

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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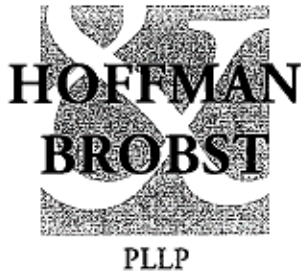
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## **INTRODUCTORY SECTION**

**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
SCHEDULE OF SCHOOL BOARD MEMBERS AND OFFICIALS  
JUNE 30, 2014**

<b><u>SCHOOL BOARD MEMBERS</u></b>		<b><u>TERM EXPIRES</u></b>
Eric Dahlager	Chairperson	2014
Darin Bratsch	Vice-Chairperson	2014
Mark Molenaar	Clerk	2016
Carnie Allex	Treasurer	2016
Ann Johnson	Director	2016
Wendie Discher	Director	2014
Heather McLagan	Director	2016
 <b><u>SCHOOL OFFICIAL</u></b>		
Michelle Mortensen	Superintendent of Schools	



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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, 2014, 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.

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## **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, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Implementation of GASB 65**

As discussed in Note 11 to the financial statements, the District has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 8 and pages 36 through 39 be presented to supplement the basic financial statements. Such information, although not 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

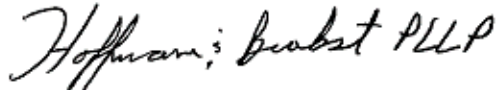
The introductory section and other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### *Report on Summarized Comparative Information*

We have previously audited the District's 2013 financial statements, and our report, dated November 5, 2013, 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, 2013, 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 3, 2014, 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 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 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 3, 2014



**REQUIRED SUPPLEMENTAL INFORMATION**

**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2013-2014 fiscal year include the following:

- Net position in the Statement of Net Position increased \$889,442 over the prior year to \$6,070,734. The increase was due to a variety of factors, primarily the favorable operating results of the General Fund, and the decrease in District liabilities due to the scheduled principal payments on long-term debt.
- The General Fund fund balance increased \$401,372 to \$3,223,169. The unassigned fund balance increased \$569,236 to \$2,968,199. This amounts to 44.7% of annual budgeted expenditures which meets the District's fund balance goal of a minimum of 10% of operating budget.
- During the prior fiscal year, the District substantially completed the construction project relating to the ventilation, air handling and indoor air quality improvements. This project was finalized in the current fiscal year, and the Building Construction fund was closed with a transfer of \$237,666 to the Debt Service Fund.
- The District's financial statements were restated for June 30, 2013. This restatement was due to the implementation of GASB Statement No. 65 as discussed in Note 11.

**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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd)**

**GOVERNMENT-WIDE STATEMENTS (Cont'd)**

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 (if any), 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.

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 (if any), 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 focus 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.
- **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.

**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

The District's combined net position was \$6,070,734 on June 30, 2014. This was an increase of 17.2% from the previous year total of \$5,181,292. A summary of the District's net position is as follows:

<b>Net Position – Governmental Activities</b>			
	<u>6/30/2014</u>	<u>Restated 6/30/2013</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 5,479,573	\$ 4,721,836	
Capital Assets	<u>9,120,143</u>	<u>9,113,823</u>	
<b>Total Assets</b>	<b><u>14,599,716</u></b>	<b><u>13,835,659</u></b>	5.5%
Current Liabilities	718,524	811,465	
Noncurrent Liabilities	<u>6,261,652</u>	<u>6,631,319</u>	
<b>Total Liabilities</b>	<b><u>6,980,176</u></b>	<b><u>7,442,784</u></b>	(6.2%)
Property Taxes Levied for Subsequent Year's Expenditures	<u>1,548,806</u>	<u>1,211,583</u>	
<b>Total Deferred Inflows of Resources</b>	<b><u>1,548,806</u></b>	<b><u>1,211,583</u></b>	27.8%
<b>Net Position</b>			
Invested in Capital Assets	2,415,605	2,173,640	
Restricted	426,293	147,482	
Unrestricted	<u>3,228,836</u>	<u>2,860,170</u>	
<b>Total Net Position</b>	<b><u>\$ 6,070,734</u></b>	<b><u>\$ 5,181,292</u></b>	17.2%

**CHANGE IN NET POSITION**

The change in net position occurs as a result of the District's revenues being greater than its expenses for the year and debt repayments during the year ended June 30, 2014. A summary of the District's revenues and expenses is as follows:

<b>Change in Net Position – Governmental Activities</b>			
	<u>6/30/2014</u>	<u>Restated 6/30/2013</u>	<u>Percentage Change</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 359,157	\$ 398,301	
Operating Grants and Contributions	1,793,643	1,442,296	
General Revenues			
Property Taxes	2,548,457	2,021,820	
Unallocated Federal and State Aid	3,190,516	3,543,124	
Other	<u>4,047</u>	<u>42,120</u>	
<b>Total Revenues</b>	<b><u>7,895,820</u></b>	<b><u>7,447,661</u></b>	6.0%
<b>Expenses</b>			
District and School Administration	478,224	466,733	
District Support Services	408,098	406,045	
Regular Instruction	2,905,229	2,940,390	
Vocational Instruction	75,506	72,230	
Exceptional Instruction	1,038,045	903,123	
Community Education and Services	148,512	142,002	
Instructional Support Services	102,999	77,156	
Pupil Support Services	943,750	961,374	
Site, Buildings and Equipment	687,937	625,955	
Fiscal and Other Fixed Cost Programs	39,460	19,380	
Interest on Long-Term Debt	<u>178,618</u>	<u>169,957</u>	
<b>Total Expenses</b>	<b><u>7,006,378</u></b>	<b><u>6,784,345</u></b>	3.3%
<b>Increase (Decrease) in Net Position</b>	<b><u>889,442</u></b>	<b><u>663,316</u></b>	
<b>Beginning of Year Net Position</b>	<b><u>5,181,292</u></b>	<b><u>4,517,976</u></b>	
<b>End of Year Net Position</b>	<b><u>\$ 6,070,734</u></b>	<b><u>\$ 5,181,292</u></b>	17.2%

**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

**CHANGE IN NET POSITION (Cont'd)**

The District's total revenues consisted of program revenues of \$2,152,800, property taxes of \$2,548,457, unallocated federal and state aids of \$3,190,516 and a small amount from miscellaneous other sources. Expenses totaling \$7,006,378 consisted primarily of student instructional costs of \$4,018,780, student support services of \$1,046,749, administration costs of \$886,322, site, buildings and equipment costs of \$687,937, community education services of \$148,512 and minor other amounts.

The cost of all governmental activities this year was \$7,006,378

- The users of the District's programs paid for 5.1%, or \$359,157, of the costs.
- The federal and state governments subsidized certain programs with grants and contributions. This totaled \$1,793,643 or 25.6% of the total costs.
- Most of the District's net cost of services (\$4,853,578), however, were paid for by state taxpayers based on the statewide education aid formula and by District taxpayers.

**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 \$3,623,076. This was up from \$3,157,738 at the end of the prior year, an increase of \$465,338. The General Fund increase is due to an increase in property tax levy revenue and decrease in capital outlay. The Food Service Fund increase is due to an increase in federal revenue and decrease in capital outlay. The increase in the Community Service Fund is due to an operating transfer of \$20,000 from the General Fund. The decrease in the Building Construction Fund was due to a residual equity transfer to the Debt Service Fund, which effectively closed the Building Construction Fund. The Debt Service Fund had a fund balance increase due to the residual equity transfer from the Building Construction Fund.

**REVENUES AND EXPENDITURES**

Revenues and other financing sources of the District's governmental funds totaled \$7,883,217. This was a decrease of 4.5% from the previous year total of \$8,260,335. Total expenditures were \$7,443,451. This was a decrease of 28.4% from the previous year total of \$10,397,811. A summary of the revenues and expenditures reported on the governmental financial statements is as follows:

**Revenues and Expenditures – Governmental Funds**

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Residual Equity Transfer In (Out)</u>	<u>Fund Balance Increase (Decrease)</u>
General Fund	\$ 6,939,487	\$ 6,543,687	\$ (20,000)	\$ -	\$ 375,800
Food Service Fund	365,754	337,372	-	-	28,382
Community Service Fund	182,848	186,032	20,000	-	16,816
Building Construction Fund	55	-	-	(237,666)	(237,611)
Debt Service Fund	<u>395,073</u>	<u>376,360</u>	<u>-</u>	<u>237,666</u>	<u>256,379</u>
<b>Totals</b>	<b><u>\$ 7,883,217</u></b>	<b><u>\$ 7,443,451</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 439,766</u></b>

**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

<b>Revenues – General Fund</b>				
	<b>Year Ended</b>	<b>Year Ended</b>	<b>Amount of</b>	<b>Percent</b>
	<b><u>6/30/2014</u></b>	<b><u>6/30/2013</u></b>	<b><u>Increase</u></b>	<b><u>Increase</u></b>
			<b><u>(Decrease)</u></b>	<b><u>(Decrease)</u></b>
Local Sources				
Property Taxes	\$ 2,064,014	\$ 1,457,082	\$ 606,932	41.6%
Tuition Contracts	54,172	91,293	(37,121)	(40.7%)
Other Local Sources	184,659	260,992	(76,333)	(29.2%)
State Sources	4,410,370	4,490,874	(80,504)	(1.8%)
Federal Sources	<u>251,844</u>	<u>231,443</u>	<u>20,401</u>	8.8%
<b>Total Revenues</b>	<b><u>\$ 6,965,059</u></b>	<b><u>\$ 6,531,684</u></b>	<b><u>\$ 433,375</u></b>	<b>6.6%</b>

The following schedule presents a summary of General Fund expenditures and other financing uses:

<b>Expenditures – General Fund</b>				
	<b>Year Ended</b>	<b>Year Ended</b>	<b>Amount of</b>	<b>Percent</b>
	<b><u>6/30/2014</u></b>	<b><u>6/30/2013</u></b>	<b><u>Increase</u></b>	<b><u>Increase</u></b>
			<b><u>(Decrease)</u></b>	<b><u>(Decrease)</u></b>
Salaries and Wages	\$ 3,753,100	\$ 3,612,849	\$ 140,251	3.9%
Employee Benefits	1,022,107	1,046,165	(24,058)	(2.3%)
Purchased Services	868,930	767,300	101,630	13.2%
Supplies and Materials	291,514	254,390	37,124	14.6%
Other Expenditures	22,872	22,687	185	0.8%
Capital Expenditures	379,183	594,780	(215,597)	(36.2%)
Debt Service Expenditures	<u>205,981</u>	<u>173,903</u>	<u>32,078</u>	18.4%
<b>Total Expenditures</b>	<b>6,543,687</b>	<b>6,472,074</b>	<b>71,613</b>	<b>1.1%</b>
Other Financing Uses				
Operating Transfer Out	<u>20,000</u>	<u>10,000</u>	<u>10,000</u>	100.0%
<b>Total Expenditures and Other Financing Uses</b>	<b><u>\$ 6,563,687</u></b>	<b><u>\$ 6,482,074</u></b>	<b><u>\$ 81,613</u></b>	<b>1.3%</b>

In summary, the 2013-2014 General Fund revenues exceeded expenditures and other financing uses by \$401,372 resulting in the total fund balance increasing to \$3,223,169 at June 30, 2014. After deducting statutory and accounting standards restrictions and fund balance policy commitments and assignments, the unassigned fund balance increased \$569,236 to \$2,968,199 at June 30, 2014. 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, 2014 the District revised its operating budget one time. The 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. The revision showed budgeted expenditures and other financing uses in excess of budgeted revenues in the amount of \$49,735.

