$324,106. The fund balance at June 30, 2018 is \$432,694.

TRUST FUND

The Trust Fund deductions exceeded additions by \$121 in 2017-2018. The net position of \$43,854 at June 30, 2018 is available for scholarships.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2018, the District had net capital assets of \$13,178,508 representing a broad range of capital assets, including construction in progress, school buildings and improvements, computer and audio-visual equipment, and various other equipment for instructional support and administrative purposes. Total depreciation expense for the year was \$458,632. Information about the District's capital assets is shown below. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

	Capital Assets		Percentage
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>Change</u>
Land	\$ 10,350	\$ 10,350	0.0%
Construction in Progress	54,961	-	100.0%
Buildings and Improvements	16,742,641	16,638,928	0.6%
Equipment and Vehicles	1,700,231	1,643,299	3.4%
Less Accumulated Depreciation	<u>(5,329,675)</u>	<u>(4,885,710)</u>	9.1%
Net Capital Assets	<u>\$13,178,508</u>	<u>\$13,406,867</u>	(1.7%)

DEBT ADMINISTRATION

At year-end, the District had \$9,445,000 in general obligation bonds outstanding. The District also had various other long-term liabilities as detailed in Note 5 to the financial statements.

- The District continues to pay its scheduled debt payments, retiring \$499,819 of bonds and capital leases in the year ending June 30, 2018.

	Outstanding Debt		Percentage
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>Change</u>
General Obligation Bonds	\$ 9,445,000	\$ 9,860,000	(4.2%)
Capital Lease Obligations	<u>948,267</u>	<u>1,033,086</u>	(8.2%)
Total	<u>\$ 10,393,267</u>	<u>\$ 10,893,086</u>	(4.6%)

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

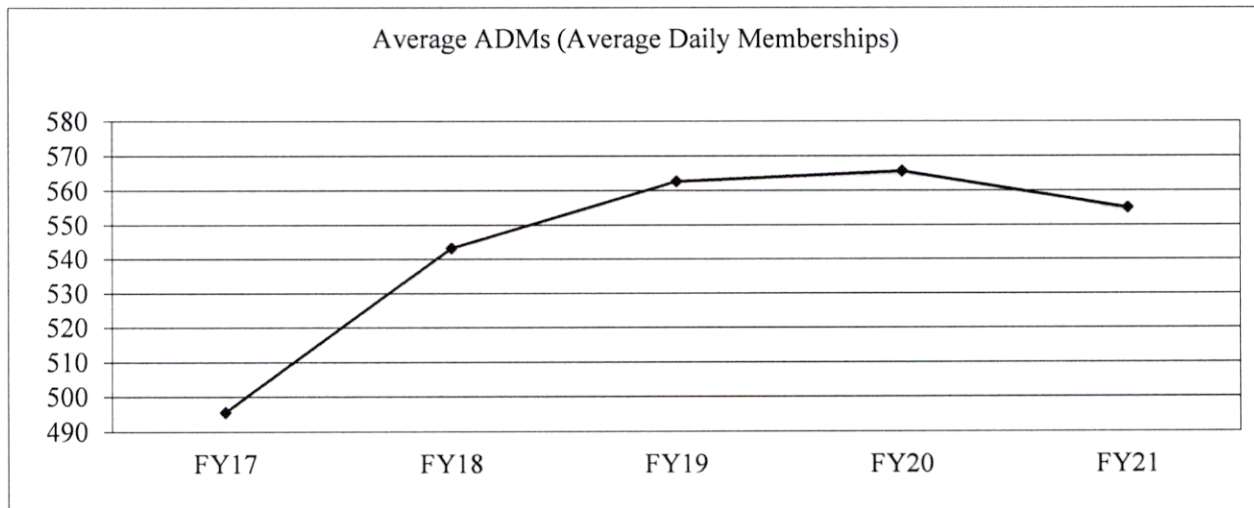
FACTORS BEARING ON THE DISTRICT'S FUTURE

The Legislature approved foundation formula increases for both the 2017-2018 and 2018-2019 fiscal years. This has a very positive effect for school district operations and maintaining a balanced budget. Along with this, long-term facilities maintenance revenue that was approved in the 2015 Legislature Session, began in 2016-2017, and will increase per pupil unit each year for three years. This has a significant, positive effect for the District as the District has been working to maintain the facilities in the District. Economic conditions in Minnesota continue to get better and the Legislature in 2019 and beyond will continue to have more options available to them in providing programs and support for K-12 education.

On August 8, 2016 the District's voters supported renewing the expiring referendum revenue authorization of the District in the amount of \$1,558 per adjusted pupil unit which was scheduled to expire after taxes payable in 2016. This referendum is in effect for 10 years.

The majority of labor contracts are in effect for two-year periods. The contract with District certified teachers is in effect for the two-year period ending June 30, 2019. The contracts with other District personnel are in effect for the two-year period ending June 30, 2019. The District tries to be fair with staff during the negotiations process, but always needs to balance that approach with the availability of resources, along with looking at the long-term financial well-being of the District. Negotiated settlements are always an area of financial challenge for the District. Labor costs and related benefits account for approximately 78% of the District's General Fund operating expenditures.

The District's future projections reflect an increase in enrollment. This impacts the District's funding since enrollment is what actually determines most of a school's funding components. Hence, if there was an increase in enrollment the District could anticipate an increase in revenues even if there were no increases to the formulas. Maintaining stability of the District's enrollment continues to be one of the District's goals. The District has experienced an increase in PreK and Kindergarten students, while graduating smaller classes. Voluntary PreK funding has also contributed favorably to the District revenue.



CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide District citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If one has questions about this report or needs additional financial information, contact the Business Office, Independent School District No. 2890, Renville County West, 301 NE 3rd St, Renville, MN 56284, visit the District website at rcw.k12.mn.us, or call (320) 329-8362.

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 STATEMENT OF NET POSITION
 JUNE 30, 2018
 (with Partial Comparative Information as of June 30, 2017)

	Governmental Activities	
	2018	2017
ASSETS		
Current Assets:		
Cash and Investments	\$ 4,381,985	\$ 4,240,730
Property Taxes Receivable-Net	1,202,940	1,053,382
Accounts and Interest Receivable	6,769	6,837
Due From State of Minnesota	672,625	506,274
Due From Federal Government	33,305	107,250
Due From Other Minnesota Districts	92,733	156,099
Inventory	1,215	1,591
Total Current Assets	6,391,572	6,072,163
Noncurrent Assets:		
Net OPEB Asset (GASB 45)	-	141,084
Capital Assets:		
Land	10,350	10,350
Construction in Progress	54,961	-
Other Capital Assets, Net of Depreciation	13,113,197	13,396,517
Total Noncurrent Assets	13,178,508	13,547,951
TOTAL ASSETS	19,570,080	19,620,114
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB	155,988	-
Related to Pensions	6,874,820	9,290,961
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,030,808	9,290,961
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 26,600,888	\$ 28,911,075
LIABILITIES		
Current Liabilities:		
Salaries Payable	\$ 24,247	\$ 14,196
Accounts and Interest Payable	270,969	199,547
Due to Other Governmental Units	6,015	13,820
Payroll Liabilities	62,437	39,330
Unearned Revenue	56,510	29,738
Current Portion of Long-Term Liabilities	615,954	527,039
Total Current Liabilities	1,036,132	823,670
Noncurrent Liabilities:		
Net Pension Liability	12,505,664	14,997,476
Total OPEB Liability (GASB 75)	1,689,815	-
Noncurrent Portion of Long-Term Liabilities	10,108,134	10,650,131
Total Noncurrent Liabilities	24,303,613	25,647,607
TOTAL LIABILITIES	25,339,745	26,471,277
DEFERRED INFLOWS OF RESOURCES		
Property Taxes Levied for Subsequent Year's Expenditures	2,044,981	1,927,923
Related to Pensions	2,133,116	284,616
TOTAL DEFERRED INFLOWS OF RESOURCES	4,178,097	2,212,539
NET POSITION		
Net Investment in Capital Assets	2,767,434	2,736,236
Restricted For:		
Capital Asset Acquisition	176,796	86,345
Debt Service	236,878	-
Food Service	25,859	48,021
Community Service	54,986	60,819
Other Activities	90,877	58,829
Unrestricted	(6,269,784)	(2,762,991)
TOTAL NET POSITION	(2,916,954)	227,259
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 26,600,888	\$ 28,911,075

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

(with Partial Comparative Information for the Year Ended June 30, 2017)

Functions/Programs	2018			2017	
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
District and School Administration	\$ 708,629				(708,629) \$
District Support Services	458,597				(458,597)
Regular Instruction	4,914,874	85,975	910,267	21,870	(3,896,762)
Vocational Instruction	128,149	60	-	-	(128,089)
Exceptional Instruction	1,361,245	2,653	663,487	-	(695,105)
Community Education and Services	169,862	37,181	61,478	-	(71,203)
Instructional Support Services	58,326	-	-	-	(58,326)
Pupil Support Services	965,743	117,908	238,351	-	(609,484)
Site, Buildings and Equipment	674,061	1,700	-	-	(672,361)
Fiscal and Other Fixed Cost Programs	36,282	-	-	-	(36,282)
Interest on Long-Term Debt	324,691	-	-	-	(324,691)
Loss on the Disposal of Equipment	9,112	-	-	-	(9,112)
Depreciation - Unallocated **	330,905	-	-	-	(330,905)
Total Governmental Activities	10,140,476	245,477	1,873,583	21,870	(7,999,546)

General Revenues:

Property Taxes Levied for:

General Purposes	1,382,835	1,518,641
Community Education and Service	54,355	57,608
Debt Service	655,390	443,931
Federal and State Aid Not Restricted to Specific Purposes	4,403,749	4,276,571
Earnings on Investments	48,385	29,929
Miscellaneous Revenues	25,799	19,106

Total General Revenues

	6,570,513	6,345,786
--	------------------	------------------

Change in Net Position

	(1,429,033)	(1,885,820)
--	--------------------	--------------------

Net Position - Beginning of Year, As Originally Stated

	227,259	2,113,079
--	----------------	------------------

Prior Period Adjustment

	(1,715,180)	-
--	--------------------	----------

Net Position - Beginning of Year, As Restated

	(1,487,921)	2,113,079
--	--------------------	------------------

Net Position - Ending

	\$ (2,916,954)	\$ 227,259
--	-----------------------	-------------------

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2018

(with Partial Comparative Information as of June 30, 2017)

	Major Funds						Total Governmental Funds	
	General	Food Service	Community Service	Building Construction	Debt Service	2018	2017	
		\$	\$	\$	\$	\$	\$	
ASSETS								
Cash and Investments	3,593,471	21,242	89,166	-	678,106	4,381,985	4,240,730	
Current Property Taxes Receivable	713,489	-	22,117	-	450,525	1,186,131	1,017,718	
Delinquent Property Taxes Receivable	13,575	-	454	-	2,780	16,809	35,664	
Accounts and Interest Receivable	3,517	288	2,964	-	-	6,769	6,837	
Due From State of Minnesota	654,507	-	14,905	-	3,213	672,625	506,274	
Due From Federal Government	22,781	10,524	-	-	-	33,305	107,250	
Due From Other Minnesota Districts	92,733	-	-	-	-	92,733	156,099	
Inventory	-	1,215	-	-	-	1,215	1,591	
TOTAL ASSETS	5,094,073	33,269	129,606	-	1,134,624	6,391,572	6,072,163	
LIABILITIES								
Salaries Payable	18,736	849	4,662	-	-	24,247	14,196	
Accounts Payable	118,028	6,561	4,024	-	-	128,613	93,676	
Due to Other Governmental Units	6,015	-	-	-	-	6,015	13,820	
Payroll Liabilities	62,437	-	-	-	-	62,437	39,330	
Unearned Revenue	27,728	-	28,782	-	-	56,510	29,738	
TOTAL LIABILITIES	232,944	7,410	37,468	-	-	277,822	190,760	
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Delinquent Property Taxes	13,575	-	454	-	2,780	16,809	35,664	
Property Tax Levied for Subsequent Year's Expenditures	1,299,011	-	46,820	-	699,150	2,044,981	1,927,923	
TOTAL DEFERRED INFLOWS OF RESOURCES	1,312,586	-	47,274	-	701,930	2,061,790	1,963,587	
FUND BALANCES								
Nonspendable Fund Balance	-	1,215	-	-	-	1,215	1,591	
Restricted Fund Balances	245,908	24,644	44,864	-	432,694	748,110	701,438	
Assigned Fund Balances	610,259	-	-	-	-	610,259	765,542	
Unassigned Fund Balances	2,692,376	-	-	-	-	2,692,376	2,449,245	
TOTAL FUND BALANCES	3,548,543	25,859	44,864	-	432,694	4,051,960	3,917,816	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	5,094,073	33,269	129,606	-	1,134,624	6,391,572	6,072,163	

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2018
 (with Partial Comparative Information as of June 30, 2017)