**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

While the District's final budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues by \$49,735, the actual results for the year showed a surplus of \$375,800.

- Actual revenues were \$379,657, or 5.8 percent, more than budget. This was due to the District receiving more revenue for general education aid, special education aid, and the local levy than anticipated.
- Actual expenditures and other financing uses were \$71,450, or 1.2 percent, less than budget. This was due to the District paying less than expected for transportation costs, contracted services for special education, and site, buildings and equipment, and paying more than expected for capital outlay.

**FOOD SERVICE FUND**

The Food Service Fund revenue for 2013-2014 totaled \$365,754 and expenditures were \$337,372, resulting in a fund balance increase of \$28,382. The June 30, 2014 Food Service Fund fund balance is \$98,021.

**COMMUNITY SERVICE FUND**

In 2013-2014, the total revenues for the Community Service Fund were \$182,848 and total expenditures were \$186,032. In 2013-2014, there was an operating transfer of \$20,000 from the General Fund, resulting in a fund balance increase of \$16,816 in the June 30, 2014 fund balance. The Community Service Fund fund balance as of June 30, 2014 is \$20,084.

**BUILDING CONSTRUCTION FUND**

In 2013-2014, total revenues were \$55 and there were no expenditures. The fund was closed with a \$237,666 residual equity transfer to the Debt Service Fund.

**DEBT SERVICE**

In 2013-2014, the total revenues were \$395,073 and total expenditures were \$376,360. In 2013-2014 there was a residual equity transfer of \$237,666 from the Building Construction Fund, resulting in a fund balance increase of \$256,379. The fund balance at June 30, 2014 is \$281,802.

**TRUST FUND**

The Trust Fund deductions exceeded additions by \$755 in 2013-2014. The net position balance of \$45,252 at June 30, 2014 is available for scholarships.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

As of June 30, 2014, the District had net capital assets of \$9,120,143 representing a broad range of capital assets, including 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 \$342,449. Detailed information about capital assets is as follows:

<b>Capital Assets – Governmental Activities</b>			
	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>Percentage Change</u>
Land	\$ 10,350	\$ 10,350	0.0%
Construction in Progress	-	33,156	(100.0%)
Buildings and Improvements	11,684,592	11,407,903	2.4%
Equipment and Vehicles	1,564,241	1,680,077	(6.9%)
Less Accumulated Depreciation	<u>(4,139,040)</u>	<u>(4,017,663)</u>	3.0%
<b>Total Net Capital Assets</b>	<b><u>\$ 9,120,143</u></b>	<b><u>\$ 9,113,823</u></b>	<b>0.1%</b>

**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FUND FINANCIAL STATEMENTS) (Cont'd)  
LONG-TERM LIABILITIES**

At year-end, the District had \$5,410,000 in general obligation bonds outstanding. The District had various long-term liabilities as detailed below. More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

- The District continues to pay down its debt, retiring \$395,131 of bonds and capital leases in the year ending June 30, 2014.

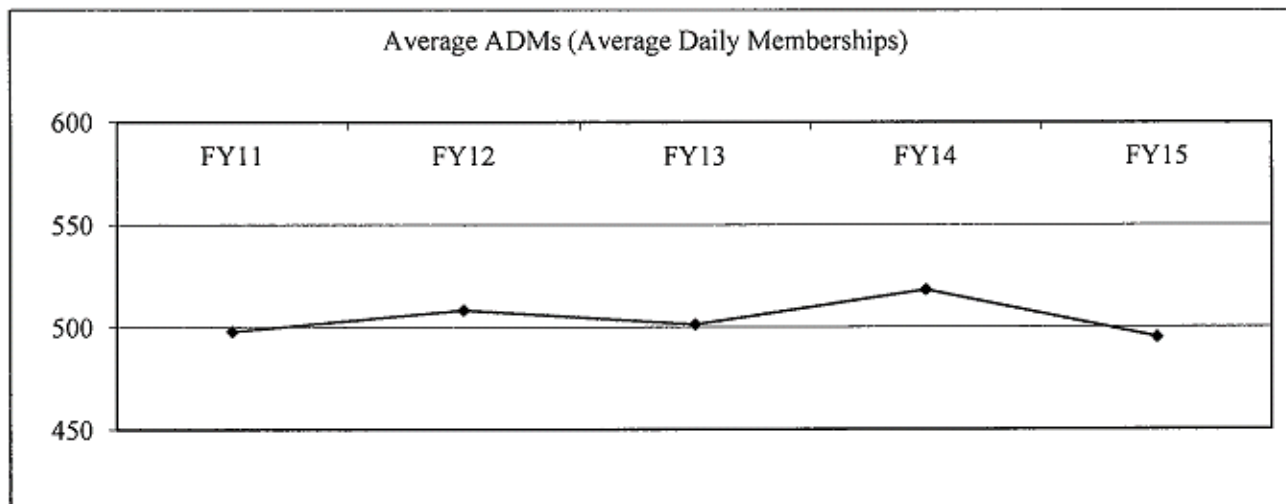
**Outstanding Long-Term Liabilities**

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 5,410,000	\$ 5,650,000	(4.2%)
Issuance Premiums	39,165	42,495	(7.8%)
Capital Lease Obligations	1,270,196	1,425,327	(10.9%)
Severance Pay Payable	137,621	145,005	(5.1%)
OPEB Payable (Advance Payments)	<u>(221,589)</u>	<u>(209,248)</u>	5.9%
<b>Total Long-Term Liabilities</b>	<b><u>\$ 6,635,393</u></b>	<b><u>\$ 7,053,579</u></b>	<b>(5.9%)</b>

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The Legislature approved foundation formula increases for both the 2013-2014 and 2014-2015 fiscal years. Along with this, funding for all-day, every-day kindergarten was approved beginning in 2014-2015. This has a significant, positive effect for the District as the District has had all-day, every-day kindergarten for a number of years and will now be able to shift the funding that supported that program to other areas. The tax payment shift and delayed school payments are paid off as the economic conditions in the State have improved. The metered payment schedule is currently at 90%, where it should be, and we are now in a very good cash flow position and that appears that it will continue to be the case into the foreseeable future. Economic conditions in Minnesota continue to get better and the Legislature in 2015 will continue to have more options available to them in providing programs and support for E-12 education.

The District's future projections reflect a decline 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 is the District's goal during these difficult economic times.





**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

**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 3<sup>rd</sup> St, Renville, MN 56284, visit the District website at [rcw.k12.mn.us](http://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, 2014  
 (with Partial Comparative Information as of June 30, 2013)

	Governmental Activities	
	2014	Restated 2013
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Investments	\$ 3,836,788	\$ 2,775,782
Property Taxes Receivable-Net	881,479	1,016,057
Accounts and Interest Receivable	11,048	27,969
Due From State of Minnesota	469,279	653,853
Due From Federal Government	107,020	68,231
Due From Other Minnesota Districts	171,563	177,656
Inventory	2,396	2,288
Total Current Assets	5,479,573	4,721,836
<b>Noncurrent Assets:</b>		
<b>Capital Assets:</b>		
Land	10,350	10,350
Construction in Progress	-	33,156
Other Capital Assets, Net of Depreciation	9,109,793	9,070,317
Total Noncurrent Assets	9,120,143	9,113,823
<b>TOTAL ASSETS</b>	<b>\$ 14,599,716</b>	<b>\$ 13,835,659</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Salaries Payable	22,820	13,530
Accounts and Interest Payable	209,376	206,685
Due to Other Governmental Units	4	70
Payroll Liabilities	84,494	92,798
Unearned Revenue	28,089	76,122
Current Portion of Long-Term Liabilities	373,741	422,260
Total Current Liabilities	718,524	811,465
<b>Noncurrent Liabilities:</b>		
Noncurrent Portion of Long-Term Liabilities	6,261,652	6,631,319
Total Noncurrent Liabilities	6,261,652	6,631,319
<b>TOTAL LIABILITIES</b>	<b>6,980,176</b>	<b>7,442,784</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes Levied for Subsequent Year's Expenditures	1,548,806	1,211,583
<b>NET POSITION</b>		
Net Investment in Capital Assets	2,415,605	2,173,640
Restricted For:		
Capital Asset Acquisition	21,508	-
Debt Service	200,123	-
Food Service	98,021	69,639
Community Service	76,593	48,356
Other Activities	30,048	29,487
Unrestricted	3,228,836	2,860,170
<b>TOTAL NET POSITION</b>	<b>6,070,734</b>	<b>5,181,292</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 14,599,716</b>	<b>\$ 13,835,659</b>

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, 2014  
 (with Partial Comparative Information for the Year Ended June 30, 2013)

	2014				2013	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
<b>Governmental Activities:</b>						
District and School Administration	\$ 478,224			\$	(478,224)	\$ (445,875)
District Support Services	408,098				(408,098)	(406,045)
Regular Instruction	2,905,229	\$ 139,554	\$ 785,978		(1,979,697)	(2,152,116)
Vocational Instruction	75,506				(75,506)	(72,230)
Exceptional Instruction	1,038,045	7,273	669,696		(361,076)	(347,894)
Community Education and Services	148,512	31,924	86,770		(29,818)	(68,995)
Instructional Support Services	102,999				(102,999)	(77,156)
Pupil Support Services	943,750	180,206	251,199		(512,345)	(558,395)
Site, Buildings and Equipment	687,937	200			(687,737)	(625,705)
Fiscal and Other Fixed Cost Programs	39,460				(39,460)	(19,380)
Interest on Long-Term Debt	178,618				(178,618)	(169,957)
<b>Total Governmental Activities</b>	<b>7,006,378</b>	<b>359,157</b>	<b>1,793,643</b>	<b>\$ -</b>	<b>(4,853,578)</b>	<b>(4,943,748)</b>
<b>General Revenues:</b>						
Property Taxes Levied for:						
General Purposes					2,078,004	1,488,304
Community Education and Service					91,545	61,625
Debt Service					378,908	471,891
Federal and State Aid Not Restricted to Specific Purposes					3,190,516	3,543,124
Earnings on Investments					3,501	1,937
Gain (Loss) on the Disposal of Equipment					(7,305)	14,971
Miscellaneous Revenues					7,851	25,212
<b>Total General Revenues</b>					<b>5,743,020</b>	<b>5,607,064</b>
<b>Change in Net Position</b>					<b>889,442</b>	<b>663,316</b>
<b>Net Position - Beginning</b>					<b>5,181,292</b>	<b>4,517,976</b>
<b>Net Position - Ending</b>					<b>\$ 6,070,734</b>	<b>\$ 5,181,292</b>

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, 2014

(with Partial Comparative Information as of June 30, 2013)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Debt Service		2014	2013
<b>ASSETS</b>							
Cash and Investments	\$ 3,139,346	\$ 86,708	\$ 126,005	\$ 484,729	\$ 3,836,788	\$ 2,775,782	
Current Property Taxes Receivable	625,749	-	32,587	190,810	849,146	978,060	
Delinquent Property Taxes Receivable	28,417	-	1,347	2,569	32,333	37,997	
Accounts and Interest Receivable	10,920	8	120	-	11,048	27,969	
Due From State of Minnesota	465,951	265	1,412	1,651	469,279	653,853	
Due From Federal Government	90,614	16,406	-	-	107,020	68,231	
Due From Other Minnesota Districts	171,563	-	-	-	171,563	177,656	
Inventory	-	2,396	-	-	2,396	2,288	
<b>TOTAL ASSETS</b>	<b>\$ 4,532,560</b>	<b>\$ 105,783</b>	<b>\$ 161,471</b>	<b>\$ 679,759</b>	<b>\$ 5,479,573</b>	<b>\$ 4,721,836</b>	
<b>LIABILITIES</b>							
Salaries Payable	\$ 16,166	\$ 1,015	\$ 5,639	\$ -	\$ 22,820	\$ 13,530	
Accounts and Interest Payable	94,529	6,747	38,675	-	139,951	131,998	
Due to Other Governmental Units	4	-	-	-	4	70	
Payroll Liabilities	84,494	-	-	-	84,494	92,798	
Unearned Revenue	-	-	28,089	-	28,089	76,122	
<b>TOTAL LIABILITIES</b>	<b>195,193</b>	<b>7,762</b>	<b>72,403</b>	<b>-</b>	<b>275,358</b>	<b>314,518</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue - Delinquent Property Taxes	28,417	-	1,347	2,569	32,333	37,997	
Property Tax Levied for Subsequent Year's Expenditures	1,085,781	-	67,637	395,388	1,548,806	1,211,583	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,114,198</b>	<b>-</b>	<b>68,984</b>	<b>397,957</b>	<b>1,581,139</b>	<b>1,249,580</b>	
<b>FUND BALANCES</b>							
Nonspendable Fund Balance	-	2,396	-	-	2,396	2,288	
Restricted Fund Balances	42,966	95,625	20,084	281,802	440,477	324,626	
Committed Fund Balances	137,621	-	-	-	137,621	145,005	
Assigned Fund Balances	74,383	-	-	-	74,383	286,856	
Unassigned Fund Balances	2,968,199	-	-	-	2,968,199	2,398,963	
<b>TOTAL FUND BALANCES</b>	<b>3,223,169</b>	<b>98,021</b>	<b>20,084</b>	<b>281,802</b>	<b>3,623,076</b>	<b>3,157,738</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 4,532,560</b>	<b>\$ 105,783</b>	<b>\$ 161,471</b>	<b>\$ 679,759</b>	<b>\$ 5,479,573</b>	<b>\$ 4,721,836</b>	

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, 2014**  
**(with Partial Comparative Information as of June 30, 2013)**

	2014	2013
<b>Total Fund Balances for Governmental Funds</b>	<b>\$ 3,623,076</b>	<b>\$ 3,157,738</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Those assets consist of:</p>		
Land	10,350	10,350
Construction in Progress	-	33,156
Other Capital Assets, Net of \$4,139,040 of Accumulated Depreciation	9,109,793	9,070,317
<p>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.</p>		
	32,333	37,997
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
	(69,425)	(74,687)
<p>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:</p>		
Bonds Payable	(5,410,000)	(5,650,000)
Lease Purchase Agreements	(1,270,196)	(1,425,327)
Other Post Employment Benefits Payable	221,589	209,248
Severance Benefits Payable	(137,621)	(145,005)
Unamortized Bond Premiums	(39,165)	(42,495)
<b>Total Net Position of Governmental Activities</b>	<b>\$ <u>6,070,734</u></b>	<b>\$ <u>5,181,292</u></b>

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, 2014  
 (with Partial Comparative Information for the Year Ended June 30, 2013)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Building Construction	Debt Service	2014	2013
<b>REVENUES</b>							
Local Property Tax Levies	\$ 2,064,014	\$ -	\$ 92,520	\$ -	\$ 378,433	\$ 2,534,967	\$ 1,983,760
Other Local and County Revenues	236,697	82	105,045	55	132	342,011	330,106
Revenue From State Sources	4,410,370	14,107	(15,326)	-	16,508	4,425,659	4,536,230
Revenue From Federal Sources	251,844	239,075	-	-	-	490,919	430,705
Sales and Other Conversion of Assets	2,134	112,490	609	-	-	115,233	205,534
<b>TOTAL REVENUES</b>	<b>6,965,059</b>	<b>365,754</b>	<b>182,848</b>	<b>55</b>	<b>395,073</b>	<b>7,908,789</b>	<b>7,486,335</b>
<b>EXPENDITURES</b>							
Current:							
District and School Administration	477,170	-	-	-	-	477,170	466,184
District Support Services	382,781	-	-	-	-	382,781	369,122
Regular Instruction	2,859,771	-	-	-	-	2,859,771	2,837,626
Vocational Instruction	75,216	-	-	-	-	75,216	70,356
Exceptional Instruction	1,037,695	-	-	-	-	1,037,695	901,082
Community Education and Services	-	-	148,032	-	-	148,032	138,187
Instructional Support Services	102,999	-	-	-	-	102,999	77,156
Pupil Support Services	516,655	337,372	-	-	-	854,027	870,309
Site, Buildings and Equipment	466,776	-	-	-	-	466,776	436,745
Fiscal and Other Fixed Cost Programs	39,460	-	-	-	-	39,460	19,380
Capital Outlay	379,183	-	38,000	-	-	417,183	3,467,753
Debt Service:							
Principal	155,131	-	-	-	240,000	395,131	599,408
Interest	50,850	-	-	-	136,360	187,210	144,503
<b>TOTAL EXPENDITURES</b>	<b>6,543,687</b>	<b>337,372</b>	<b>186,032</b>	<b>-</b>	<b>376,360</b>	<b>7,443,451</b>	<b>10,397,811</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>421,372</b>	<b>28,382</b>	<b>(3,184)</b>	<b>55</b>	<b>18,713</b>	<b>465,338</b>	<b>(2,911,476)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from Capital Lease	-	-	-	-	-	-	774,000
Operating Transfers In (Out)	(20,000)	-	20,000	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>(20,000)</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>774,000</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND USES</b>	<b>401,372</b>	<b>28,382</b>	<b>16,816</b>	<b>55</b>	<b>18,713</b>	<b>465,338</b>	<b>(2,137,476)</b>
<b>FUND BALANCE BEGINNING OF YEAR</b>	<b>2,821,797</b>	<b>69,639</b>	<b>3,268</b>	<b>237,611</b>	<b>25,423</b>	<b>3,157,738</b>	<b>5,295,214</b>
<b>RESIDUAL EQUITY TRANSFER</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(237,666)</b>	<b>237,666</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE END OF YEAR</b>	<b>\$ 3,223,169</b>	<b>\$ 98,021</b>	<b>\$ 20,084</b>	<b>\$ -</b>	<b>\$ 281,802</b>	<b>\$ 3,623,076</b>	<b>\$ 3,157,738</b>

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, 2014**  
 (with Partial Comparative Information for the Year Ended June 30, 2013)

	2014	2013
<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 465,338</b>	<b>\$ (2,137,476)</b>
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 capital outlays exceeds depreciation expense in the period.		
Capital Outlays	356,074	3,290,720
Depreciation Expense	(342,449)	(262,541)
Proceeds from the sale of assets are reported as other financing sources and insurance recoveries are reported as revenue, in the governmental funds, but the cost and accumulated depreciation of the disposed assets must be moved from the statement of net position, and only the gain (loss) on the disposal is shown on the statement of activities.	(7,305)	(47,097)
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	240,000	470,000
Repayment of Capital Lease Principal	155,131	129,408
Long-term borrowing is reported as revenue (other financing sources) in governmental funds, but these proceeds increase long-term liabilities on the statement of net position. In the current period these amounts consisted of:		
Issuance of Capital Lease	-	(774,000)
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.	8,592	(27,299)
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.	(5,664)	8,423
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.	12,341	45,644
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).	7,384	(32,466)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 889,442</b>	<b>\$ 663,316</b>

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, 2014**  
 (with Comparative Actual Amounts for the Year Ended June 30, 2013)

	<u>Private-Purpose Trust Fund</u>		<u>Agency Fund</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>				
Cash and Investments	\$ 45,217	\$ 45,972	\$ 28,423	\$ 28,408
Accounts and Interest Receivable	<u>35</u>	<u>35</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 45,252</u></b>	<b><u>\$ 46,007</u></b>	<b><u>\$ 28,423</u></b>	<b><u>\$ 28,408</u></b>
<b>LIABILITIES</b>				
Amounts Held in Trust for Others	<u>-</u>	<u>-</u>	<u>\$ 28,423</u>	<u>\$ 28,408</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<b><u>\$ 28,423</u></b>	<b><u>\$ 28,408</u></b>
<b>NET POSITION HELD IN TRUST FOR SCHOLARSHIPS</b>	<b><u>\$ 45,252</u></b>	<b><u>\$ 46,007</u></b>		

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, 2014**  
 (with Comparative Actual Amounts for the Year Ended June 30, 2013)

	Private-Purpose Trust Fund	
	2014	2013
<b>ADDITIONS:</b>		
Investment Income:		
Interest	\$ 245	\$ 311
<b>TOTAL ADDITIONS</b>	<b>245</b>	<b>311</b>
<b>DEDUCTIONS:</b>		
Scholarship Awarded	1,000	-
<b>TOTAL DEDUCTIONS</b>	<b>1,000</b>	<b>-</b>
<b>NET INCREASE (DECREASE)</b>	<b>(755)</b>	<b>311</b>
<b>NET POSITION BEGINNING OF YEAR</b>	<b>46,007</b>	<b>45,696</b>
<b>NET POSITION END OF YEAR</b>	<b>\$ 45,252</b>	<b>\$ 46,007</b>

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, 2014**

**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.

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, issued in June 1999.