	2018	2017
Total Fund Balances for Governmental Funds	\$ 4,051,960	\$ 3,917,816
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Those assets consist of:		
Land	10,350	10,350
Construction in Progress	54,961	-
Other Capital Assets, Net of \$5,329,675 of Accumulated Depreciation	13,113,197	13,396,517
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.		
	16,809	35,664
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(142,356)	(105,871)
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions	6,874,820	9,290,961
Deferred Outflows of Resources Related to OPEB	155,988	-
Deferred Inflows of Resources Related to Pensions	(2,133,116)	(284,616)
Long-term liabilities, including bonds payable and unamortized bond premium, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Bonds Payable	(9,445,000)	(9,860,000)
Lease Purchase Agreements	(948,267)	(1,033,086)
Other Post Employment Benefits Payable	(1,689,815)	141,084
Severance Benefits Payable	(256,774)	(203,823)
Pension Benefits Payable	(12,505,664)	(14,997,476)
Unamortized Bond Premiums	(74,047)	(80,261)
Total Net Position of Governmental Activities	\$ (2,916,954)	\$ 227,259

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018
 (with Partial Comparative Information for the Year Ended June 30, 2017)

	Major Funds						Total Governmental Funds		
	General	Food		Community		Debt		2018	2017
		Service	Construction	Service	Construction	Service	Service		
REVENUES									
Local Property Tax Levies	\$ 1,380,475	\$ -	\$ 54,941	\$ -	\$ 656,223	\$ -	2,091,639	\$ 1,985,964	
Other Local and County Revenues	211,062	299	70,067	1,487	4,192	-	287,107	298,486	
Revenue From State Sources	5,638,277	22,682	32,122	-	32,133	-	5,725,214	5,369,512	
Revenue From Federal Sources	290,537	200,415	-	-	-	-	490,952	477,578	
Sales and Other Conversion of Assets	13,952	100,258	-	-	-	-	114,210	105,274	
TOTAL REVENUES	7,534,303	323,654	157,130	1,487	692,548	-	8,709,122	8,236,814	
EXPENDITURES									
Current:									
District and School Administration	560,287	-	-	-	-	-	560,287	517,958	
District Support Services	404,084	-	-	-	-	-	404,084	394,682	
Regular Instruction	3,497,523	-	-	-	-	-	3,497,523	3,316,397	
Vocational Instruction	90,353	-	-	-	-	-	90,353	83,880	
Exceptional Instruction	1,125,430	-	-	-	-	-	1,125,430	1,108,101	
Community Education and Services	-	-	146,238	-	-	-	146,238	123,334	
Instructional Support Services	57,506	-	-	-	-	-	57,506	82,063	
Pupil Support Services	490,316	315,113	-	-	-	-	805,429	804,638	
Site, Buildings and Equipment	562,627	-	-	-	-	-	562,627	594,046	
Fiscal and Other Fixed Cost Programs	36,282	-	-	-	-	-	36,282	41,236	
Capital Outlay:	360,721	30,703	-	109,104	-	-	500,528	1,139,776	
Debt Service:									
Principal	84,819	-	-	-	415,000	-	499,819	491,857	
Interest	37,022	-	-	-	257,398	-	294,420	305,582	
TOTAL EXPENDITURES	7,306,970	345,816	146,238	109,104	672,398	-	8,580,526	9,003,550	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	227,333	(22,162)	10,892	(107,617)	20,150	-	128,596	(766,736)	
OTHER FINANCING SOURCES (USES)									
Proceeds from Sale of Equipment	5,548	-	-	-	-	-	5,548	9,503	
Operating Transfers In (Out)	(10,000)	-	10,000	-	-	-	-	-	
TOTAL OTHER FINANCING SOURCES (USES)	(4,452)	-	10,000	-	-	-	5,548	9,503	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND USES	222,881	(22,162)	20,892	(107,617)	20,150	-	134,144	(757,233)	
FUND BALANCE BEGINNING OF YEAR	3,325,662	48,021	23,972	411,573	108,588	-	3,917,816	4,675,049	
RESIDUAL EQUITY TRANSFER	-	-	-	(303,956)	303,956	-	-	-	
FUND BALANCE END OF YEAR	\$ 3,548,543	\$ 25,859	\$ 44,864	\$ -	\$ 432,694	\$ -	\$ 4,051,960	\$ 3,917,816	

The accompanying notes are an integral part of these statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(with Partial Comparative Information for the Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Total Net Change in Fund Balances - Governmental Funds	\$ 134,144	\$ (757,233)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation expense exceeds capital outlays in the period.		
Capital Outlays	244,933	882,675
Depreciation Expense	(458,632)	(421,762)
Proceeds from the sale of capital assets are reported in governmental funds as other financing sources without regard to any cost basis adjustment. However, for governmental activities those proceeds are adjusted for any remaining cost basis of the assets that were disposed.	(14,660)	(165,154)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position. In the current period these amounts consist of:		
Repayment of Bond Principal	415,000	410,000
Repayment of Capital Lease Principal	84,819	81,857
Interest on long-term debt is recognized as an expenditure in the governmental funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues regardless of when it is due. In addition, the amortization of bond premium decreases interest expense in the Statement of Activities.	(30,271)	8,732
Property taxes that will not be collected for several months after the District's fiscal year end are not considered available revenues in the governmental funds, and are instead considered unavailable tax revenues. They are, however, recorded as revenues in the Statement of Activities.	(18,855)	(1,462)
In the Statement of Activities, other post employment benefits are measured by the amounts actuarially accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of actual or implicit resources used.	40,269	(20,640)
Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.		
State Aid Related to Pension Expense	21,176	193,545
Pension Expense	(1,794,005)	(2,019,835)
In the Statement of Activities, severance benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).	(52,951)	(76,543)
Change in Net Position of Governmental Activities	\$ (1,429,033)	\$ (1,885,820)

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018
 (with Comparative Actual Amounts for the Year Ended June 30, 2017)

	Private-Purpose Trust Fund		Agency Fund	
	2018	2017	2018	2017
ASSETS				
Cash and Investments	\$ 43,854	\$ 43,975	\$ 3,698	\$ 3,695
TOTAL ASSETS	\$ 43,854	\$ 43,975	\$ 3,698	\$ 3,695
LIABILITIES				
Amounts Held in Trust for Others	\$ -	\$ -	\$ 3,698	\$ 3,695
TOTAL LIABILITIES	-	-	\$ 3,698	\$ 3,695
NET POSITION HELD IN TRUST FOR SCHOLARSHIPS	\$ 43,854	\$ 43,975		

The accompanying notes are an integral part of these statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018
 (with Comparative Actual Amounts for the Year Ended June 30, 2017)

	Private-Purpose Trust Fund	
	2018	2017
ADDITIONS:		
Investment Income:		
Interest	\$ 379	\$ 250
TOTAL ADDITIONS	379	250
DEDUCTIONS:		
Scholarship Awarded	500	500
TOTAL DEDUCTIONS	500	500
NET INCREASE (DECREASE)	(121)	(250)
NET POSITION BEGINNING OF YEAR	43,975	44,225
NET POSITION END OF YEAR	\$ 43,854	\$ 43,975

The accompanying notes are an integral part of these statements.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements of Independent School District No. 2890, Renville County West, Renville, Minnesota have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

B. FINANCIAL REPORTING ENTITY

Independent School District No. 2890, Renville County West, Renville, Minnesota (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

U.S. Generally Accepted Accounting Principles (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units – entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity funds are not included in these financial statements.

C. BASIC FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

C. BASIC FINANCIAL STATEMENT PRESENTATION (Cont'd)

Separate fund financial statements are provided for governmental funds and fiduciary funds. Since the resources in the fiduciary fund cannot be used for District operations, they are not included in the government-wide statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Proprietary funds are used to report business-type activities carried on by a school district. No activities of the District were determined to be of this nature, so no proprietary funds are present in the financial statements.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

Fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the period in which they are incurred and become measurable.

Description of Funds

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the District, as well as the capital related activities such as maintenance of facilities, equipment purchases, health and safety projects, and disabled accessibility projects.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Cont'd)

Food Service Fund – The Food Service Fund is used to account for food service revenues and expenditures.

Community Service Fund – The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services.

Building Construction Fund – The Building Construction Fund is used to account for financial resources to be used for the construction of major capital facilities.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

Fiduciary Funds

Private-Purpose Trust Fund – The Private-Purpose Trust Fund is used to account for assets held by the District in a fiduciary capacity. Major sources of revenue include gifts, donations, and interest income. Expenditures are allowed for any purpose for which the original trust was created.

Agency Fund – The Agency Fund is used to account for assets held by the District in a fiduciary capacity as a fiscal agent for another organization. Revenues and expenditures are not reported in this fund.

GASB Statement No. 34 specifies that the accounts and activities of each of the District's most significant governmental funds (termed "major funds") be reported in separate columns on the fund financial statements. Other non-major funds can be reported in total. Although only the General Fund and Debt Service Fund are major funds by definition, the District has elected to report all funds as major funds and therefore presents all funds in separate columns on the fund financial statements – an option permitted by GASB Statement No. 34.

E. BUDGETING

Budgets presented in this report for comparison to actual amounts are presented in accordance with U.S. generally accepted accounting principles. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, Building Construction, Debt Service, and Trust Funds. The approved budget is published in summary form in the District's legal newspaper by November 30 of each year. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels. Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

Unencumbered expenditure appropriations lapse at year-end. Encumbrances are generally not recorded.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. CASH AND INVESTMENTS

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. Investments are reported at fair value.

Cash and investments at June 30, 2018 are comprised of deposits, certificates of deposit, and shares in the Minnesota School District Liquid Asset Fund (MSDLAF) and Minnesota Trust Investment. The MSDLAF is an external investment pool not registered with the Securities and Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

The District has formal policies in place as of June 30, 2018 to address custodial credit risk for deposits. The District does not have formal policies in place to address credit risk, concentration of credit risk and interest rate risk for investments.

G. ACCOUNTS RECEIVABLES

Accounts receivable represent amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. Amounts due from the State of Minnesota and from other governmental units for general education aids and reimbursements under various specific programs are reported at the estimated amounts to be received based on available information at the date of this report. In some instances, adjustments and proration by these agencies, which are dependent upon the amount of funds available for distribution, may result in differing amounts actually being received. Any such differences will be absorbed into operations of the subsequent period. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are delinquent property taxes receivable, which are generally immaterial.

H. INVENTORIES

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture.

I. PREPAYMENTS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

J. PROPERTY TAXES

The School Board annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the District. These taxes attach an enforceable lien on taxable property within the District on January 1 and are payable by the property owners in May and October of each year. The taxes are collected by the County Auditor/Treasurer and tax settlements are made to the District periodically throughout the year.

Statutory funding formulas determine the majority of the District revenue in the General and special revenue funds. This revenue is divided between property taxes and State aids by the legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift." The remaining portion of taxes collectible in 2018 is recorded as a deferred inflow of resources (property tax levied for subsequent year's expenditures).

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. PROPERTY TAXES (Cont'd)

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is reported as a deferred inflow of resources (unavailable revenue) in the fund financial statements because it is not known to be available to finance the operations of the District in the current year.

K. CAPITAL ASSETS

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the government-wide financial statement, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land and construction in progress, if any.

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

L. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Existing bonded debt is reported at the face value of remaining indebtedness. For any new indebtedness that may be issued, bond premiums and discounts will be deferred and amortized over the life of the bonds using the straight-line method. Bonds payable will be reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal payments are reported as debt service expenditures.

M. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

N. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the Statement of Net Position and the governmental funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. DEFINED BENEFIT PENSION PLANS

The District recognized total pension expense of \$2,125,406 for the following statewide pension plans in which it participates.

Teachers Retirement Association

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Teachers Retirement Association (TRA) and additions to/deductions from TRA's fiduciary net position have been determined on the same basis as they are reported by TRA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TRA has a special funding situation created by direct aid contributions made by the State of Minnesota, City of Minneapolis and Minneapolis School District. This direct aid is a result of the merger of the Minneapolis Teachers Retirement Fund Association merger into TRA in 2006. A second direct aid source is from the State of Minnesota for the merger of the Duluth Teacher's Retirement Fund Association (DTRFA) in 2015.

Public Employees Retirement Association

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. ACCRUED EMPLOYEE BENEFITS

Vacation Pay

Non-certified full-time employees are annually granted one to four weeks vacation depending on years of service; one week after one year, two weeks for between two and five years of service, three weeks between six and twelve years of service, and four weeks after thirteen years of service. Certified employees are not granted vacations.

Sick Pay

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

Severance Pay

The District has an early retirement plan for full time teachers, confidential employees, principals, and the coordinator of educational services who have completed at least fifteen years of continuous full time service and are at least fifty-five years of age.

At June 30, 2018, a liability for severance pay totaling \$256,774 is included in long-term debt in the Statement of Net Position as described in Note 5.

The District also offers health insurance to teachers, principals, and the coordinator of educational services who are at least fifty-five years old and have served the District for at least ten years at retirement. The health insurance for qualifying retirees will continue until they reach the age of sixty-five.

Matching Deferred Annuity Program

Matched deferred compensation is available to various groups of employees who are regularly employed at the District. The District will match the annual employee's contribution, based on years of service, to an approved 403(b) annuity as outlined in the master agreements of the various groups.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

R. FUND BALANCE

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Nonspendable – consists of amounts that cannot be spent because it is not in spendable form, such as inventory items.

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the School Board. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – consists of amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School Board itself or by an official to which the School Board delegates the authority. Pursuant to School Board resolution, the Finance Officer is authorized to establish assignments of fund balance.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

If resources from more than one fund balance classification could be spent, the District will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned as determined by the School Board.