**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 accounts 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 items 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.

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

**C. BASIC FINANCIAL STATEMENT PRESENTATION (Cont'd)**

Separate fund financial statements are provided for governmental funds, proprietary 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.

The District reports unavailable revenue on its combined balance sheet. Unavailable revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unavailable revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for unavailable revenue is removed from the combined balance sheet and revenue is recognized.

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

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

**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.

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.

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

**E. BUDGETING (Cont'd)**

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.

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

**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, 2014 are comprised of deposits 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, 2014 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. RECEIVABLES**

Accounts receivable represent amounts receivable from individuals and others 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 Treasurer and tax settlements are made to the District periodically throughout the year.

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

**J. PROPERTY TAXES (Cont'd)**

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 2014 is recorded as a deferred inflow of resources (property tax levied for subsequent year's expenditures).

Taxes that remain unpaid are classified as delinquent taxes receivable. In the fund financial statements, 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) because it is not available to finance the operations of the District in the current year. In the government-wide financial statements no allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

**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 fair market value at the date of donation. The District maintains a threshold level of \$1,000 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. The District has no items that qualify for reporting in this category in the current fiscal year.

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

**N. DEFERRED INFLOWS OF RESOURCES**

In addition to liabilities, the Statement of Net Position 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 that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category.

The first item is property taxes levied for subsequent years, which represent property taxes received or reported as a receivable before the period for which the taxes are levied, and is reported as a deferred inflow of resources in both the government-wide Statement of Net Position and the governmental funds Balance Sheet. Property taxes levied for subsequent years are deferred and recognized as an inflow of resources in the government-wide financial statements in the year for which they are levied, and in the governmental fund financial statements during the year for which they are levied, if available.

The second item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available.

**O. 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 eight years of service, three weeks between eight and sixteen years of service, and four weeks after sixteen 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 who have completed at least fifteen years of continuous full time service and are at least fifty-five years of age.

Early retirement pay consists of the amount of unused sick leave days times their daily rate of pay, up to a maximum limit of seventy-five days. The teacher's daily rate of pay is the basic daily rate at retirement, as provided in the basic salary schedule, for the basic school year, not including any additional compensation for extracurricular activities. Severance pay will be paid by the School Board in four equal monthly installments commencing on November 1 of the year of retirement.

At June 30, 2014, a liability for severance pay totaling \$137,621 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 who are at least fifty-five years old and have served the District for at least ten years at retirement. The health insurance for qualified teachers will continue until they reach the age of sixty-five.



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

**P. 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.

**Q. 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 prepaid and 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.

**R. NET POSITION**

Net position represents the difference between assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources in the government-wide 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.

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

**S. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**T. 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, 2014, 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, 2014, 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, 2014.

**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, 2014.

**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 and Minnesota Trust Investment Shares.

**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, 2014.

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3. DEPOSITS AND INVESTMENTS (Cont'd)  
 B. INVESTMENTS (Cont'd)

The following table presents the District's cash and investment balances at June 30, 2014:

<u>Cash/Investment Type</u>	<u>Credit Rating</u>	<u>Average Maturities</u>	<u>Percentage of Total</u>	<u>Fair Value</u>
<b>Pooled Cash and Investments:</b>				
MSDLAF	N/A	N/A	26.5%	\$ 1,018,355
Minnesota Trust Investment Shares	N/A	N/A	70.0	2,685,994
Checking Account	N/A	N/A	3.4	130,439
Petty Cash	N/A	N/A	0.1	<u>2,000</u>
<b>Total Cash and Investments</b>			<b>100.0%</b>	<b><u>\$ 3,836,788</u></b>

Cash and Investments are presented in the June 30, 2014 basic financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Investments \$ 3,836,788

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 10,350	\$ -	\$ -	\$ 10,350
Construction in Progress	<u>33,156</u>	<u>-</u>	<u>33,156</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>43,506</u>	<u>-</u>	<u>33,156</u>	<u>10,350</u>
<b>Capital Assets, Being Depreciated</b>				
Land Improvements	491,003	15,908	2,579	504,332
Buildings and Improvements	10,916,900	263,360	-	11,180,260
Equipment and Transportation Vehicles	<u>1,680,077</u>	<u>109,962</u>	<u>225,798</u>	<u>1,564,241</u>
Total Capital Assets, Being Depreciated	<u>13,087,980</u>	<u>389,230</u>	<u>228,377</u>	<u>13,248,833</u>
<b>Accumulated Depreciation for:</b>				
Land Improvements	354,445	8,095	2,579	359,961
Buildings and Improvements	2,755,687	205,199	-	2,960,886
Equipment and Transportation Vehicles	<u>907,531</u>	<u>129,155</u>	<u>218,493</u>	<u>818,193</u>
Total Accumulated Depreciation	<u>4,017,663</u>	<u>342,449</u>	<u>221,072</u>	<u>4,139,040</u>
Total Capital Assets, Being Depreciated, Net	<u>9,070,317</u>	<u>46,781</u>	<u>7,305</u>	<u>9,109,793</u>
<b>Governmental Activities Capital Assets, Net</b>	<b><u>\$ 9,113,823</u></b>	<b><u>\$ 46,781</u></b>	<b><u>\$ 40,461</u></b>	<b><u>\$ 9,120,143</u></b>

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

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

Governmental Activities	
District and School Administration	\$ 432
District Support Services	6,247
Regular Instruction	7,707
Vocational Instruction	87
Exceptional Instruction	350
Community Education and Services	480
Pupil Support Services	91,472
Site, Buildings and Equipment	<u>235,674</u>
<b>Total Depreciation Expense, Governmental Activities</b>	<b><u>\$ 342,449</u></b>

5. **LONG-TERM LIABILITIES**

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

Long-term liabilities are comprised of the following as of June 30, 2014:

Issue	Interest Rate	Original Amount	Maturity Date	Debt Outstanding
Alternative Facilities Bonds, Series 2012A	2.00 – 3.00%	\$6,120,000	2032	\$ 5,410,000
Capital Lease Payable	4.47%	620,202	2026	559,598
Capital Lease Payable	2.94%	774,000	2027	710,598
Other Post Employment Benefits Payable				(221,589)
Severance Pay Payable				137,621
Issuance Premiums				<u>39,165</u>
				<b><u>\$ 6,635,393</u></b>

**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 levied property taxes for the retirement of these bonds. Interest paid in 2013-2014 was \$136,360.

**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. Interest paid in 2013-2014 was \$26,412.

On May 26, 2011, the District entered into a three year lease agreement for \$244,022 with Apple Inc. The lease calls for three annual payments of \$84,140 including principal and interest at a rate of 3.20%. The lease proceeds were used to purchase Apple computer hardware and will be paid for from regular General Fund revenues. The total cost of the computer hardware was \$244,022. Interest paid in 2013-2014 was \$2,609. This lease was paid in full during the 2013-2014 fiscal year.

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. Interest paid in 2013-2014 was \$21,829.

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

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5. LONG-TERM LIABILITIES (Cont'd)

A. DESCRIPTION OF LONG-TERM DEBT (Cont'd)

**Severance Pay Payable**

Severance pay payable consists of unused sick leave as described in Note 1.

**Other Post Employment Benefits (OPEB) Payable**

Other Post Employment Benefits are described in Note 6 of these financial statements. These obligations are paid from the ongoing operating revenues of the District.

B. CHANGES IN LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended June 30, 2014 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	\$ 5,650,000	\$ -	\$ 240,000	\$ 5,410,000	\$ 245,000
Capital Lease Payable	590,873	-	31,275	559,598	32,673
Capital Lease Payable	81,531	-	81,531	-	-
Capital Lease Payable	752,923	-	42,325	710,598	43,578
OPEB Payable (Advance Payments)	(209,248)	(12,341)	-	(221,589)	-
Severance Pay Payable	145,005	16,916	24,300	137,621	49,160
Unamortized Premiums	42,495	-	3,330	39,165	3,330
	<u>\$ 7,053,579</u>	<u>\$ 4,575</u>	<u>\$ 422,761</u>	<u>\$ 6,635,393</u>	<u>\$ 373,741</u>

C. MINIMUM DEBT PAYMENTS

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

Year Ending June 30	<u>General Obligation Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 245,000	\$ 131,560
2016	255,000	126,660
2017	260,000	121,560
2018	265,000	116,360
2019	270,000	111,060
2020 – 2024	1,430,000	472,300
2025 – 2029	1,610,000	301,790
2030 – 2033	1,075,000	65,250
	<u>\$ 5,410,000</u>	<u>\$ 1,446,540</u>

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5. LONG-TERM LIABILITIES (Cont'd)

C. MINIMUM DEBT PAYMENTS Cont'd)

The future minimum lease obligations and the net present value of the minimum lease payments of the capital leases as of June 30, 2014 are as follows:

Year Ending June 30	Building Improvements <u>Principal</u>
2015	\$ 121,841
2016	121,841
2017	121,841
2018	121,841
2019	121,841
2020-2024	609,204
2025-2028	<u>397,598</u>
Net Minimum Lease Payments	1,616,007
Less Amount Representing Interest	<u>(345,811)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 1,270,196</u>

6. OTHER POST EMPLOYMENT BENEFITS

The District follows Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*.