The District has formally adopted a fund balance policy. To ensure the financial strength and stability of the District, the Board will endeavor to maintain at least 10% of the District's General Fund operating budget, excluding those accounts associated within the restricted category, in the combined total of the General Fund committed, assigned and unassigned fund balances.

S. NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the government-wide and fiduciary financial statements. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments. All other net position items that do not meet the definition of "net investment in capital assets" or "restricted" are reported as unrestricted.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

U. RECLASSIFICATIONS

Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation. The total amount of the District's prior year fund balance did not change due to these reclassifications.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

At June 30, 2018, the District had no funds with negative fund balances.

3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the District maintains deposits at those depository banks authorized by the School Board, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all District deposits be secured by a bank guaranty bond or 110% of collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk: For deposits, is the risk that, in the event of failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2018, the District's bank balance was not exposed to custodial credit risk because it was insured and properly collateralized with securities held by the pledging financial institution's trust department or agent and in the District's name.

B. INVESTMENTS

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investments were not exposed to interest rate risk at June 30, 2018.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investments were not exposed to credit risk at June 30, 2018.

Concentration of Credit Risk: Concentration of credit is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District has no formal investment policy that places limits on the amount the District may invest in any one issuer. More than 5% of the District's investments are in MSDLAF, Minnesota Trust Investment Shares, and Minnesota Trust Term Series.

Custodial Credit Risk: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments were not exposed to custodial credit risk at June 30, 2018.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS (Cont'd)

The following table presents the District's cash and investment balances at June 30, 2018:

<u>Cash/Investment Type</u>	<u>Credit Rating</u>	<u>Average Maturities</u>	<u>Percentage of Total</u>	
Pooled Cash and Investments:				
Money Market Funds	N/A	N/A	23.7%	\$ 1,051,431
Minnesota Trust Investment Shares	N/A	N/A	24.7	1,092,118
Minnesota Trust Term Series	N/A	0.83 Months	22.6	1,000,000
Certificates of Deposit	N/A	8.22 Months	23.2	1,025,215
Checking Account	N/A	N/A	5.8	258,773
Petty Cash	N/A	N/A	0.0	<u>2,000</u>
Total Cash and Investments			100.0%	<u>\$ 4,429,537</u>

Cash and Investments are presented in the June 30, 2018 basic financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Investments \$ 4,381,985

Statement of Fiduciary Net Position:

Cash and Investments (Private-Purpose Trust Fund) 43,854

Cash and Investments (Agency Fund) 3,698

Total Cash and Investments **\$ 4,429,537**

C. FAIR VALUE MEASUREMENT

The District's cash and investments consist of checking accounts, petty cash, certificates of deposit, and shares in Minnesota's pooled investment accounts, none of which is subject to fair value measurement under GASB Statement No. 72.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 10,350			\$ 10,350
Construction in Progress	<u>-</u>	\$ 54,961		<u>54,961</u>
Total Capital Assets, Not Being Depreciated	<u>10,350</u>	<u>54,961</u>		<u>65,311</u>
Capital Assets, Being Depreciated				
Land Improvements	448,849	103,713		552,562
Buildings and Improvements	16,190,079	-		16,190,079
Equipment and Transportation Vehicles	<u>1,643,299</u>	<u>86,259</u>	\$ <u>29,327</u>	<u>1,700,231</u>
Total Capital Assets, Being Depreciated	<u>18,282,227</u>	<u>189,972</u>	<u>29,327</u>	<u>18,442,872</u>
Accumulated Depreciation for:				
Land Improvements	371,469	8,311	-	379,780
Buildings and Improvements	3,588,126	317,871	-	3,905,997
Equipment and Transportation Vehicles	<u>926,115</u>	<u>132,450</u>	<u>14,667</u>	<u>1,043,898</u>
Total Accumulated Depreciation	<u>4,885,710</u>	<u>458,632</u>	<u>14,667</u>	<u>5,329,675</u>
Total Capital Assets, Being Depreciated, Net	<u>13,396,517</u>	<u>(268,660)</u>	<u>14,660</u>	<u>13,113,197</u>
Governmental Activities Capital Assets, Net	<u>\$13,406,867</u>	<u>\$ (213,699)</u>	<u>\$ 14,660</u>	<u>\$ 13,178,508</u>

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

4. **CAPITAL ASSETS (Cont'd)**

Depreciation expense was charged to functions of the District as follows:

Governmental Activities	
District and School Administration	\$ 314
District Support Services	3,844
Regular Instruction	9,782
Vocational Instruction	87
Exceptional Instruction	258
Community Education and Services	860
Pupil Support Services	97,771
Site, Buildings and Equipment	14,811
Unallocated	<u>330,905</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 458,632</u>

5. **LONG-TERM LIABILITIES**

A. **DESCRIPTION OF LONG-TERM DEBT**

Long-term liabilities are comprised of the following as of June 30, 2018:

Issue	Interest Rate	Original Amount	Maturity Date	Debt Outstanding
Alternative Facilities Bonds, Series 2012A	2.00 – 3.00%	\$6,120,000	2032	\$ 4,385,000
General Obligation School Building Bonds, Series 2015A	2.00 – 3.00%	5,360,000	2035	5,060,000
Capital Lease Payable	4.47%	620,202	2026	419,880
Capital Lease Payable	2.94%	774,000	2027	<u>528,387</u>
Total Outstanding Long-Term Debt				<u>\$10,393,267</u>

General Obligation Bonds

On May 24, 2012, the District issued \$6,120,000 of General Obligation Alternative Facilities Bonds, Series 2012A. The proceeds of this bond issue were used for ventilation, air handling and indoor air quality improvements to the existing facility. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2017-2018 was \$116,360.

On March 18, 2015, the District issued \$5,360,000 of General Obligation School Building Bonds, Series 2015A. The proceeds of this bond issue were used for construction of new classrooms, weight room, and gymnasium. The District will levy property taxes for the retirement of these bonds. Principal and interest payments on these bonds are recorded in the Debt Service Fund. Interest paid in 2017-2018 was \$141,038.

Capital Lease Obligations

On September 23, 2011, the District entered into a fifteen-year lease agreement for \$620,202 with Green Campus Partners, LLC. The lease calls for fifteen annual payments of \$57,687 including principal and interest at a rate of 4.47%. The lease proceeds were used to make improvements to the school building and will be paid for from regular General Fund revenues. The total cost of the building improvements was \$620,202. Total accumulated depreciation on this asset was \$80,626 at June 30, 2018. Interest paid in 2017-2018 was \$20,434.

On October 9, 2012, the District entered into a fifteen-year lease agreement for \$774,000 with Kinetic Leasing, Inc. The lease calls for thirty semi-annual payments of \$32,077 including principal and interest at a rate of 2.94%. The lease proceeds were used for the new classroom building addition facility and will be paid for from regular General Fund revenues. The total cost of the new building was \$774,000. Total accumulated depreciation on this asset was \$85,156 at June 30, 2018. Interest paid in 2017-2018 was \$16,588.

These assets are being depreciated using a straight-line method over the life of the asset.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

5. LONG-TERM LIABILITIES (Cont'd)
 B. MINIMUM DEBT PAYMENTS

Minimum annual principal and interest payments to retire general obligation bonds payable are as follows:

Year Ending June 30	General Obligation Bonds Payable	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 435,000	\$ 249,098
2020	445,000	240,398
2021	450,000	231,497
2022	460,000	222,497
2023	470,000	213,297
2024 – 2028	2,545,000	904,963
2029 – 2033	3,210,000	508,500
2034 – 2035	<u>1,430,000</u>	<u>64,650</u>
	<u>\$ 9,445,000</u>	<u>\$ 2,634,900</u>

The future minimum lease obligations and the net present value of the minimum lease payments of the capital leases as of June 30, 2018 are as follows:

Year Ending June 30	Building Improvements
	<u>Principal</u>
2019	\$ 121,841
2020	121,841
2021	121,841
2022	121,841
2023	121,841
2024-2027	<u>519,439</u>
Net Minimum Lease Payments	1,128,644
Less Amount Representing Interest	<u>(180,377)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 948,267</u>

C. CHANGES IN LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities					
Alternative Facilities Bonds, Series 2012A	\$ 4,650,000		\$ 265,000	\$ 4,385,000	\$ 270,000
General Obligation School Building Bonds, Series 2015A	5,210,000		150,000	5,060,000	165,000
Capital Lease Payable	457,133		37,253	419,880	38,918
Capital Lease Payable	575,953		47,566	528,387	48,975
Severance Pay Payable	203,823	\$ 73,956	21,005	256,774	86,847
Unamortized Premiums	<u>80,261</u>	<u>-</u>	<u>6,214</u>	<u>74,047</u>	<u>6,214</u>
	<u>\$11,177,170</u>	<u>\$ 73,956</u>	<u>\$ 527,038</u>	<u>\$10,724,088</u>	<u>\$ 615,954</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

6. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The District follows Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

A. GENERAL INFORMATION ABOUT THE OPEB PLAN

1. Plan Description

The District's defined benefit OPEB plan, Independent School District No. 2890, Renville County West, Renville, Minnesota's retirees' health insurance plan (the Plan), provides OPEB for certain retired employees of the District. The Plan is a single-employer defined benefit OPEB plan administered by the District. Benefit and eligibility provisions are established through individual contracts and negotiations between the District and various unions representing District employees and are renegotiated each two-year bargaining period.

No assets are accumulated in a trust that meets the criteria in Paragraph four of GASB Statement No. 75. OPEB benefits have historically been funded on a pay-as-you-go basis. For fiscal year 2018, the District paid benefits of \$155,988 from the General Fund.

2. Benefits Provided

The District provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. Minnesota Statute 471.61 subd 2b requires that government entities allow active employees who retire from the District when eligible to receive a retirement benefit from the Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA) and do not participate in any other health benefits program providing similar coverage, continued coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retiree and District responsibility as to amount of premium covered are dependent upon employee classification at retirement. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

3. Employees Covered by Benefit Terms

At July 1, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	98
	108

B. TOTAL OPEB LIABILITY

The District's total OPEB liability of \$1,689,815 was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date. The "entry age with level percent of pay" actuarial cost method as prescribed by GASB Statement No. 75 was used to calculate the total OPEB liability.

1. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%, average, including inflation
Discount rate	3.40%
Healthcare cost trend rate	6.50% as of July 1, 2017 grading to 5.00% over 6 years

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

6. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

B. TOTAL OPEB LIABILITY (Cont'd)

1. Actuarial Assumptions and Other Inputs (Cont'd)

The discount rate was based on the estimated yield of 20-Year AA-rated municipal bonds.

Mortality rates were based on the RP-2014 White Collar Mortality Tables adjusted to 2006 with MP-2016 Generational Improvement Scale.

The actuarial assumptions used in the July 1, 2017 valuation were made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. Assumptions were based on various rationale that included a variety of published sources of historical and projected future financial data and various studies or experience studies. The retirement and withdrawal assumptions used were similar to those used to value pension liabilities for Minnesota School District employees. The state pension plans used the most recent experience studies completed in 2015. The full list of assumptions and rationale are included in the District's OPEB plan report, which may be obtained by writing or calling the District.

C. CHANGES IN THE TOTAL OPEB LIABILITY

	<u>Total OPEB Liability</u>
Balance at July 1, 2016 (reporting date June 30, 2017)	\$ <u>1,731,702</u>
Changes for the year:	
Service cost	57,542
Interest	58,177
Benefit payments	<u>(157,606)</u>
Net changes	<u>(41,887)</u>
Balance at July 1, 2017 (reporting date June 30, 2018)	\$ <u>1,689,815</u>

Changes in the benefit terms since the prior measurement date:

- The grandfathered Principals' subsidy changed from being similar to the Teachers' subsidy to being similar to the Technology Director's Subsidy.

Changes in actuarial assumptions since the prior measurement date:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality table was updated from the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale to the RP-2014 White Collar Mortality Tables adjusted to 2006 with MP-2016 Generational Improvement Scale.
- The discount rate was changed from 3.50% to 3.40%
- The percentage of future spouses eligible to receive a subsidy who are assumed to continue on one of the District's medical plans post-employment was increased from 10.00% to 100.00%.

1. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

Total OPEB Liability		
1 percent decrease (2.40%)	Current (3.40%)	1 percent increase (4.40%)
\$1,756,745	\$1,689,815	\$1,623,758

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

6. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Cont'd)

C. CHANGES IN THE TOTAL OPEB LIABILITY (Cont'd)

2. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Total OPEB Liability		
1 percent decrease (5.50% decreasing to 4.00% over 6 years)	Current (6.50% decreasing to 5.00% over 6 years)	1 percent increase (7.50% decreasing to 6.00% over 6 years)
\$1,623,265	\$1,689,815	\$1,764,701

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$115,719. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Benefits paid subsequent to the measurement date	<u>155,988</u>	<u>-</u>
Total	\$ <u>155,988</u>	\$ <u>-</u>

\$155,988 reported as deferred outflows of resources related to OPEB resulting from District benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	OPEB Expense Amount
2019	\$ -
2020	\$ -
2021	\$ -
2022	\$ -
2023	\$ -
Thereafter	\$ -

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

7. FUND BALANCE CLASSIFICATION

At June 30, 2018, a summary of the governmental fund balance classifications is as follows:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Community Service Fund</u>	<u>Building Construction Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Nonspendable:						
Inventory	\$ -	\$ 1,215	\$ -	\$ -	\$ -	\$ 1,215
	<u>-</u>	<u>1,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,215</u>
Restricted for:						
Gifted and Talented	13,133	-	-	-	-	13,133
Health and Safety	4,489	-	-	-	-	4,489
Safe Schools – Crime	25,296	-	-	-	-	25,296
Operating Capital	172,307	-	-	-	-	172,307
Long-Term Facilities Maintenance	(21,765)	-	-	-	-	(21,765)
Staff Development	45,355	-	-	-	-	45,355
Basic Skills Extended Time	7,093	-	-	-	-	7,093
Food Service	-	24,644	-	-	-	24,644
Community Education	-	-	9,175	-	-	9,175
Community Service	-	-	12,118	-	-	12,118
Early Childhood Family Education	-	-	33,239	-	-	33,239
School Readiness	-	-	(9,668)	-	-	(9,668)
Debt Service	-	-	-	-	432,694	432,694
	<u>245,908</u>	<u>24,644</u>	<u>44,864</u>	<u>-</u>	<u>432,694</u>	<u>748,110</u>
Assigned for:						
Projected Budget Deficit	40,485	-	-	-	-	40,485
Bus Garage Remodel	313,000	-	-	-	-	313,000
Separation/Retirement Benefits	256,774	-	-	-	-	256,774
	<u>610,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,259</u>
Unassigned:	<u>2,692,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,692,376</u>
Total Fund Balance:	<u>\$ 3,548,543</u>	<u>\$ 25,859</u>	<u>\$ 44,864</u>	<u>\$ -</u>	<u>\$ 432,694</u>	<u>\$ 4,051,960</u>

The District is reporting a negative restricted fund balance in Long-Term Facilities Maintenance and School Readiness at June 30, 2018. Minnesota Statutes require the District to report a deficit in the restricted fund balance, when applicable, in order to permit the statutory revenue formula calculations. These deficits will be offset with future operating tax levies.

8. PENSION PLANS

Substantially all employees of the District are required by State law to belong to pension plans administered by Teachers Retirement Association (TRA) or Public Employees Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans follow:

A. TEACHERS RETIREMENT ASSOCIATION

1. Plan Description

The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund. TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

Teachers employed in Minnesota's public elementary and secondary schools, charter schools, and certain educational institutions maintained by the state (except those teachers employed by the City of St. Paul, and by the University of Minnesota system) are required to be TRA members. State university, community college, and technical college teachers first employed by Minnesota State may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by MnSCU.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided

TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any five consecutive years of allowable service, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed **before July 1, 1989** receive the greater of the Tier I or Tier II benefits as described:

Tier I:	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	1 st ten years of service All years after	2.20% per year 2.70% per year
Coordinated	1 st ten years if service years are up to July 1, 2006 1 st ten years if service years are July 1, 2006 or after All other years of service if service years are up to July 1, 2006 All other years of service if service years are July 1, 2006 or after	1.20% per year 1.40% per year 1.70% per year 1.90% per year

With these provisions:

- (a) Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- (b) 3.00% per year early retirement reduction factor for all years under normal retirement age.
- (c) Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

or

Tier II: For years of service prior to July 1, 2006, a level formula of 1.70% per year for coordinated members and 2.70% per year for basic members is applied. For years of service July 1, 2006 and after, a level formula of 1.90% per year for Coordinated members and 2.70% per year for Basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed **after June 30, 1989**, receive only the Tier II benefit calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided (Cont'd)

Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

3. Contribution Rate

Per Minnesota Statutes, Chapter 354 sets the contribution rates for employees and employers. Rates for each fiscal year ended June 30, 2016, June 30, 2017, and June 30, 2018 were:

	Employee	Employer
Basic	11.00%	11.50%
Coordinated	7.50%	7.50%

The following is a reconciliation of employer contributions in TRA's CAFR "Statement of Changes in Fiduciary Net Position" to the employer contributions used in Schedule of Employer and Non-Employer Pension Allocations.

Employer contributions reported in TRA's CAFR, Statement of Changes in Fiduciary Net Position	\$ 367,791,000
Add employer contributions not related to future contribution efforts	810,000
Deduct TRA's contributions not included in allocation	<u>(456,000)</u>
Total employer contributions	368,145,000
Total non-employer contributions	<u>35,588,000</u>
Total contributions reported in Schedule of Employer and Non-Employer Allocations	<u>\$ 403,733,000</u>

Amounts reported in the allocation schedules may not precisely agree with financial statement amounts or actuarial valuations due to the number of decimal places used in the allocations. TRA has rounded percentage amounts to the nearest ten thousandths.

The District's contributions to the TRA plan for the year ended June 30, 2018, were \$232,666. The District's contributions were equal to the required contributions as set by state statute.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

4. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Key Methods and Assumptions Used in Valuation of Total Pension Liability

Actuarial Information

Valuation Date	July 1, 2017
Experience Study	June 5, 2015 November 6, 2017 (economic assumptions)
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	5.12%, from the Single Equivalent Interest Rate calculation
Price Inflation	2.50%
Wage Growth Rate	2.85% for 10 years and 3.25%, thereafter
Projected Salary increase	2.85 – 8.85% for 10 years and 3.25 – 9.25%, thereafter
Cost of living adjustment	2.00%

Mortality Assumptions

Pre-retirement	RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
Post-retirement	RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
Post-disability	RP-2014 disabled retiree mortality table, without adjustment.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

8. PENSION PLANS (Cont'd)
 A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)
 4. Actuarial Assumptions (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39.00%	5.10%
International Stocks	19.00%	5.30
Bonds	20.00%	0.75
Alternative Assets	20.00%	5.90
Unallocated Cash	<u>2.00%</u>	0.00
Total	<u>100.00%</u>	

The TRA actuary has determined the average of the expected remaining service lives of all members for fiscal year 2017 is six years. The *Difference Between Expected and Actual Experience, Changes of Assumptions*, and *Changes in Proportion* use the amortization period of six years in the schedule presented. The amortization period for *Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments* is five years as required by GASB Statement No. 68.

Changes in actuarial assumptions since the 2016 valuation:

- The cost of living adjustment (COLA) was assumed to increase from 2.00% annually to 2.50% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50%, but remain at 2.00% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.40% to 0.00%, the vested inactive load increased from 4.00% to 7.00% and the non-vested inactive load increased from 4.00% to 9.00%.
- The investment return assumption was changed from 8.00% to 7.50%.
- The price inflation assumption was lowered from 2.75% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.
- The general wage growth assumption was lowered from 3.50% to 2.85% for ten years followed by 3.25%, thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

5. **Discount Rate**

The discount rate used to measure the total pension liability was 5.12%. This is an increase from the discount rate at the prior measurement date of 4.66%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the fiscal year 2018 contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the state will be made at current statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted in 2053 and, as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). The long-term expected rate of return (7.50%) was applied to periods before 2053 and the Municipal Bond Index Rate of 3.56% was applied to periods on and after 2053, resulting in a SEIR of 5.12%. There was a change in the Municipal Bond Index Rate from the prior year measurement date (3.01%).

6. **Net Pension Liability**

On June 30, 2018, the District reported a liability of \$11,158,654 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to TRA in relation to total system contributions including direct aid from the State of Minnesota, City of Minneapolis and Minneapolis School District. District proportionate share was 0.0559% at the end of the measurement period and 0.0560% for the beginning of the year.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

6. Net Pension Liability (Cont'd)

The pension liability amount reflected a reduction due to direct aid provided to TRA. The amount recognized by the District as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of net pension liability	\$ 11,158,654
State's proportionate share of the net pension liability associated with the District	\$ 1,078,607

For the year ended June 30, 2018, the District recognized pension expense of \$1,940,832. This amount is inclusive of \$20,687 which is recognized as pension expense (and grant revenue) for the support provided by direct aid.

On June 30, 2018, the District had deferred resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 83,373	\$ 78,357
Changes in actuarial assumptions	6,077,544	1,563,151
Difference between projected and actual investment earnings	-	86,189
Changes in proportion	40,705	106,061
Contributions paid to TRA subsequent to the measurement date	<u>232,666</u>	<u>-</u>
Total	<u>\$ 6,434,288</u>	<u>\$ 1,833,758</u>

\$232,666 reported as deferred outflows of resources related to pensions resulting from District contributions to TRA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to TRA pensions will be recognized in pension expense as follows:

Year ended June 30	Pension Expense Amount
2019	\$ 1,150,251
2020	\$ 1,339,637
2021	\$ 1,204,885
2022	\$ 1,005,307
2023	\$ (332,216)
Thereafter	\$ -

7. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.12% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

8. PENSION PLANS (Cont'd)
 A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)
 7. Pension Liability Sensitivity (Cont'd)

District proportionate share of NPL		
1 percent decrease (4.12%)	Current (5.12%)	1 percent increase (6.12%)
\$14,727,273	\$11,158,654	\$8,149,874

The District's proportion of the net pension liability was based on the employer contributions to TRA in relation to TRA's total employer contributions including direct aid contributions from the State of Minnesota, City of Minneapolis and Minneapolis School District.

8. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in a separately-issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org, or by writing to TRA at 60 Empire Drive, Suite 400, St. Paul, MN, 55103-4000; or by calling 651-296-2409 or 800-657-3669.

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

1. Plan Description

The District participates in the following cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the District, other than teachers, are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20% of average salary for each of the first ten years and 1.70% for each remaining year. Under Method 2, the annuity accrual rate is 1.70% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

2. Benefits Provided (Cont'd)

Benefit recipients will receive a future annual increase equal to 50% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

3. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2018; the District was required to contribute 7.50% for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ended June 30, 2018, were \$98,735. The District's contributions were equal to the required contributions as set by state statute.

4. Pension Costs

General Employees Fund Pension Costs

At June 30, 2018, the District reported a liability of \$1,347,010 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled \$16,932. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the District's proportionate share was 0.0211%, which was an increase of 0.0009% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$184,574 for its proportionate share of General Employees Plan's pension expense. This amount is inclusive of \$489 which is recognized as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

4. Pension Costs (Cont'd)

At June 30, 2018, the District reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 44,393	\$ 82,002
Changes in actuarial assumptions	214,094	135,038
Difference between projected and actual investment earnings	-	64,733
Changes in proportion	83,310	17,585
Contributions paid to PERA subsequent to the measurement date	98,735	-
Total	\$ 440,532	\$ 299,358

\$98,735 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Pension Expense Amount
2019	\$ 7,332
2020	\$ 102,166
2021	\$ (9,881)
2022	\$ (57,178)
2023	\$ -
Thereafter	\$ -

5. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for the General Employees Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1.00% per year for all future years for the General Employees Plan.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

5. Actuarial Assumptions (Cont'd)

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and non-vested deferred members. The revised CSA loads are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39.00%	5.10%
International Stocks	19.00%	5.30%
Bonds	20.00%	0.75%
Alternative Assets	20.00%	5.90%
Cash	<u>2.00%</u>	0.00%
Total	<u>100.00%</u>	

6. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statute. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the General Employees Fund, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

District proportionate share of General Employees Fund NPL		
1 percent decrease	Current	1 percent increase
(6.50%)	(7.50%)	(8.50%)
\$2,089,313	\$1,347,010	\$739,301

8. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

9. OPERATING LEASE AGREEMENT

Equipment Lease

The District entered into operating lease agreements for various pieces of equipment. These leases call for monthly payments ranging from \$104 to \$1,112 and end on various dates through July 1, 2022. Expenditures under these leases were \$14,428 for the year ended June 30, 2018.

Future minimum lease obligations under these agreements are as follows:

2019	\$ 14,608
2020	\$ 13,353
2021	\$ 13,353
2022	\$ 13,353
2023	\$ 13,353

10. CHANGE IN ACCOUNTING PRINCIPLE

The beginning net position of the governmental activities has been decreased to reflect a change in accounting principle. As mentioned in Note 6, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as they relate to governments that provide other postemployment benefits (OPEB) to their employees. GASB Statement No. 75 requires governments providing other postemployment benefits to recognize their total OPEB liability, OPEB expense, and related deferred inflows and outflows of resources on the District's government-wide financial statements. Beginning governmental activities net position has been restated from \$227,259 to \$(1,487,921) (a decrease of \$1,715,180). Prior year partial comparative information does not reflect this change in accounting principle because prior years have not been recalculated under GASB Statement No. 75.

11. TRANSFERS

During 2018, the following operating transfer was made:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Community Service Fund	To match pool fundraiser	<u>\$ 10,000</u>

During 2018, the following residual equity transfer was made:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Building Construction Fund	Debt Service Fund	Closure of fund	<u>\$ 303,956</u>

12. CONSTRUCTION COMMITMENT

The District has approved to build an addition on to and remodel the existing bus garage. Management anticipates that the total cost of the project will be approximately \$368,000. As of June 30, 2018, the District incurred \$54,961 related to the project for zoning permits, architecture fees and other initial costs, which are recorded as construction in progress on the Statement of Net Position. The project will be paid for by the General Fund and is expected to be completed and placed in service during fiscal year 2019.

REQUIRED SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
JUNE 30, 2018

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS)**

	<u>Measurement Date</u>
	<u>7/1/2017</u>
Total OPEB liability	
Service cost	\$ 57,542
Interest	58,177
Benefit payments	<u>(157,606)</u>
Net change in total OPEB liability	(41,887)
Total OPEB liability – beginning	<u>1,731,702</u>
Total OPEB liability – ending	<u>\$1,689,815</u>
Covered payroll	\$ 3,853,785
Total OPEB liability as a percentage of covered payroll	43.85%

****Note:** The District implemented the provisions of GASB Statement No. 75 for the year ended June 30, 2018. The Schedules within the Required Supplementary Information section require a ten-year presentation, but do not require retroactive reporting. Information prior to 2018 is not available. Additional years will be reported as they become available.