A. Plan Description

The District provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. 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, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the District's health benefits program. Retirees are required to pay 100% of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. As of July 1, 2014 there were approximately 15 retirees participating in the District's group health plan. 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. The District's OPEB plan issues a stand-alone financial report that may be obtained by writing or calling the District.

B. Funding Policy

As of June 30, 2014, the District decided to fund its other post employee benefit (OPEB) obligation on a pay as you go basis rather than draw from the OPEB plan. For fiscal year 2014, the District contributed \$175,370 to the plan.

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

**C. Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for fiscal year 2014 and 2013, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>2014</u>	<u>2013</u>
Annual Required Contribution (ARC)	\$ 159,548	\$ 159,548
Interest on Net OPEB Obligation	(9,416)	(7,362)
Amortization of Net OPEB Obligation with interest	<u>12,897</u>	<u>9,984</u>
Annual OPEB Cost	163,029	162,170
Contributions Made (Including Implicit Subsidy)	<u>(175,370)</u>	<u>(207,814)</u>
Decrease in Net OPEB Obligation	(12,341)	(45,644)
Net OPEB Obligation, Beginning of Year	<u>(209,248)</u>	<u>(163,604)</u>
Net OPEB Obligation, End of Year	<u>\$ (221,589)</u>	<u>\$ (209,248)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 and 2013 were:

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
6/30/2014	\$ 163,029	107.57%	\$ (221,589)
6/30/2013	162,170	128.15	(209,248)

**D. Funded Status and Fund Progress**

Based upon the July 1, 2012, most recent actuarial valuation date, the District's unfunded actuarial and accrued liability (UAAL) was \$1,644,473. The annual payroll for active employees covered by the plan in the actuarial valuation was \$2,994,293, for a ratio of UAAL to covered payroll of 54.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to the basic financial statements presents required supplementary information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate, which is based on the estimated long-term investment yield on the general assets of the District. The annual healthcare cost trend rate is 8.0% initially, reduced incrementally to an ultimate rate of 5% after six years. The unfunded actuarial accrued liability is being amortized over a closed 30-year period increasing at 2.5% per year (the payroll growth rate).

The District is not required to have another actuarial valuation until July 1, 2015.

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**7. FUND BALANCE CLASSIFICATION**

At June 30, 2014, a summary of the governmental fund balance classifications is as follows:

	General Fund	Food Service Fund	Community Service Fund	Debt Service Fund	Total
<b>Nonspendable:</b>					
Inventory	\$ -	\$ 2,396	\$ -	\$ -	\$ 2,396
	<u>-</u>	<u>2,396</u>	<u>-</u>	<u>-</u>	<u>2,396</u>
<b>Restricted for:</b>					
Deferred Maintenance	8,967	-	-	-	8,967
Gifted and Talented	30,048	-	-	-	30,048
Health and Safety	12,531	-	-	-	12,531
Staff Development	10	-	-	-	10
Safe Schools – Crime	(8,590)	-	-	-	(8,590)
Food Service	-	95,625	-	-	95,625
Community Education	-	-	69,770	-	69,770
Community Service	-	-	5,476	-	5,476
Early Childhood Family Education	-	-	(1,870)	-	(1,870)
School Readiness	-	-	(53,292)	-	(53,292)
Debt Service	-	-	-	281,802	281,802
	<u>42,966</u>	<u>95,625</u>	<u>20,084</u>	<u>281,802</u>	<u>440,477</u>
<b>Committed for:</b>					
Separation/Retirement Benefits	137,621	-	-	-	137,621
	<u>137,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,621</u>
<b>Assigned for:</b>					
Projected Budget Deficit	74,383	-	-	-	74,383
	<u>74,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,383</u>
<b>Unassigned:</b>	<u>2,968,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,968,199</u>
<b>Total Fund Balance:</b>	<u>\$ 3,223,169</u>	<u>\$ 98,021</u>	<u>\$ 20,084</u>	<u>\$ 281,802</u>	<u>\$ 3,623,076</u>

The District is reporting negative restricted fund balances in Safe Schools – Crime, Early Childhood Family Education, and School Readiness at June 30, 2014. 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**

All teachers employed by the District are covered by defined benefit plans administered by the Teachers Retirement Association (TRA). TRA members belong to either the Coordinated or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. The plans are established and administered in accordance with Minnesota Statutes, Chapter 354 and 356.

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.



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8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

1. Plan Description (Cont'd)

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>
<b>Basic</b>	1 <sup>st</sup> ten years of service	2.2 percent per year
	All years after	2.7 percent per year
<b>Coordinated</b>	1 <sup>st</sup> ten years if service years are prior to July 1, 2006	1.2 percent per year
	1 <sup>st</sup> ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are prior to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent 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 percent per year early retirement reduction factors 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 1.7 percent per year for coordinated members and 2.7 percent per year for basic members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated members and 2.7 percent for Basic members applies. Actuarially equivalent early retirement reduction factors with augmentation are used for early retirement before the normal age of 65. These reduction factors average approximately 4.0 to 5.4 percent per year.

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

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 which 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 provisions in effect at the time they last terminated their public service.

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**8. PENSION PLANS (Cont'd)**

**A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)**

**1. Plan Description (Cont'd)**

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA Web site [www.minnesotatra.org](http://www.minnesotatra.org). Alternatively, a copy of the report may be obtained by writing or calling TRA:

Teachers Retirement Association  
60 Empire Drive, Suite 400  
St. Paul MN 55103-4000  
(651) 296-2409  
(800) 657-3669

**2. Funding Policy**

Minnesota Statutes Chapter 354 sets the rates for the employee and employer contributions. These statutes are established and amended by the state legislature. Coordinated and Basic Plan members are required to contribute 7.0 percent and 10.5 percent, respectively, of their annual covered salary during fiscal year 2014 as employee contributions. The TRA employer contribution rates are 7.0 percent for Coordinated members and 11.0 percent for Basic members during fiscal year 2014. Total covered payroll salaries for all TRA members statewide during the fiscal year ended June 30, 2013 was approximately \$3.92 billion. TRA covered payroll for all members statewide for the fiscal years ended June 30, 2012 and June 30, 2011 were \$3.87 billion and \$3.84 billion, respectively.

The District contributions for the years ending June 30, 2014, 2013 and 2012 were \$206,082, \$169,605, and \$163,435, respectively, equal to the required contributions for each year as set by State Statute.

The 2010 Legislature approved employee and employer contribution rate increases to be phased-in over a four-year period beginning July 1, 2011. Employee and employer contribution rates will rise 0.5 percent on July 1 of each year of the four-year period. Beginning July 1, 2014, TRA Coordinated employee and employer contribution rates will each be 7.5 percent.

**B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**1. Plan Description**

All full-time and certain part-time employees of the District are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after five years of credited service. The defined retirement 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 and Basic 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 Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7

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8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

1. Plan Description (Cont'd)

percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security Benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree-no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

2. Funding Policy

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. In 2014, the District was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members and 7.25% for Coordinated Plan members. The District's contributions to the Public Employees Retirement Fund for the years ending June 30, 2014, 2013, and 2012 were \$80,186, \$70,456, and \$69,835, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

9. OPERATING TRANSFER

During 2014, the following authorized transfer was made:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Community Service Fund	Operating	\$ 20,000

10. RESIDUAL EQUITY TRANSFER

During 2014, the following authorized residual equity transfer was made:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Building Construction Fund	Debt Service Fund	Close fund – remaining balance used to fund debt payments for the construction project	\$ 237,666

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**11. CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended June 30, 2014, the District implemented GASB Statement No. 65, *Items Previously reported as Assets and Liabilities*. This statement identified specific items previously reported as assets that will now be classified as either deferred outflows of resources or outflows (expenditures/expenses), and items previously reported as liabilities that will now be reported as either deferred inflows of resources or inflows (revenues). The implementation of GASB Statement No. 65 had the following effect on net position of the District as it was previously reported:

	June 30, 2013		
Fund	Net Position June 30, 2012 as Previously Reported	Prior Period Restatement (1)	Net Position July 1, 2012 as Restated
Governmental activities	\$ <u>4,552,422</u>	\$ <u>(34,446)</u>	\$ <u>4,517,976</u>

	June 30, 2014		
Fund	Net Position June 30, 2013 as Previously Reported	Prior Period Restatement (2)	Net Position July 1, 2013 as Restated
Governmental activities	\$ <u>5,225,570</u>	\$ <u>(44,278)</u>	\$ <u>5,181,292</u>

- (1) Write off of bond issuance cost balances at June 30, 2012.
- (2) Write off any bond issuance cost activity for the year ended June 30, 2013, plus unamortized bond issuance costs at June 30, 2012.

The net position on the government-wide financial statements was impacted by this change in accounting principle; however, the fund balance for the Debt Service Fund in the fund financial statements was not impacted.