Note: This schedule is presented using the optional format of combining the required schedules in paragraphs 170(a) and 170(b) of GASB Statement No. 75.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF DISTRICT'S SHARE OF NET PENSION LIABILITY AND DISTRICT'S
 CONTRIBUTIONS
 FOR DEFINED BENEFIT PENSION PLANS
 JUNE 30, 2018

TEACHERS RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS**)

Measurement Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) with the District	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability with the District (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/17	0.0559%	\$ 11,158,654	\$ 1,078,607	\$ 12,237,261	\$ 3,008,697	406.7%	51.57%
6/30/16	0.0560	13,357,336	1,340,272	14,697,608	2,981,851	492.9	44.88
6/30/15	0.0554	3,427,038	420,390	3,847,428	2,891,927	133.0	76.80
6/30/14	0.0585	2,695,638	189,588	2,855,226	2,730,347	104.6	81.50

**Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

TEACHERS RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
6/30/18	\$ 232,666	\$ 232,666	\$ -	\$ 3,101,729	7.5%
6/30/17	225,460	225,460	-	3,008,697	7.5
6/30/16	218,357	218,357	-	2,981,851	7.3
6/30/15	215,393	215,393	-	2,891,927	7.4

* Option to provide RSI for ten years at transition or to provide RSI prospectively.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF DISTRICT'S SHARE OF NET PENSION LIABILITY AND DISTRICT'S
 CONTRIBUTIONS
 FOR DEFINED BENEFIT PENSION PLANS
 JUNE 30, 2018

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (*)
 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
 REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS**)

Measurement Date	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability with the District (b)	District's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability with the District (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a+b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/17	0.0211%	\$1,347,010	\$ 16,932	\$ 1,363,942	\$1,358,671	100.4%	75.9%
6/30/16	0.0202	1,640,140	21,459	1,661,599	1,234,545	134.6	68.9
6/30/15	0.0191	989,861	-	989,861	1,137,228	87.0	78.2
6/30/14	0.0204	958,290	-	958,920	1,098,702	87.3	78.7

* This schedule is for employers in the General Employees Plan to present their proportionate share of the State of Minnesota's contributions to the General Employees Fund on their behalf.

**Schedule is to be provided prospectively beginning with the employer's fiscal year ended June 30, 2015, or after.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
 REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)

Fiscal Year Ending	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
6/30/18	\$ 98,735	\$ 98,735	\$ -	\$ 1,321,919	7.5%
6/30/17	100,792	100,792	-	1,358,671	7.4
6/30/16	92,206	92,206	-	1,234,545	7.5
6/30/15	82,241	82,241	-	1,137,228	7.2

* Option to provide RSI for ten years at transition or to provide RSI prospectively.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018 Budgeted Amounts		2018 Actual	Variance	2017 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Local Property Tax Levies:						
Maintenance Levy	\$ 1,396,992	\$ 1,368,593	\$ 1,380,475	\$ 11,882	\$ 1,483,534	\$ (103,059)
Other Local and County Revenues:						
County Apportionment	9,700	9,603	9,946	343	13,934	(3,988)
Other School Districts	63,000	8,019	14,958	6,939	69,131	(54,173)
Contributions	-	-	21,870	21,870	-	21,870
Admissions and Fees	70,550	70,790	72,620	1,830	75,334	(2,714)
Earnings From Investments	14,000	39,300	41,562	2,262	20,543	21,019
Rent for School Facilities	1,500	1,700	1,700	-	1,700	-
Miscellaneous Revenues	9,500	38,833	48,406	9,573	54,442	(6,036)
	<u>168,250</u>	<u>168,245</u>	<u>211,062</u>	<u>42,817</u>	<u>235,084</u>	<u>(24,022)</u>
Revenue From State Sources:						
Endowment Fund Apportionment	17,374	19,401	19,613	212	17,592	2,021
General Education Aid	4,603,655	4,749,268	4,910,545	161,277	4,603,036	307,509
Literacy Incentive Aid	25,218	25,741	25,741	-	25,218	523
Disparity Aid	12,000	10,651	10,651	-	12,129	(1,478)
Homestead/Agricultural Levy Credits	16,000	17,111	17,111	-	16,124	987
Special Education	470,000	535,000	573,684	38,684	530,151	43,533
Miscellaneous State Revenue	75,216	77,716	80,932	3,216	86,812	(5,880)
	<u>5,219,463</u>	<u>5,434,888</u>	<u>5,638,277</u>	<u>203,389</u>	<u>5,291,062</u>	<u>347,215</u>
Revenue From Federal Sources:						
Title I Educationally Deprived Children	120,000	128,104	125,908	(2,196)	134,436	(8,528)
Migrant Education	4,600	2,100	2,000	(100)	4,600	(2,600)
Title II	51,000	62,457	64,457	2,000	37,226	27,231
Federal Special Education	76,000	85,800	89,803	4,003	91,272	(1,469)
Other Federal Programs	8,369	8,369	8,369	-	8,964	(595)
	<u>259,969</u>	<u>286,830</u>	<u>290,537</u>	<u>3,707</u>	<u>276,498</u>	<u>14,039</u>
Sales and Other Conversion of Assets:						
Sales of Materials	600	550	797	247	761	36
Insurance Recovery	-	13,155	13,155	-	-	13,155
	<u>600</u>	<u>13,705</u>	<u>13,952</u>	<u>247</u>	<u>761</u>	<u>13,191</u>
TOTAL REVENUES	<u>7,045,274</u>	<u>7,272,261</u>	<u>7,534,303</u>	<u>262,042</u>	<u>7,286,939</u>	<u>247,364</u>
EXPENDITURES						
Current:						
District and School Administration:						
Salaries and Wages	374,333	382,781	383,780	(999)	363,513	20,267
Employee Benefits	120,636	130,989	129,272	1,717	117,659	11,613
Purchased Services	17,350	20,940	27,349	(6,409)	22,542	4,807
Supplies and Materials	11,600	11,600	11,365	235	1,124	10,241
Other Expenditures	8,105	8,521	8,521	-	13,120	(4,599)
	<u>532,024</u>	<u>554,831</u>	<u>560,287</u>	<u>(5,456)</u>	<u>517,958</u>	<u>42,329</u>
District Support Services:						
Salaries and Wages	183,291	199,695	198,555	1,140	181,235	17,320
Employee Benefits	62,351	68,043	65,194	2,849	75,372	(10,178)
Purchased Services	113,925	90,920	97,695	(6,775)	109,279	(11,584)
Supplies and Materials	16,500	25,500	32,292	(6,792)	18,886	13,406
Other Expenditures	10,200	10,400	10,348	52	9,910	438
	<u>386,267</u>	<u>394,558</u>	<u>404,084</u>	<u>(9,526)</u>	<u>394,682</u>	<u>9,402</u>
Regular Instruction:						
Salaries and Wages	2,469,899	2,474,010	2,511,380	(37,370)	2,381,225	130,155
Employee Benefits	622,683	647,622	659,790	(12,168)	611,184	48,606
Purchased Services	144,921	156,762	192,621	(35,859)	157,949	34,672
Supplies and Materials	114,486	138,923	130,663	8,260	160,940	(30,277)
Other Expenditures	3,900	4,428	3,069	1,359	5,099	(2,030)
	<u>3,355,889</u>	<u>3,421,745</u>	<u>3,497,523</u>	<u>(75,778)</u>	<u>3,316,397</u>	<u>181,126</u>
Vocational Instruction:						
Salaries and Wages	69,093	68,504	68,019	485	63,732	4,287
Employee Benefits	16,583	16,195	16,227	(32)	15,417	810
Supplies and Materials	4,500	6,000	6,107	(107)	4,731	1,376
	<u>90,176</u>	<u>90,699</u>	<u>90,353</u>	<u>346</u>	<u>83,880</u>	<u>6,473</u>
Exceptional Instruction:						
Salaries and Wages	811,502	773,374	761,740	11,634	766,680	(4,940)
Employee Benefits	157,998	179,186	172,491	6,695	162,180	10,311
Purchased Services	214,500	326,464	186,140	140,324	169,302	16,838
Supplies and Materials	5,500	5,500	5,059	441	9,939	(4,880)
	<u>1,189,500</u>	<u>1,284,524</u>	<u>1,125,430</u>	<u>159,094</u>	<u>1,108,101</u>	<u>17,329</u>

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018 Budgeted Amounts		2018 Actual	Variance	2017 Actual	Increase (Decrease) Actual
	Original	Final				
EXPENDITURES (Cont'd)						
Current (Cont'd)						
Instructional Support Services:						
Salaries and Wages	\$ 12,559	\$ 8,500	\$ 6,722	\$ 1,778	\$ 16,783	\$ (10,061)
Employee Benefits	1,456	3,701	671	3,030	1,903	(1,232)
Purchased Services	67,800	65,284	48,318	16,966	61,505	(13,187)
Supplies and Materials	2,000	2,000	1,795	205	1,872	(77)
	<u>83,815</u>	<u>79,485</u>	<u>57,506</u>	<u>21,979</u>	<u>82,063</u>	<u>(24,557)</u>
Pupil Support Services:						
Salaries and Wages	381,975	335,045	330,765	4,280	337,125	(6,360)
Employee Benefits	69,603	62,331	58,473	3,858	54,529	3,944
Purchased Services	90,576	91,583	41,143	50,440	24,759	16,384
Supplies and Materials	75,743	53,314	59,935	(6,621)	78,720	(18,785)
	<u>617,897</u>	<u>542,273</u>	<u>490,316</u>	<u>51,957</u>	<u>495,133</u>	<u>(4,817)</u>
Site, Buildings and Equipment:						
Salaries and Wages	248,339	249,195	253,386	(4,191)	247,679	5,707
Employee Benefits	55,600	63,875	62,894	981	54,877	8,017
Purchased Services	158,781	163,055	184,674	(21,619)	233,502	(48,828)
Supplies and Materials	45,100	46,220	60,007	(13,787)	56,199	3,808
Other Expenditures	-	1,800	1,666	134	1,789	(123)
	<u>507,820</u>	<u>524,145</u>	<u>562,627</u>	<u>(38,482)</u>	<u>594,046</u>	<u>(31,419)</u>
Fiscal And Other Fixed Cost Programs:						
Purchased Services	<u>42,000</u>	<u>36,282</u>	<u>36,282</u>	-	<u>41,236</u>	<u>(4,954)</u>
Capital Outlay:						
District Support Services	-	4,000	3,324	676	68,846	(65,522)
Regular Instruction	135,196	169,278	188,303	(19,025)	126,167	62,136
Vocational Instruction	2,000	500	826	(326)	1,596	(770)
Pupil Support Services	-	7,540	4,069	3,471	74,900	(70,831)
Site, Buildings and Equipment	532,568	138,745	164,199	(25,454)	80,246	83,953
	<u>669,764</u>	<u>320,063</u>	<u>360,721</u>	<u>(40,658)</u>	<u>351,755</u>	<u>8,966</u>
Debt Service:						
Principal	81,857	81,857	84,819	(2,962)	81,857	2,962
Interest	39,984	39,984	37,022	2,962	39,984	(2,962)
	<u>121,841</u>	<u>121,841</u>	<u>121,841</u>	-	<u>121,841</u>	-
TOTAL EXPENDITURES	<u>7,596,993</u>	<u>7,370,446</u>	<u>7,306,970</u>	<u>63,476</u>	<u>7,107,092</u>	<u>199,878</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(551,719)</u>	<u>(98,185)</u>	<u>227,333</u>	<u>325,518</u>	<u>179,847</u>	<u>47,486</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Equipment	-	5,548	5,548	-	9,503	(3,955)
Transfer Out to Other Funds	(10,000)	(10,000)	(10,000)	-	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>(4,452)</u>	<u>(4,452)</u>	-	<u>9,503</u>	<u>(3,955)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(561,719)</u>	<u>(102,637)</u>	<u>222,881</u>	<u>325,518</u>	<u>189,350</u>	<u>43,531</u>
FUND BALANCE BEGINNING OF YEAR	<u>3,325,662</u>	<u>3,325,662</u>	<u>3,325,662</u>	-	<u>3,136,312</u>	<u>189,350</u>
FUND BALANCE END OF YEAR	<u>\$ 2,763,943</u>	<u>\$ 3,223,025</u>	<u>\$ 3,548,543</u>	<u>\$ 325,518</u>	<u>\$ 3,325,662</u>	<u>\$ 232,881</u>
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Gifted and Talented			\$ 13,133		\$ 32,540	
Health and Safety			4,489		(3,946)	**
Safe Schools - Crime			25,296		12,920	
Operating Capital			172,307		90,291	
Long-Term Facilities Maintenance			(21,765)	**	(34,299)	**
Staff Development			45,355		13,369	
Basic Skills Extended Time			7,093		-	
TOTAL RESTRICTED FUND BALANCE			<u>245,908</u>		<u>110,875</u>	
ASSIGNED FUND BALANCE						
Projected Budget Deficit			40,485		561,719	
Bus Garage Remodel			313,000		-	
Separation/Retirement Benefits			256,774		203,823	
TOTAL ASSIGNED FUND BALANCE			<u>610,259</u>		<u>765,542</u>	
UNASSIGNED FUND BALANCE			<u>2,692,376</u>		<u>2,449,245</u>	
TOTAL FUND BALANCE			<u>\$ 3,548,543</u>		<u>\$ 3,325,662</u>	

** Required by MN Statute to record a deficit, when applicable, in order to permit statutory revenue formula calculations.