**12. GASB STANDARD ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS**  
**FOR POSTEMPLOYMENT BENEFIT PLANS**  
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**SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLANS**

Other Postemployment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/01/2012	\$0	\$1,644,473	\$1,644,473	0.00%	\$ 2,994,293	54.9%
7/01/2009	0	1,910,305	1,910,305	0.00	2,808,934	68.0

**SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR POSTEMPLOYMENT BENEFIT PLANS**

Other Postemployment Benefits				
Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
6/30/2014	\$ 163,029	\$ 175,370	107.57%	\$ (221,589)
6/30/2013	162,170	207,814	128.15	(209,248)
6/30/2012	173,971	216,488	124.44	(163,604)
6/30/2011	172,677	256,130	148.33	(121,087)
6/30/2010	172,111	209,745	121.87	(37,634)

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 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014  
 (with Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014 Budgeted Amounts		2014 Actual	Favorable (Unfavorable) Variance	2013 Actual	Increase (Decrease) Actual
	Original	Final				
<b>REVENUES</b>						
<b>Local Property Tax Levies:</b>						
Maintenance Levy	\$ 1,147,672	\$ 1,342,963	\$ 1,453,950	\$ 110,987	\$ 1,288,707	\$ 165,243
Health and Safety Levy	71,564	71,564	71,564	-	112,597	(41,033)
Property Tax Shift Recognition	-	-	538,500	538,500	55,778	482,722
	<u>1,219,236</u>	<u>1,414,527</u>	<u>2,064,014</u>	<u>649,487</u>	<u>1,457,082</u>	<u>606,932</u>
<b>Other Local and County Revenues:</b>						
County Apportionment	10,000	9,000	11,226	2,226	8,461	2,765
Other School Districts	106,826	60,731	54,172	(6,559)	91,293	(37,121)
Admissions and Fees	57,700	79,504	64,780	(14,724)	65,817	(1,037)
Earnings From Investments	1,000	1,400	3,196	1,796	1,488	1,708
Rent for School Facilities	300	200	200	-	250	(50)
Miscellaneous Revenues	57,114	21,666	103,123	81,457	96,389	6,734
	<u>232,940</u>	<u>172,501</u>	<u>236,697</u>	<u>64,196</u>	<u>263,698</u>	<u>(27,001)</u>
<b>Revenue From State Sources:</b>						
Endowment Fund Apportionment	13,588	14,454	14,396	(58)	15,409	(1,013)
General Education Aid	4,080,667	4,155,695	4,255,282	99,587	3,980,123	275,159
Literacy Incentive Aid	31,000	25,891	27,109	1,218	26,331	778
Disparity Aid	8,839	12,588	12,558	(30)	10,230	2,328
Homestead/Agricultural Levy Credits	6,297	8,475	8,475	-	7,288	1,187
Special Education	347,000	461,122	569,190	108,068	461,159	108,031
Miscellaneous State Revenue	46,342	51,070	61,860	10,790	46,112	15,748
State Aid Adjustments	-	-	(538,500)	(538,500)	(55,778)	(482,722)
	<u>4,533,733</u>	<u>4,729,295</u>	<u>4,410,370</u>	<u>(318,925)</u>	<u>4,490,874</u>	<u>(80,504)</u>
<b>Revenue From Federal Sources:</b>						
Title I Educationally Deprived Children	97,000	101,032	90,614	(10,418)	83,244	7,370
Migrant Education	4,300	4,300	4,600	300	4,300	300
Title II	70,000	58,577	43,013	(15,564)	52,983	(9,970)
Federal Special Education	90,000	80,000	91,424	11,424	81,995	9,429
Other Federal Programs	24,400	24,264	22,193	(2,071)	8,921	13,272
	<u>285,700</u>	<u>268,173</u>	<u>251,844</u>	<u>(16,329)</u>	<u>231,443</u>	<u>20,401</u>
<b>Sales and Other Conversion of Assets:</b>						
Sales of Materials	1,000	906	1,178	272	1,272	(94)
Insurance Recovery	-	-	956	956	87,315	(86,359)
	<u>1,000</u>	<u>906</u>	<u>2,134</u>	<u>1,228</u>	<u>88,587</u>	<u>(86,453)</u>
<b>TOTAL REVENUES</b>	<b>6,272,609</b>	<b>6,585,402</b>	<b>6,965,059</b>	<b>379,657</b>	<b>6,531,684</b>	<b>433,375</b>
<b>EXPENDITURES</b>						
<b>Current:</b>						
<b>District And School Administration:</b>						
Salaries and Wages	352,213	361,571	360,191	1,380	341,575	18,616
Employee Benefits	94,509	94,594	91,709	2,885	88,856	2,853
Purchased Services	13,800	12,200	14,433	(2,233)	25,709	(11,276)
Supplies and Materials	1,700	1,845	1,936	(91)	879	1,057
Other Expenditures	8,100	8,445	8,901	(456)	9,165	(264)
	<u>470,322</u>	<u>478,655</u>	<u>477,170</u>	<u>1,485</u>	<u>466,184</u>	<u>10,986</u>
<b>District Support Services:</b>						
Salaries and Wages	137,508	168,556	170,141	(1,585)	133,095	37,046
Employee Benefits	73,472	79,282	71,721	7,561	87,715	(15,994)
Purchased Services	123,000	122,544	109,612	12,932	123,874	(14,262)
Supplies and Materials	7,000	21,000	21,825	(825)	15,088	6,737
Other Expenditures	10,500	10,500	9,482	1,018	9,350	132
	<u>351,480</u>	<u>401,882</u>	<u>382,781</u>	<u>19,101</u>	<u>369,122</u>	<u>13,659</u>
<b>Regular Instruction:</b>						
Salaries and Wages	2,164,648	2,027,698	2,023,669	4,029	2,024,229	(560)
Employee Benefits	607,403	580,949	584,379	(3,430)	594,244	(9,865)
Purchased Services	100,130	92,337	158,406	(66,069)	139,333	19,073
Supplies and Materials	80,180	91,006	89,102	1,904	75,810	13,292
Other Expenditures	5,790	5,174	4,215	959	4,010	205
	<u>2,958,151</u>	<u>2,797,164</u>	<u>2,859,771</u>	<u>(62,607)</u>	<u>2,837,626</u>	<u>22,145</u>
<b>Vocational Instruction:</b>						
Salaries and Wages	53,749	49,481	54,889	(5,408)	51,296	3,593
Employee Benefits	13,294	12,867	13,398	(531)	12,673	725
Purchased Services	-	-	1,106	(1,106)	1,218	(112)
Supplies and Materials	4,500	4,500	5,823	(1,323)	5,169	654
	<u>71,543</u>	<u>66,848</u>	<u>75,216</u>	<u>(8,368)</u>	<u>70,356</u>	<u>4,860</u>
<b>Exceptional Instruction:</b>						
Salaries and Wages	658,833	721,198	692,028	29,170	621,431	70,597
Employee Benefits	168,049	180,403	171,191	9,212	157,559	13,632
Purchased Services	205,953	236,619	170,400	66,219	119,083	51,317
Supplies and Materials	5,000	5,000	4,076	924	3,009	1,067
	<u>1,037,835</u>	<u>1,143,220</u>	<u>1,037,695</u>	<u>105,525</u>	<u>901,082</u>	<u>136,613</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, 2014  
 (with Comparative Actual Amounts for the Year Ended June 30, 2013)

EXPENDITURES (Cont'd)	2014 Budgeted Amounts		2014 Actual	Favorable (Unfavorable) Variance	2013 Actual	Increase (Decrease) Actual
	Original	Final				
<b>Current (Cont'd)</b>						
<b>Instructional Support Services:</b>						
Salaries and Wages	\$ 22,623	\$ 19,803	\$ 34,448	\$ (14,645)	\$ 19,574	\$ 14,874
Employee Benefits	7,287	6,874	8,862	(1,988)	6,837	2,025
Purchased Services	67,695	67,695	57,249	10,446	47,828	9,421
Supplies and Materials	3,500	3,500	2,440	1,060	2,917	(477)
	<u>101,105</u>	<u>97,872</u>	<u>102,999</u>	<u>(5,127)</u>	<u>77,156</u>	<u>25,843</u>
<b>Pupil Support Services:</b>						
Salaries and Wages	272,304	296,363	274,075	22,288	299,512	(25,437)
Employee Benefits	50,903	45,448	51,124	(5,676)	57,077	(5,953)
Purchased Services	178,279	225,697	113,152	112,545	129,501	(16,349)
Supplies and Materials	83,046	83,046	78,304	4,742	86,325	(8,021)
	<u>584,532</u>	<u>650,554</u>	<u>516,655</u>	<u>133,899</u>	<u>572,415</u>	<u>(55,760)</u>
<b>Site, Buildings and Equipment:</b>						
Salaries and Wages	99,643	121,413	143,659	(22,246)	122,137	21,522
Employee Benefits	16,668	27,955	29,723	(1,768)	41,204	(11,481)
Purchased Services	413,700	343,587	205,112	138,475	161,374	43,738
Supplies and Materials	77,250	77,400	88,008	(10,608)	65,193	22,815
Other Expenditures	300	300	274	26	162	112
	<u>607,561</u>	<u>570,655</u>	<u>466,776</u>	<u>103,879</u>	<u>390,070</u>	<u>76,706</u>
<b>Fiscal And Other Fixed Cost Programs:</b>						
Purchased Services	25,000	37,869	39,460	(1,591)	19,380	20,080
<b>Capital Outlay:</b>						
District and School Administration	-	623	622	1	-	622
District Support Services	33,500	33,835	28,164	5,671	58,472	(30,308)
Regular Instruction	75,600	76,291	76,073	218	104,987	(28,914)
Vocational Instruction	2,000	2,000	203	1,797	1,787	(1,584)
Exceptional Instruction	-	-	-	-	1,600	(1,600)
Pupil Support Services	83,500	86,265	85,765	500	159,984	(74,219)
Site, Buildings and Equipment	15,500	17,500	188,356	(170,856)	267,950	(79,594)
	<u>210,100</u>	<u>216,514</u>	<u>379,183</u>	<u>(162,669)</u>	<u>594,780</u>	<u>(215,597)</u>
<b>Debt Service:</b>						
Principal	112,806	133,814	155,131	(21,317)	129,408	25,723
Interest	29,021	40,090	50,850	(10,760)	44,495	6,355
	<u>141,827</u>	<u>173,904</u>	<u>205,981</u>	<u>(32,077)</u>	<u>173,903</u>	<u>32,078</u>
<b>TOTAL EXPENDITURES</b>	<u>6,559,456</u>	<u>6,635,137</u>	<u>6,543,687</u>	<u>91,450</u>	<u>6,472,074</u>	<u>71,613</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(286,847)</u>	<u>(49,735)</u>	<u>421,372</u>	<u>471,107</u>	<u>59,610</u>	<u>361,762</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer Out to Other Funds	-	-	(20,000)	(20,000)	(10,000)	(10,000)
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(286,847)</u>	<u>(49,735)</u>	<u>401,372</u>	<u>451,107</u>	<u>49,610</u>	<u>361,762</u>
<b>FUND BALANCE BEGINNING OF YEAR</b>	<u>2,821,797</u>	<u>2,821,797</u>	<u>2,821,797</u>	<u>-</u>	<u>2,772,187</u>	<u>49,610</u>
<b>FUND BALANCE END OF YEAR</b>	<u>\$ 2,534,950</u>	<u>\$ 2,772,062</u>	<u>\$ 3,223,169</u>	<u>\$ 451,107</u>	<u>\$ 2,821,797</u>	<u>\$ 411,372</u>
<b>FUND BALANCE ANALYSIS</b>						
<b>RESTRICTED FUND BALANCE</b>						
Deferred Maintenance			\$ 8,967		\$ (14,502)	**
Gifted and Talented			30,048		26,558	
Health and Safety			12,531		(12,271)	**
Basic Skills			-		2,929	
Safe Schools - Crime			(8,590)	**	(11,741)	**
Staff Development			10		-	
<b>TOTAL RESTRICTED FUND BALANCE</b>			<u>42,966</u>		<u>(9,027)</u>	
<b>COMMITTED FUND BALANCE</b>						
Separation/Retirement Benefits			137,621		145,005	
<b>ASSIGNED FUND BALANCE</b>						
Projected Budget Deficit			74,383		286,856	
<b>UNASSIGNED FUND BALANCE</b>			<u>2,968,199</u>		<u>2,398,963</u>	
<b>TOTAL FUND BALANCE</b>			<u>\$ 3,223,169</u>		<u>\$ 2,821,797</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, 2014  
 (with Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014 Budgeted Amounts		2014 Actual	Favorable (Unfavorable) Variance	2013 Actual	Increase (Decrease) Actual
	Original	Final				
<b>REVENUES</b>						
<b>Other Local and County Revenues:</b>						
Miscellaneous Local Revenue	\$ 50	\$ 30	\$ 82	\$ 52	\$ 27	\$ 55
<b>Revenue From State Sources:</b>						
Breakfast Program Aid	4,300	4,300	3,414	(886)	3,509	(95)
Special Milk Program Aid	1,100	1,100	1,373	273	1,090	283
Lunch Program Aid	9,000	9,000	9,320	320	8,538	782
	<u>14,400</u>	<u>14,400</u>	<u>14,107</u>	<u>(293)</u>	<u>13,137</u>	<u>970</u>
<b>Revenue From Federal Sources:</b>						
School Lunch Aid	23,000	23,000	27,589	4,589	23,422	4,167
Free/Reduced Lunch Aid	95,000	95,000	114,132	19,132	97,153	16,979
School Breakfast Program	32,000	32,000	39,346	7,346	32,373	6,973
USDA Commodity Rebates	1,500	1,000	(85)	(1,085)	946	(1,031)
USDA Commodities	10,000	10,000	23,296	13,296	24,487	(1,191)
Fresh Fruit and Vegetable Program	19,008	19,008	19,008	-	4,649	14,359
Summer Food Program	10,000	10,000	15,789	5,789	16,232	(443)
	<u>190,508</u>	<u>190,008</u>	<u>239,075</u>	<u>49,067</u>	<u>199,262</u>	<u>39,813</u>
<b>Sales And Other Conversion Of Assets:</b>						
Sale of Lunches and Other	116,250	118,650	112,490	(6,160)	116,947	(4,457)
<b>TOTAL REVENUES</b>	<u>321,208</u>	<u>323,088</u>	<u>365,754</u>	<u>42,666</u>	<u>329,373</u>	<u>36,381</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
<b>Pupil Support Services:</b>						
Salaries and Wages	96,702	101,534	100,026	1,508	94,341	5,685
Employee Benefits	23,868	23,932	23,807	125	23,457	350
Purchased Services	17,600	18,140	17,453	687	15,854	1,599
Supplies and Materials	192,308	195,958	194,816	1,142	163,754	31,062
Other Expenditures	1,000	1,671	1,270	401	488	782
	<u>331,478</u>	<u>341,235</u>	<u>337,372</u>	<u>3,863</u>	<u>297,894</u>	<u>39,478</u>
<b>Capital Outlay:</b>						
Pupil Support Services	6,000	6,000	-	6,000	23,550	(23,550)
<b>TOTAL EXPENDITURES</b>	<u>337,478</u>	<u>347,235</u>	<u>337,372</u>	<u>9,863</u>	<u>321,444</u>	<u>15,928</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(16,270)	(24,147)	28,382	52,529	7,929	20,453
<b>FUND BALANCE BEGINNING OF YEAR</b>	69,639	69,639	69,639	-	61,710	7,929
<b>FUND BALANCE END OF YEAR</b>	<u>\$ 53,369</u>	<u>\$ 45,492</u>	<u>\$ 98,021</u>	<u>\$ 52,529</u>	<u>\$ 69,639</u>	<u>\$ 28,382</u>
<b>FUND BALANCE END OF YEAR NONSPENDABLE FUND BALANCE</b>						
Inventory			\$ 2,396		\$ 2,288	
<b>RESTRICTED FUND BALANCE</b>						
Food Service			95,625		67,351	
<b>FUND BALANCE END OF YEAR</b>			<u>\$ 98,021</u>		<u>\$ 69,639</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, 2014  
 (with Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014 Budgeted Amounts		2014 Actual	Favorable (Unfavorable) Variance	2013 Actual	Increase (Decrease) Actual
	Original	Final				
<b>REVENUES</b>						
<b>Local Property Tax Levies:</b>						
Community Service Levy	\$ 61,634	\$ 61,270	\$ 61,444	\$ 174	\$ 58,800	\$ 2,644
Property Tax Shift Recognition	-	-	31,076	31,076	651	30,425
	<u>61,634</u>	<u>61,270</u>	<u>92,520</u>	<u>31,250</u>	<u>59,451</u>	<u>33,069</u>
<b>Other Local And County Revenues:</b>						
Tuition and Fees From Patrons	23,600	26,225	31,315	5,090	30,016	1,299
Miscellaneous Local Revenue	28,507	30,033	73,730	43,697	35,952	37,778
	<u>52,107</u>	<u>56,258</u>	<u>105,045</u>	<u>48,787</u>	<u>65,968</u>	<u>39,077</u>
<b>Revenue From State Sources:</b>						
Disparity Aid	1,348	1,596	1,596	-	1,560	36
Homestead Market Value	960	1,077	1,077	-	1,111	(34)
Preschool Screening	753	1,593	3,645	2,052	753	2,892
Community Education	8,562	9,435	9,435	-	8,571	864
Other State Revenues	306	418	(3)	(421)	(48)	45
State Aid Adjustments	-	-	(31,076)	(31,076)	(651)	(30,425)
	<u>11,929</u>	<u>14,119</u>	<u>(15,326)</u>	<u>(29,445)</u>	<u>11,296</u>	<u>(26,622)</u>
<b>Sales And Other Conversion Of Assets:</b>						
Sales of Materials	-	500	609	109	-	609
	<u>-</u>	<u>500</u>	<u>609</u>	<u>109</u>	<u>-</u>	<u>609</u>
<b>TOTAL REVENUES</b>	<u>125,670</u>	<u>132,147</u>	<u>182,848</u>	<u>50,701</u>	<u>136,715</u>	<u>46,133</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
<b>Community Education And Services:</b>						
Salaries and Wages	97,661	108,521	106,138	2,383	93,856	12,282
Employee Benefits	20,586	20,013	19,599	414	18,856	743
Purchased Services	3,675	4,175	6,783	(2,608)	6,975	(192)
Supplies and Materials	12,850	21,474	15,512	5,962	18,500	(2,988)
	<u>134,772</u>	<u>154,183</u>	<u>148,032</u>	<u>6,151</u>	<u>138,187</u>	<u>9,845</u>
<b>Capital Outlay:</b>						
Community Education and Services	-	-	38,000	(38,000)	3,715	34,285
	<u>-</u>	<u>-</u>	<u>38,000</u>	<u>(38,000)</u>	<u>3,715</u>	<u>34,285</u>
<b>TOTAL EXPENDITURES</b>	<u>134,772</u>	<u>154,183</u>	<u>186,032</u>	<u>(31,849)</u>	<u>141,902</u>	<u>44,130</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(9,102)</u>	<u>(22,036)</u>	<u>(3,184)</u>	<u>18,852</u>	<u>(5,187)</u>	<u>2,003</u>
<b>OTHER FINANCING SOURCES</b>						
Transfer In from Other Funds	-	-	20,000	20,000	10,000	10,000
	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>10,000</u>	<u>10,000</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</b>	<u>(9,102)</u>	<u>(22,036)</u>	<u>16,816</u>	<u>38,852</u>	<u>4,813</u>	<u>12,003</u>
<b>FUND BALANCE BEGINNING OF YEAR</b>	<u>3,268</u>	<u>3,268</u>	<u>3,268</u>	<u>-</u>	<u>(1,545)</u>	<u>4,813</u>
<b>FUND BALANCE END OF YEAR</b>	<u>\$ (5,834)</u>	<u>\$ (18,768)</u>	<u>\$ 20,084</u>	<u>\$ 38,852</u>	<u>\$ 3,268</u>	<u>\$ 16,816</u>
<b>FUND BALANCE ANALYSIS</b>						
<b>RESTRICTED FUND BALANCE</b>						
Community Education			\$ 69,770		\$ 43,976	
Community Service			5,476		2,545	
Early Childhood Family Education			(1,870) **		(17,750) **	
School Readiness			(53,292) **		(25,503) **	
<b>TOTAL RESTRICTED FUND BALANCE</b>			<u>20,084</u>		<u>3,268</u>	
<b>TOTAL FUND BALANCE</b>			<u>\$ 20,084</u>		<u>\$ 3,268</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, 2014

**1. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. DEFICIT SPENDING**

The fiscal year 2014 budget approved by the School Board projected deficit spending in the following funds:

<u>Fund</u>	
General Fund	\$ 49,735
Food Service Fund	\$ 24,147
Community Service Fund	\$ 22,036

**B. EXPENDITURES EXCEEDING APPROPRIATIONS**

For the year ended June 30, 2014, the District had the following fund with expenditures exceeding the latest amended budget:

<u>Fund</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Community Service Fund	\$ 154,183	\$ 186,032	\$ 31,849