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - FOOD SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018 Budgeted Amounts		2018 Actual	Variance	2017 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Other Local and County Revenues:						
Miscellaneous Local Revenue	\$ 100	\$ 150	\$ 299	\$ 149	\$ 185	\$ 114
Revenue From State Sources:						
Breakfast Program Aid	5,000	6,500	8,935	2,435	8,075	860
Special Milk Program Aid	850	950	973	23	958	15
Lunch Program Aid	11,000	12,500	12,774	274	11,954	820
	<u>16,850</u>	<u>19,950</u>	<u>22,682</u>	<u>2,732</u>	<u>20,987</u>	<u>1,695</u>
Revenue From Federal Sources:						
School Lunch Aid	23,000	22,300	25,666	3,366	26,835	(1,169)
Free/Reduced Lunch Aid	93,000	95,000	101,317	6,317	95,460	5,857
School Breakfast Program	34,000	35,000	36,969	1,969	37,041	(72)
USDA Commodity Rebates	200	-	10	10	-	10
USDA Commodities	18,000	20,000	22,169	2,169	27,158	(4,989)
Summer Food Program	15,000	15,000	14,284	(716)	14,586	(302)
	<u>183,200</u>	<u>187,300</u>	<u>200,415</u>	<u>13,115</u>	<u>201,080</u>	<u>(665)</u>
Sales And Other Conversion Of Assets:						
Sale of Lunches and Other	102,600	109,500	100,258	(9,242)	104,513	(4,255)
TOTAL REVENUES	<u>302,750</u>	<u>316,900</u>	<u>323,654</u>	<u>6,754</u>	<u>326,765</u>	<u>(3,111)</u>
EXPENDITURES						
Current:						
Pupil Support Services:						
Salaries and Wages	104,214	111,899	107,488	4,411	106,163	1,325
Employee Benefits	26,614	28,445	27,641	804	26,148	1,493
Purchased Services	2,750	14,011	4,027	9,984	1,034	2,993
Supplies and Materials	167,300	164,300	173,720	(9,420)	174,039	(319)
Other Expenditures	2,200	2,200	2,237	(37)	2,121	116
	<u>303,078</u>	<u>320,855</u>	<u>315,113</u>	<u>5,742</u>	<u>309,505</u>	<u>5,608</u>
Capital Outlay:						
Pupil Support Services	8,415	30,703	30,703	-	712	29,991
TOTAL EXPENDITURES	<u>311,493</u>	<u>351,558</u>	<u>345,816</u>	<u>5,742</u>	<u>310,217</u>	<u>35,599</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,743)</u>	<u>(34,658)</u>	<u>(22,162)</u>	<u>12,496</u>	<u>16,548</u>	<u>(38,710)</u>
FUND BALANCE BEGINNING OF YEAR	<u>48,021</u>	<u>48,021</u>	<u>48,021</u>	<u>-</u>	<u>31,473</u>	<u>16,548</u>
FUND BALANCE END OF YEAR	<u>\$ 39,278</u>	<u>\$ 13,363</u>	<u>\$ 25,859</u>	<u>\$ 12,496</u>	<u>\$ 48,021</u>	<u>\$ (22,162)</u>
FUND BALANCE END OF YEAR NONSPENDABLE FUND BALANCE						
Inventory			\$ 1,215		\$ 1,591	
RESTRICTED FUND BALANCE						
Food Service			<u>24,644</u>		<u>46,430</u>	
FUND BALANCE END OF YEAR			<u>\$ 25,859</u>		<u>\$ 48,021</u>	

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - COMMUNITY SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018 Budgeted Amounts		2018 Actual	Variance	2017 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Local Property Tax Levies:						
Community Service Levy	\$ 61,642	\$ 54,726	\$ 54,941	\$ 215	\$ 58,663	\$ (3,722)
Other Local And County Revenues:						
Tuition and Fees From Patrons	42,100	39,680	33,238	(6,442)	14,227	19,011
Miscellaneous Local Revenue	44,100	38,200	36,829	(1,371)	40,004	(3,175)
	<u>86,200</u>	<u>77,880</u>	<u>70,067</u>	<u>(7,813)</u>	<u>54,231</u>	<u>15,836</u>
Revenue From State Sources:						
Disparity Aid	1,600	1,030	1,030	-	1,367	(337)
Homestead Market Value	1,800	1,654	1,654	-	1,818	(164)
Preschool Screening	1,752	1,017	3,505	2,488	1,966	1,539
Community Education	27,823	25,933	25,933	-	27,823	(1,890)
	<u>32,975</u>	<u>29,634</u>	<u>32,122</u>	<u>2,488</u>	<u>32,974</u>	<u>(852)</u>
TOTAL REVENUES	<u>180,817</u>	<u>162,240</u>	<u>157,130</u>	<u>(5,110)</u>	<u>145,868</u>	<u>11,262</u>
EXPENDITURES						
Current:						
Community Education And Services:						
Salaries and Wages	127,499	114,812	112,178	2,634	87,399	24,779
Employee Benefits	19,744	10,043	11,164	(1,121)	11,966	(802)
Purchased Services	4,700	1,640	5,250	(3,610)	11,590	(6,340)
Supplies and Materials	21,350	17,469	17,646	(177)	12,379	5,267
	<u>173,293</u>	<u>143,964</u>	<u>146,238</u>	<u>(2,274)</u>	<u>123,334</u>	<u>22,904</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,524	18,276	10,892	(7,384)	22,534	(11,642)
OTHER FINANCING SOURCES						
Transfer In from Other Funds	-	-	10,000	10,000	-	10,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	7,524	18,276	20,892	2,616	22,534	(1,642)
FUND BALANCE BEGINNING OF YEAR	23,972	23,972	23,972	-	1,438	22,534
FUND BALANCE END OF YEAR	\$ 31,496	\$ 42,248	\$ 44,864	\$ 2,616	\$ 23,972	\$ 20,892
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Community Education			\$ 9,175		\$ 24,234	
Community Service			12,118		9,113	
Early Childhood Family Education			33,239		26,430	
School Readiness			(9,668) **		(35,805) **	
TOTAL RESTRICTED FUND BALANCE			<u>44,864</u>		<u>23,972</u>	
TOTAL FUND BALANCE			<u>\$ 44,864</u>		<u>\$ 23,972</u>	

** Required by MN Statute to record a deficit, when applicable, in order to permit statutory revenue formula calculations.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

1. OTHER POST EMPLOYMENT BENEFITS

There are no factors that affect trends in the amounts reported, such as change of benefit terms or assumptions. With only one year reported in the RSI, there is no additional information to include in the notes.

No assets are accumulated in a trust that meets the criteria in Paragraph four of GASB Statement No. 75.

2. DEFINED BENEFIT PENSION PLANS

The following changes were reflected in the valuations performed on behalf of the following defined benefit pension plans for the fiscal years (measurement date) ending June 30:

Teachers Retirement Association

2017 Changes

Changes in Actuarial Assumptions:

- The COLA was assumed to increase from 2.00% annually to 2.50% annually on July 1, 2045.
- The COLA was not assumed to increase to 2.50%, but remain at 2.00% for all future years.
- Adjustments were made to the combined service annuity loads. The active load was reduced from 1.40% to 0.00%, the vested inactive load increased from 4.00% to 7.00% and the non-vested inactive load increased from 4.00% to 9.00%.
- The investment return assumption was changed from 8.00% to 7.50%.
- The price inflation assumption was lowered from 2.75% to 2.50%.
- The payroll growth assumption was lowered from 3.50% to 3.00%.
- The general wage growth assumption was lowered from 3.50% to 2.85% for ten years followed by 3.25%, thereafter.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.

2016 Changes

Changes in Actuarial Assumptions:

- The COLA was not assumed to increase for funding or the GASB calculation. It remained at 2.00% for all future years.
- The assumed investment return was changed from 8.00% to 4.66%. The single discount rate was changed from 8.00% to 4.66%.
- The price inflation assumption was lowered from 3.00% to 2.75%
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.50%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back six years and female rates set back five years. Generational projection uses the MP-2015 scale.
- The post-retirement mortality assumption was changed to the RP-2014 white collar annuitant table, male rates set back three years and female rates set back three years, with further adjustments of the rates. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989 were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

2. DEFINED BENEFIT PENSION PLANS (Cont'd)

Teachers Retirement Association (Cont'd)

2015 Changes

Changes in Benefit Terms:

- The Duluth Teachers Retirement Fund Association was merged into TRA on June 30, 2015. This also resulted in a state-provided contribution stream of \$14.377 million until the system becomes fully funded.

Changes in Actuarial Assumptions:

- The annual COLA for the June 30, 2015, valuation assumed 2.00%. The prior year valuation used 2.00% with an increase to 2.50% commencing in 2034. The discount rate used to measure the total pension liability was 8.00%. This is a decrease from the discount rate at the prior measurement date of 8.25%. Details, if necessary, can be obtained from the TRA CAFR.

Public Employees Retirement Association

General Employees Fund

2017 Changes

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and non-vested deferred members. The revised CSA loads are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT SPENDING

The fiscal year 2018 budget approved by the School Board projected deficit spending in the following funds:

<u>Fund</u>	
General Fund	\$ 102,637
Food Service Fund	\$ 34,658

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd)

B. EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended June 30, 2018, the District had the following fund with expenditures exceeding the latest amended budget:

Fund	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Community Service Fund	\$ 143,964	\$ 146,238	\$ 2,274

Budget revisions were last approved in March of 2018. These excesses were realized since that time and are approved by the School Board upon acceptance of this report.

OTHER SUPPLEMENTARY INFORMATION

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - BUILDING CONSTRUCTION FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018 Budgeted Amounts		2018 Actual	Variance	2017 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Other Local And County Revenues:						
Earnings From Investments	\$ -	\$ 1,486	\$ 1,487	\$ 1	\$ 7,670	\$ (6,183)
TOTAL REVENUES	<u>-</u>	<u>1,486</u>	<u>1,487</u>	<u>1</u>	<u>7,670</u>	<u>(6,183)</u>
EXPENDITURES						
Capital Outlay:						
Site, Building and Equipment	404,440	109,104	109,104	-	787,309	(678,205)
TOTAL EXPENDITURES	<u>404,440</u>	<u>109,104</u>	<u>109,104</u>	<u>-</u>	<u>787,309</u>	<u>(678,205)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(404,440)	(107,618)	(107,617)	1	(779,639)	672,022
FUND BALANCE BEGINNING OF YEAR	411,573	411,573	411,573	-	1,191,212	(779,639)
RESIDUAL EQUITY TRANSFER	-	-	(303,956)	(303,956)	-	(303,956)
FUND BALANCE END OF YEAR	<u>\$ 7,133</u>	<u>\$ 303,955</u>	<u>\$ -</u>	<u>\$ (303,955)</u>	<u>\$ 411,573</u>	<u>\$ (411,573)</u>
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Building Construction			<u>\$ -</u>		<u>\$ 411,573</u>	

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2018
 (with Comparative Actual Amounts for the Year Ended June 30, 2017)

	2018 Budgeted Amounts		2018 Actual	Variance	2017 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Local Property Tax Levies:						
Maintenance Levy	\$ 687,523	\$ 655,390	\$ 656,223	\$ 833	\$ 443,767	\$ 212,456
Other Local And County Revenues:						
Earnings from Investments	-	-	4,192	4,192	1,316	2,876
	-	-	4,192	4,192	1,316	2,876
Revenue From State Sources:						
Disparity Aid	9,500	12,328	12,328	-	10,513	1,815
Homestead Market Value	13,976	19,805	19,805	-	13,976	5,829
	23,476	32,133	32,133	-	24,489	7,644
TOTAL REVENUES	710,999	687,523	692,548	5,025	469,572	222,976
EXPENDITURES						
Debt Service:						
Principal	415,000	415,000	415,000	-	410,000	5,000
Interest	257,398	257,398	257,398	-	265,598	(8,200)
TOTAL EXPENDITURES	672,398	672,398	672,398	-	675,598	(3,200)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	38,601	15,125	20,150	5,025	(206,026)	226,176
FUND BALANCE BEGINNING OF YEAR	108,588	108,588	108,588	-	314,614	(206,026)
RESIDUAL EQUITY TRANSFER	-	-	303,956	303,956	-	303,956
FUND BALANCE END OF YEAR	\$ 147,189	\$ 123,713	\$ 432,694	\$ 308,981	\$ 108,588	\$ 324,106
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Debt Service			\$ 432,694		\$ 108,588	

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GENERAL FUND - HISTORICAL ANALYSIS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
REVENUES					
Local Property Tax Levies	\$ 2,064,014	\$ 1,300,244	\$ 1,489,283	\$ 1,483,534	\$ 1,380,475
Other Local and County Revenues	236,697	244,497	198,783	235,084	211,062
Revenue From State Sources	4,410,370	4,999,264	4,960,689	5,291,062	5,638,277
Revenue From Federal Sources	251,844	274,338	215,991	276,498	290,537
Sales and Other Conversion of Assets	2,134	49,345	2,887	761	13,952
Proceeds from Sale of Equipment	-	-	360	9,503	5,548
TOTAL REVENUES	<u>6,965,059</u>	<u>6,867,688</u>	<u>6,867,993</u>	<u>7,296,442</u>	<u>7,539,851</u>
EXPENDITURES - PROGRAMS					
District and School Administration	477,792	499,725	508,823	517,958	560,287
District Support Services	410,945	356,660	386,215	463,528	407,408
Regular Instruction	2,935,844	3,161,338	3,303,312	3,442,564	3,685,826
Vocational Instruction	75,419	79,321	81,759	85,476	91,179
Exceptional Instruction	1,037,695	1,005,404	1,081,321	1,108,101	1,125,430
Instructional Support Services	102,999	82,250	84,339	82,063	57,506
Pupil Support Services	602,420	655,139	482,715	570,033	494,385
Site, Buildings, and Equipment	655,132	1,111,904	628,373	674,292	726,826
Fiscal and Other Fixed Cost Programs	245,441	153,792	160,148	163,077	158,123
Transfers Out	20,000	-	-	-	10,000
TOTAL EXPENDITURES	<u>6,563,687</u>	<u>7,105,533</u>	<u>6,717,005</u>	<u>7,107,092</u>	<u>7,316,970</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	401,372	(237,845)	150,988	189,350	222,881
FUND BALANCE BEGINNING OF YEAR	<u>2,821,797</u>	<u>3,223,169</u>	<u>2,985,324</u>	<u>3,136,312</u>	<u>3,325,662</u>
FUND BALANCE END OF YEAR	<u><u>\$ 3,223,169</u></u>	<u><u>\$ 2,985,324</u></u>	<u><u>\$ 3,136,312</u></u>	<u><u>\$ 3,325,662</u></u>	<u><u>\$ 3,548,543</u></u>
ADJUSTED CASH BALANCES	<u><u>\$ 3,139,346</u></u>	<u><u>\$ 3,359,022</u></u>	<u><u>\$ 3,264,212</u></u>	<u><u>\$ 3,255,697</u></u>	<u><u>\$ 3,593,471</u></u>
EXPENDITURES - OBJECT					
Salaries and Wages	\$ 3,753,100	\$ 3,935,491	\$ 4,121,640	\$ 4,357,972	\$ 4,514,347
Employee Benefits	1,022,107	1,014,327	1,069,938	1,093,121	1,165,012
Purchased Services	868,930	719,583	805,437	820,074	814,222
Supplies and Materials	291,514	298,292	227,452	332,411	307,223
Other Expenditures/Transfers	42,872	28,514	26,318	29,918	33,604
Capital Expenditures	379,183	987,485	344,380	351,755	360,721
Debt Service Expenditures	205,981	121,841	121,840	121,841	121,841
TOTAL EXPENDITURES	<u><u>\$ 6,563,687</u></u>	<u><u>\$ 7,105,533</u></u>	<u><u>\$ 6,717,005</u></u>	<u><u>\$ 7,107,092</u></u>	<u><u>\$ 7,316,970</u></u>

OTHER REQUIRED REPORTS

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
JUNE 30, 2018**

INTERNAL CONTROL OVER FINANCIAL REPORTING

2018-001 Audit Adjustments

Condition: During our audit, we proposed various audit adjustments that resulted in significant changes to the District's financial statements. This finding was reported in the prior year audit as finding number 2016-001. The District's corrective action plan for the prior year audit filed with the Minnesota Department of Education stated that the District will review the prior year journal entries to determine training needs and will contract with the SW/WC Service Cooperative. The District has continued to work with the service cooperative to prepare the annual audit adjustments.

Effect: A control deficiency 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 misstatements of the financial statements on a timely basis. One control deficiency that typically is considered significant is identification by the auditor of a misstatement in the financial statement not initially identified by the entity's internal controls. This could affect the District's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.

Cause: The Service Cooperative prepared a majority of the year end entries, however all accounts were not reviewed for accuracy, requiring the auditors to propose significant journal entries to unearned revenue and fund balance.

Criteria: The District's accounting staff should prepare journal entries during the year, or at a minimum, at year end to convert the cash basis general ledger to a modified accrual basis general ledger. The external auditor's staff cannot be considered to be part of the District's internal control and should not be relied upon to propose a significant number of material audit adjustments.

Recommendation: We recommend that the District's accounting staff continue to work towards its goal of preparing all required year end adjustments. If the District determines that this plan is not attainable, the plan should be amended to reflect the attainable goal.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendations will be adopted.

LEGAL COMPLIANCE

2018-002 IC-134 Not Obtained

Condition: The District did not obtain an IC-134 (Withholding Affidavit for Contractors) with the contractors for the parking lot refurbishment and roofing project.

Effect: This is a violation of Minnesota Statute §270C.66.

Cause: The District overlooked the requirement to obtain an IC-134 before making final settlement with any contractor under a contract requiring the employment of employees.

Criteria: Minnesota Statute §270C.66 requires the District obtain an IC-134 before making final settlement with any contractor under a contract requiring the employment of employees.

Recommendation: We recommend that the District obtain an IC-134 before making final settlement with the contractor for any project completed by the District in which the contract requires the employment of employees.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
JUNE 30, 2018**

LEGAL COMPLIANCE (Cont'd)

2018-002 IC-134 Not Obtained (Cont'd)

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendation will be adopted.

2018-003 Contractor Performance and Payment Bonds not Obtained

Condition: The District did not obtain performance and payment bonds from the contractors for the parking lot project and bus garage remodel.

Effect: This is a violation of Minnesota Statute §574.26.

Cause: The District overlooked the requirement to obtain the contractor's performance and payment bond.

Criteria: Minnesota Statute §574.26 requires that the District obtain sufficient bonds from the person to whom a contract is awarded for its faithful performance and payment.

Recommendation: We recommend that the District obtain performance and payment bonds from the contractor or vendor when awarding a contract greater than \$100,000.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendation will be adopted.

2018-004 Bids Were Not Solicited or Obtained for Contracts Over \$100,000

Condition: The District did not solicit or obtain bids for the bus garage remodel and the parking lot project.

Effect: This is a violation of Minnesota Statute §471.345.

Cause: The District overlooked the requirement to solicit or obtain bids for the bus garage remodel and parking lot project.

Criteria: Minnesota Statute §471.345 requires the District to solicit bids to the public and obtain sealed bids for contracts over \$100,000.

Recommendation: We recommend that the District obtains bids for any contracts over \$100,000.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendation will be adopted.

2018-005 Multiple Quotes Not Obtained for Assets and Projects Between \$25,000 and \$100,000

Condition: The District did not obtain multiple quotes for required projects and purchases when obtaining two or more were possible.

Effect: This is a violation of Minnesota Statute §471.345 subd. 4.

Cause: The District overlooked the requirement to solicit or obtain two or more quotes when possible for all projects and purchases between \$25,000 and \$100,000.

Criteria: Minnesota Statute §471.345 subd. 4 requires the District to obtain two or more quotes if possible for purchases between \$25,000 and \$100,000.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
JUNE 30, 2018**

LEGAL COMPLIANCE (Cont'd)

2018-005 Multiple Quotes Not Obtained for Assets and Projects Between \$25,000 and \$100,000 (Cont'd)

Recommendation: We recommend that the District obtains two or more quotes for purchases or projects between \$25,000 and \$100,000 when possible.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendation will be adopted.

**INTERNAL CONTROL OVER FINANCIAL REPORTING
PREVIOUSLY REPORTED ITEM RESOLVED**

Finding 2017-001: Unauthorized Disbursements

The District allowed the disbursements to be issued without documentation of proper approval on the supporting documentation.

Resolution

The District personnel closely monitored disbursements to ensure that proper approval was given on the supporting documentation.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
CORRECTIVE ACTION PLAN
JUNE 30, 2018

2018-001 Audit Adjustments

Auditor Recommendation

We recommend that the District's accounting staff continue to work towards its goal of preparing all required year end adjustments. If the District determines that this plan is not attainable, the plan should be amended to reflect the attainable goal.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The District still intends to follow the corrective action plan previously filed with the Minnesota Department of Education. The District will continue to contract with SW/WC Service Cooperative.
3. Official Responsible for Insuring CAP
The Superintendent is the official responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan will be implemented during the 2018-2019 fiscal year.
5. Plan to Monitor Completion of CAP
The Superintendent and the School Board will be monitoring this corrective action plan.

2018-002 IC-134 Not Obtained

Auditor Recommendation

We recommend that the District obtain an IC-134 before making final settlement with the contractor for any project completed by the District in which the contract requires the employment of employees.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The District will obtain an IC-134 before making final settlement with applicable contractors on any future projects.
3. Official Responsible for Insuring CAP
The Superintendent and School Board are the officials responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan will be implemented the next time the District enters into a contract requiring the employment of employees.
5. Plan to Monitor Completion of CAP
The Superintendent and the School Board will be monitoring this corrective action plan.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
CORRECTIVE ACTION PLAN
JUNE 30, 2018

2018-003 Contractor Performance and Payment Bonds not Obtained

Auditor Recommendation

We recommend that the District obtain performance and payment bonds from the contractor or vendor when awarding a contract greater than \$100,000.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The District will obtain contractor's performance and payment bonds for contracts exceeding \$100,000.
3. Official Responsible for Insuring CAP
The Superintendent and School Board are the officials responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan will be implemented the next time the District enters into a contract greater than \$100,000.
5. Plan to Monitor Completion of CAP
The Superintendent and the School Board will be monitoring this corrective action plan.

2018-004 Bids Were Not Solicited or Obtained for Contracts Over \$100,000

Auditor Recommendation

We recommend that the District obtains bids for any contracts over \$100,000.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The District will solicit and obtain sealed bids for purchases over \$100,000.
3. Official Responsible for Insuring CAP
The Superintendent and School Board are the officials responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan will be implemented the next time a purchase or project by the District is expected to be greater than \$100,000.
5. Plan to Monitor Completion of CAP
The Superintendent and the School Board will be monitoring this corrective action plan.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
CORRECTIVE ACTION PLAN
JUNE 30, 2018**

2018-005 Multiple Quotes Not Obtained for Assets and Projects Between \$25,000 and \$100,000

Auditor Recommendation

We recommend that the District obtains two or more quotes for purchases or projects between \$25,000 and \$100,000 when possible.

Corrective Action Plan (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The District will obtain two or more quotes for purchases or projects between \$25,000 and \$100,000 when possible.
3. Official Responsible for Insuring CAP
The Superintendent and School Board are the officials responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
This plan will be implemented the next time a purchase or project by the District is expected to be between \$25,000 and \$100,000.
5. Plan to Monitor Completion of CAP
The Superintendent and the School Board will be monitoring this corrective action plan.



PLLP

CERTIFIED PUBLIC ACCOUNTANTS

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*

Members of the School Board
Independent School District No. 2890
Renville County West
Renville, Minnesota

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, each major fund, and the aggregate remaining fund information of Independent School District No. 2890, Renville County West, Renville, Minnesota, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Independent School District No. 2890, Renville County West, Renville, Minnesota's basic financial statements and have issued our report thereon dated November 8, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independent School District No. 2890, Renville County West, Renville, Minnesota'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 Independent School District No. 2890, Renville County West, Renville, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of Independent School District No. 2890, Renville County West, Renville, Minnesota'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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings on internal control structure and compliance as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independent School District No. 2890, Renville County West, Renville, Minnesota'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*; however, we noted certain matters of compliance that are required to be reported under Minnesota Statutes. These items of noncompliance are described in the accompanying schedule of findings on internal control structure and compliance as items 2018-002 through 2018-005.

Independent School District No. 2890, Renville County West, Renville, Minnesota's Response to Findings

Independent School District No. 2890, Renville County West, Renville, Minnesota's response to the findings identified in our audit is described in the accompanying schedule of findings on internal control structure and compliance corrective action plan. Independent School District No. 2890, Renville County West, Renville, Minnesota's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

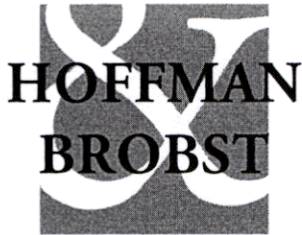
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2018



PLLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

Members of the School Board
Independent School District No. 2890
Renville County West
Renville, 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. 2890, Renville County West, Renville, Minnesota, as of and for the year ended June 30, 2018, 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 8, 2018.

The *Minnesota Legal Compliance Audit Guide for School Districts*, promulgated by the State Auditor pursuant to Minn. Stat. § 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 Independent School District No. 2890, Renville County West, Renville, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for School Districts*, except as described in the schedule of findings on internal control structure and compliance as items 2018-002 through 2018-005. 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 Independent School District No. 2890, Renville County West, Renville, Minnesota's noncompliance regarding the above referenced provisions.

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.

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2018

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA**

**STUDENT ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**



PLLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT
ON THE STUDENT ACTIVITY FUNDS**

Members of the School Board, Advisors, and Students
Independent School District No. 2890
Renville County West
Renville, Minnesota

Report on the Financial Statement

We have audited the accompanying financial statement of the Student Activity Funds of Independent School District No. 2890, Renville County West, Renville, Minnesota, which comprises the statement of cash receipts and disbursements as of and for the year ended June 30, 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Minnesota Department of Education as described in Note 1. Management is also responsible for the design implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity'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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by Independent School District No. 2890, Renville County West, Renville, Minnesota on the basis of the financial reporting provisions of the Minnesota Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the Minnesota Department of Education.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Student Activity Funds of Independent School District No. 2890, Renville County West, Renville, Minnesota as of June 30, 2018, or changes in net position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

We were unable to audit cash receipts because the District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. We were unable to obtain sufficient appropriate audit evidence about the completeness of cash receipts by other auditing procedures.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effect of the matter discussed in the Basis for Qualified Opinion on Regulatory Basis paragraph, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash balances of the Student Activity Funds of Independent School District No. 2890, Renville County West, Renville, Minnesota as of June 30, 2018, and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Other Legal and Regulatory Requirements

In accordance with Minnesota Statutes, we have also issued our report dated November 8, 2018, on our consideration of the District's compliance with provisions of the *Manual for Activity Fund Accounting* issued by the Minnesota Department of Education, pursuant to Minnesota Statute §123B.49. The purpose of that report is to determine if the District has complied with Minnesota laws and regulations. That report is an integral part of an audit performed in the State of Minnesota.



Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2018

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Activity Fund</u>	<u>7/1/2017</u> <u>Balance</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>6/30/2018</u> <u>Balance</u>
TADA	\$ 1,122	\$ 1,001	\$ 889	\$ 1,234
FFA	635	18,920	19,555	-
High School Student Council	115	4,209	3,413	911
Annual	1,575	4,505	3,496	2,584
Senior High Drama Club	1,392	139	184	1,347
FFA Greenhouse Project	25,428	25,191	23,192	27,427
Music Trip	16,897	16,844	7,746	25,995
Travel Group	216	-	-	216
Football Group	8,143	14,563	17,471	5,235
Basketball Group	-	2,910	2,899	11
Class of 2018	8,185	10,798	18,983	-
Class of 2019	65	9,918	2,343	7,640
Interest Earned	-	104	-	104
TOTALS	\$ 63,773	\$ 109,102	\$ 100,171	\$ 72,704

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO THE STUDENT ACTIVITY FUNDS FINANCIAL STATEMENT
JUNE 30, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Student activity fund transactions are defined as extra curricular programs conducted for the motivation and enjoyment of students. These programs and activities are not offered for school credits nor required for graduation. Activities are generally conducted outside of school hours. The content of the activities is determined primarily by the students, under the guidance of a staff member or other adult.

Student activities are to be self-sustaining with all expenses paid by dues, admissions, or other student fund raising events.

The accounts of the student activity funds are maintained, and the accompanying financial statement has been prepared, on the regulatory basis of accounting. Consequently, receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when the obligations are incurred.

2. COLLATERAL

Cash balances are held in demand accounts. In accordance with Minnesota Statutes, the student activity funds maintain deposits at those depository banks authorized by the Board of Education.

Minnesota Statutes require that all District deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance.

As of June 30, 2018, the student activity funds' deposits were entirely covered by federal depository insurance.



PLLP

CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND
REGULATIONS APPLICABLE TO THE STUDENT ACTIVITY FUNDS

To the School Board, Advisers, and Students of
Independent School District No. 2890
Renville County West
Renville, Minnesota

We have audited Independent School District No. 2890, Renville County West, Renville, Minnesota's compliance with the types of compliance requirements described in the *Manual for Activity Fund Accounting* issued by the Minnesota Department of Education, pursuant to Minnesota Statute §123B.49 for the year ended June 30, 2018. The *Manual for Activity Fund Accounting* provides uniform financial accounting and reporting standards for student activities.

Management's Responsibility

Management is responsible for compliance with the requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, and the *Manual for Activity Fund Accounting*. Those standards and the *Manual for Activity Fund Accounting* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the District 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 with the *Manual for Activity Fund Accounting*. Our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion

In our opinion, the District did not comply, in all material respects, with the compliance requirements referred to above that are applicable to the student activity funds for the year ended June 30, 2018. Findings pertaining to compliance with the *Manual for Activity Fund Accounting* are noted on pages 69 through 70. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

Independent School District No. 2890, Renville County West, Renville, Minnesota's Response to Findings

Independent School District No. 2890, Renville County West, Renville, Minnesota's response to the findings identified in our audit of the student activity funds are described in the accompanying schedule of findings on student activity internal control structure and compliance and corrective action plan. Independent School District No. 2890, Renville County West, Renville, Minnesota's response was not subjected to the auditing procedures applied in the audit of the student activity funds and, accordingly, we express no opinion on it.

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2018

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS ON STUDENT ACTIVITY INTERNAL CONTROL STRUCTURE AND
COMPLIANCE AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

2018-006 Student Signatures not Obtained

Condition: During our audit, we noted 14 out of the 25 disbursements sampled did not have a student signature approving the disbursement. This is required under guidelines included in the Manual for Activity Fund Accounting (MAFA).

Effect: The District is not in compliance with the Manual for Activity Fund Accounting (MAFA). The signature from the fund's treasurer, the advisor, and the building principal is required for each disbursement.

Cause: The check was not reviewed and signed by the fund's treasurer before issuance.

Criteria: The District should ensure that checks have all required signatures before issuance of checks.

Recommendation: We recommend that the Finance Coordinator reviews and verifies that required signatures have been obtained before issuing the check.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendations will be adopted.

CORRECTIVE ACTION PLAN (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The Finance Coordinator will ensure all required signatures are obtained before a check is issued.
3. Official Responsible for Insuring CAP
The Superintendent is the official responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The District will strive to correct this deficiency in fiscal year 2019.
5. Plan to Monitor Completion of CAP
The Superintendent will be monitoring this plan.

2018-007 Disbursement Not in Compliance with Activity Purpose

Condition: During our audit, we noted one out of the 25 disbursements sampled was not a proper student activity expenditure.

Effect: The District is not in compliance with the Manual for Activity Fund Accounting (MAFA). All disbursements are required to be in accordance with the fund's activity purpose form.

Cause: The check was not reviewed by the advisor of the fund to determine that it was in accordance with the fund's activity purpose form.

Criteria: The advisor of each fund should ensure that all expenses are in accordance with the fund's activity purpose form.

Recommendation: We recommend that the advisor of each fund reviews and verifies that all checks issued are in accordance with the fund's activity purpose form.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendations will be adopted.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS ON STUDENT ACTIVITY INTERNAL CONTROL STRUCTURE AND
COMPLIANCE AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

2018-007 Disbursement Not in Compliance with Activity Purpose (Cont'd)

CORRECTIVE ACTION PLAN (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The advisor of the fund will review all check requests to ensure they follow the fund's activity purpose form.
3. Official Responsible for Insuring CAP
The Superintendent is the official responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The District will strive to correct these deficiencies in fiscal year 2019.
5. Plan to Monitor Completion of CAP
The Superintendent will be monitoring this plan.

2018-008 Activity Purpose Form

Condition: During our audit, we noted that one activity purpose form did not have the building principal's signature.

Effect: The District is not in compliance with the Manual for Activity Fund Accounting (MAFA). All activity purpose forms should have the signature of the advisor and building principal.

Cause: The District failed to verify that each activity purpose form had required signatures.

Criteria: The Finance Coordinator should ensure that all activity purpose forms have proper signatures.

Recommendation: We recommend that the Finance Coordinator reviews and verifies that all activity purpose forms have required signatures.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the auditor's recommendations will be adopted.

CORRECTIVE ACTION PLAN (CAP)

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Action Planned in Response to Finding
The Finance Coordinator will review all activity purpose forms for proper signatures.
3. Official Responsible for Insuring CAP
The Superintendent is the official responsible for insuring corrective action of the deficiency.
4. Planned Completion Date for CAP
The District will strive to correct these deficiencies in fiscal year 2019.
5. Plan to Monitor Completion of CAP
The Superintendent will be monitoring this plan.



PLLP

CERTIFIED PUBLIC ACCOUNTANTS

MANAGEMENT LETTER

Members of the School Board
Independent School District No. 2890
Renville County West
Renville, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2890, Renville County West, Renville, Minnesota, for the year ended June 30, 2018, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of the following opportunity for strengthening internal controls and operating efficiency. We previously reported on the District's internal control and any related significant deficiencies and material weaknesses in our report dated November 8, 2018. This letter does not affect our report dated November 8, 2018, on the financial statements of Independent School District No. 2890, Renville County West, Renville, Minnesota.

- Due to the limited number of office personnel within Independent School District No. 2890, Renville County West, Renville, Minnesota, segregation of the accounting functions necessary to ensure adequate internal accounting control is not always possible. The District has responded to this deficiency by implementing various oversight controls by the School Board and Management. These oversight controls help to mitigate the risk to the organization created by the lack of segregation of duties within the accounting function. However, the risks that are created by the lack of segregation of duties can never be completely eliminated. The School Board and Management should continue to be diligent in their review of financial transactions, and document these procedures by initialing invoices, and approving expenditure reports.
- The District should ensure that there are two gatekeepers at each athletic event, and that those gatekeepers sign off on the ticket/cash reconciliation worksheet.
- Official School Board minutes should include the check range and total of checks being approved by the School Board.

If you have any questions regarding this item, please contact us.

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 8, 2018



**DEPARTMENT
OF EDUCATION**

Fiscal Compliance

Fiscal Compliance Report - 6/30/2018

District: RENVILLE COUNTY WEST (2890-1)

Help Logoff

Back Print

	Audit	UFARS	Audit - UFARS
01 GENERAL FUND			
Total Revenue	\$7,534,303	<u>\$7,534,303</u>	\$0
Total Expenditures	\$7,306,970	<u>\$7,306,968</u>	\$2
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.03 Staff Development	\$45,355	<u>\$45,355</u>	\$0
4.06 Health and Safety	\$4,489	<u>\$4,489</u>	\$0
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0
4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0
4.14 Operating Debt	\$0	<u>\$0</u>	\$0
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0
4.24 Operating Capital	\$172,307	<u>\$172,307</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0
4.38 Gifted & Talented	\$13,133	<u>\$13,133</u>	\$0
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	\$0
4.41 Basic Skills Programs	\$0	<u>\$0</u>	\$0
4.45 Career Tech Programs	\$0	<u>\$0</u>	\$0
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0
4.49 Safe School Crime - Crime Levy	\$25,296	<u>\$25,296</u>	\$0
4.50 Pre-Kindergarten	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0
4.59 Basic Skills Extended Time	\$7,093	<u>\$7,093</u>	\$0
4.67 LTFM	(\$21,765)	<u>(\$21,765)</u>	\$0
4.72 Medical Assistance	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.75 Title VII Impact Aid	\$0	<u>\$0</u>	\$0
4.76 Payments in Lieu of Taxes	\$0	<u>\$0</u>	\$0
<i>Committed:</i>			
4.18 Committed for Separation	\$0	<u>\$0</u>	\$0
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0
<i>Assigned:</i>			
4.62 Assigned Fund Balance	\$610,259	<u>\$610,260</u>	(\$1)
<i>Unassigned:</i>			
4.22 Unassigned Fund Balance	\$2,692,376	<u>\$2,692,376</u>	\$0

02 FOOD SERVICES

06 BUILDING CONSTRUCTION

	Audit	UFARS	Audit - UFARS
Total Revenue	\$1,487	<u>\$1,487</u>	\$0
Total Expenditures	\$109,104	<u>\$109,104</u>	\$0
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0
4.67 LTFM	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0

07 DEBT SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	\$692,548	<u>\$692,548</u>	\$0
Total Expenditures	\$672,398	<u>\$672,398</u>	\$0
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.33 Maximum Effort Loan Aid	\$0	<u>\$0</u>	\$0
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.67 LTFM	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$432,694	<u>\$432,694</u>	\$0
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0

08 TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	\$379	<u>\$380</u>	(\$1)
Total Expenditures	\$500	<u>\$500</u>	\$0
4.22 Unassigned Fund Balance (Net Assets)	\$43,854	<u>\$43,854</u>	\$0

20 INTERNAL SERVICE

	Audit	UFARS	Audit - UFARS
Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$0	<u>\$0</u>	\$0
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0

25 OPEB REVOCABLE TRUST

	Audit	UFARS	Audit - UFARS
Total Revenue	\$0	<u>\$0</u>	\$0
Total Expenditures	\$0	<u>\$0</u>	\$0
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0

45 OPEB IRREVOCABLE TRUST

Total Revenue	\$323,654	<u>\$323,654</u>	<u>\$0</u>
Total Expenditures	\$345,816	<u>\$345,816</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$1,215	<u>\$1,215</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$24,644	<u>\$24,644</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

04 COMMUNITY SERVICE

Total Revenue	\$157,130	<u>\$157,131</u>	<u>(\$1)</u>
Total Expenditures	\$146,238	<u>\$146,238</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>			
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>
4.31 Community Education	\$9,175	<u>\$9,175</u>	<u>\$0</u>
4.32 E.C.F.E	\$33,239	<u>\$33,239</u>	<u>\$0</u>
4.40 Teacher Development and Evaluation	\$0	<u>\$0</u>	<u>\$0</u>
4.44 School Readiness	(\$9,668)	<u>(\$9,668)</u>	<u>\$0</u>
4.47 Adult Basic Education	\$0	<u>\$0</u>	<u>\$0</u>
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.64 Restricted Fund Balance	\$12,118	<u>\$12,118</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>

47 OPEB DEBT SERVICE

Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>			
4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>