Budget revisions were last approved in March 2014. 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, 2014  
 (with Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014 Budgeted Amounts		2014 Actual	Favorable (Unfavorable) Variance	2013 Actual	Increase (Decrease) Actual
	Original	Final				
<b>REVENUES</b>						
<b>Other Local And County Revenues:</b>						
Earnings From Investments	\$ -	\$ 45	\$ 55	\$ 10	\$ 367	\$ (312)
<b>TOTAL REVENUES</b>	<u>-</u>	<u>45</u>	<u>55</u>	<u>10</u>	<u>367</u>	<u>(312)</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
<b>Site, Buildings and Equipment:</b>						
Purchased Services	-	-	-	-	46,675	(46,675)
<b>Capital Outlay:</b>						
Site, Building and Equipment	-	-	-	-	2,845,708	(2,845,708)
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,892,383</u>	<u>(2,892,383)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>45</u>	<u>55</u>	<u>10</u>	<u>(2,892,016)</u>	<u>2,892,071</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from Capital Lease	-	-	-	-	774,000	(774,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>774,000</u>	<u>(774,000)</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>-</u>	<u>45</u>	<u>55</u>	<u>10</u>	<u>(2,118,016)</u>	<u>2,118,071</u>
<b>FUND BALANCE BEGINNING OF YEAR</b>	237,611	237,611	237,611	-	2,355,627	(2,118,016)
<b>RESIDUAL EQUITY TRANSFER</b>	-	-	(237,666)	(237,666)	-	(237,666)
<b>FUND BALANCE END OF YEAR</b>	<u>\$ 237,611</u>	<u>\$ 237,656</u>	<u>\$ -</u>	<u>\$ (237,656)</u>	<u>\$ 237,611</u>	<u>\$ (237,611)</u>
<b>FUND BALANCE ANALYSIS</b>						
<b>RESTRICTED FUND BALANCE</b>						
Alternative Facility Health and Safety			\$ -		\$ 237,611	

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, 2014  
 (with Comparative Actual Amounts for the Year Ended June 30, 2013)

	2014 Budgeted Amounts		2014 Actual	Favorable (Unfavorable) Variance	2013 Actual	Increase (Decrease) Actual
	Original	Final				
<b>REVENUES</b>						
Local Property Tax Levies:						
Maintenance Levy	\$ 395,178	\$ 378,671	\$ 378,433	\$ (238)	\$ 467,227	\$ (88,794)
Other Local And County Revenues:						
Earnings from Investments	-	-	132	132	46	86
	-	-	132	132	46	86
Revenue From State Sources:						
Disparity Aid	6,037	9,856	9,856	-	12,219	(2,363)
Homestead Market Value	7,521	6,652	6,652	-	8,704	(2,052)
	13,558	16,508	16,508	-	20,923	(4,415)
<b>TOTAL REVENUES</b>	<b>408,736</b>	<b>395,179</b>	<b>395,073</b>	<b>(106)</b>	<b>488,196</b>	<b>(93,123)</b>
<b>EXPENDITURES</b>						
Debt Service:						
Principal	240,000	240,000	240,000	-	470,000	(230,000)
Interest	136,360	136,360	136,360	-	100,008	36,352
<b>TOTAL EXPENDITURES</b>	<b>376,360</b>	<b>376,360</b>	<b>376,360</b>	<b>-</b>	<b>570,008</b>	<b>(193,648)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>32,376</b>	<b>18,819</b>	<b>18,713</b>	<b>(106)</b>	<b>(81,812)</b>	<b>100,525</b>
<b>FUND BALANCE BEGINNING OF YEAR</b>	<b>25,423</b>	<b>25,423</b>	<b>25,423</b>	<b>-</b>	<b>107,235</b>	<b>(81,812)</b>
<b>RESIDUAL EQUITY TRANSFER</b>	<b>-</b>	<b>-</b>	<b>237,666</b>	<b>237,666</b>	<b>-</b>	<b>237,666</b>
<b>FUND BALANCE END OF YEAR</b>	<b>\$ 57,799</b>	<b>\$ 44,242</b>	<b>\$ 281,802</b>	<b>\$ (106)</b>	<b>\$ 25,423</b>	<b>\$ 256,379</b>
<b>FUND BALANCE ANALYSIS</b>						
<b>RESTRICTED FUND BALANCE</b>						
Debt Service			\$ 281,802		\$ 25,423	

## OTHER REQUIRED REPORTS

**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE  
JUNE 30, 2014**

**1. 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 also reported in the prior year audit. 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 coop 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:** As is the case with many small entities, the District has relied on its independent external auditors to assist in the preparation of the journal entries necessary to produce GAAP basis financial statements. Accordingly, the District's ability to produce a GAAP general ledger is based, at least in part, on its reliance on its external auditors, who cannot by definition be considered part of the District's internal control. 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.

**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.

**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.

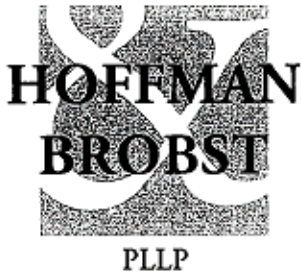
**4. Planned Completion Date for CAP**

This plan will be implemented during the 2014-2015 fiscal year. The District is working on gaining the knowledge needed to prepare a final working trial balance.

**5. Plan to Monitor Completion of CAP**

The Superintendent and the School Board will be monitoring this corrective action plan.





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## 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 auditing standards generally accepted in the United States of America and the standards applicable to the 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, 2014, 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 3, 2014.

#### **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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings on internal control structure and compliance we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings on internal control structure and compliance as item one to be a material weakness.

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.

## Compliance and Other Matters

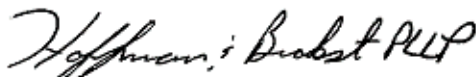
As part of obtaining reasonable assurance about whether Independent School District No. 2890, Renville County West, Renville, Minnesota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

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

Independent School District No. 2890, Renville County West, Renville, Minnesota's response to the finding identified in our audit is described in the accompanying schedule of findings on internal control structure and compliance. 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 result 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 3, 2014



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, 2014, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2014.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, 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 Political Subdivisions*. 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.

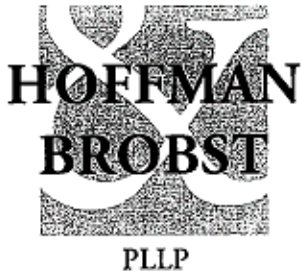
The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Hoffman & Brobst, PLLP  
Certified Public Accountants  
Marshall, Minnesota

November 3, 2014

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

**STUDENT ACTIVITY ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2014**



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE  
STATEMENT OF CASH RECEIPTS AND  
DISBURSEMENTS OF THE STUDENT ACTIVITY ACCOUNTS

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

We have audited the statement of cash receipts and disbursements of the student activity accounts of Independent School District No. 2890, Renville County West, Renville, Minnesota for the year ended June 30, 2014. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

Except as discussed in the following paragraphs, 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District has not established procedures to provide assurance that all cash collections are recorded in the accounting records. Accordingly, it was not practicable for us to extend our audit of such cash collections beyond the amounts recorded.

Because this financial statement is prepared on the basis of cash receipts and disbursements, revenue is recorded when received, and expenses are recognized when paid rather than when the obligations are incurred. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had the cash collections referred to above been susceptible to satisfactory audit tests, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the District's student activity accounts for the year ended June 30, 2014, and the cash balances at that date.

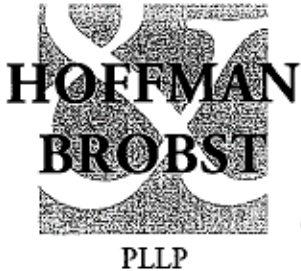
*Hoffman & Brobst PLLP*  
Hoffman & Brobst, PLLP  
Certified Public Accountants  
Marshall, Minnesota

November 3, 2014

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INDEPENDENT SCHOOL DISTRICT NO. 2890  
 RENVILLE COUNTY WEST  
 RENVILLE, MINNESOTA  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
 STUDENT ACTIVITY ACCOUNTS  
 FOR THE YEAR ENDED JUNE 30, 2014

<u>Activity Account</u>	<u>7/1/2013 Balance</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>6/30/2014 Balance</u>
TADA	\$ 445	\$ -	\$ 94	\$ 351
FFA	-	15,391	14,655	736
High School Student Council	1,030	4,077	4,469	638
Annual	2,519	7,872	7,604	2,787
Invision	(179)	2,709	2,494	36
Senior High Drama Club	540	-	133	407
FFA Greenhouse Project	(1,228)	21,795	13,863	6,704
Music Trip	8,126	14,518	7,614	15,030
Travel Group	-	3,280	2,846	434
Football Group	-	3,635	3,091	544
Class of 2017	404	-	-	404
Class of 2016	1,037	-	-	1,037
Class of 2015	-	10,199	2,484	7,715
Class of 2014	5,391	25,924	31,315	-
Interest Earned	(73)	16	-	(57)
<b>TOTALS</b>	<b>\$ 18,012</b>	<b>\$ 109,416</b>	<b>\$ 90,662</b>	<b>\$ 36,766</b>



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
LAWS AND REGULATIONS APPLICABLE TO THE  
STUDENT ACTIVITY ACCOUNTS

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

We have audited the statement of cash receipts and disbursements of the extracurricular student activity accounts of Independent School District No. 2890, Renville County West, Renville, Minnesota for the year ended June 30, 2014, and have issued our report thereon dated November 3, 2014 which was modified because the District has not established procedures to provide assurance that all cash collections are recorded in the accounting records.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Manual for Activity Fund Accounting (MAFA), issued by the Minnesota Department of Education, pursuant to Minnesota Statutes § 123.38.

The Manual for Activity Fund Accounting (MAFA) provides uniform financial accounting and reporting standards for student activities. Compliance with this manual is the responsibility of the District's management. We have performed auditing procedures to test compliance with the provisions of this manual. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the District did not comply, in all material respects with the provisions referred to in the above paragraph. Weaknesses pertaining to compliance with the Manual for Activity Fund Accounting (MAFA) and internal control are noted on page 50. 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.

This report is intended solely for the information and use of the School Board, management, and students of Independent School District No. 2890, Renville County West, Renville, Minnesota and the Minnesota Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

*Hoffman & Brobst PLLP*

Hoffman & Brobst, PLLP  
Certified Public Accountants  
Marshall, Minnesota

November 3, 2014

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**INDEPENDENT SCHOOL DISTRICT NO. 2890  
RENVILLE COUNTY WEST  
RENVILLE, MINNESOTA  
FINDINGS ON STUDENT ACTIVITY INTERNAL CONTROL STRUCTURE AND COMPLIANCE  
FOR THE YEAR ENDED JUNE 30, 2014**

**1. FINDING:**

The District is not in compliance with the Manual for Activity Fund Accounting (MAFA) regarding the student activity account in these areas:

- The District does not have policies and procedures in place to govern student activity accounting.
- All groups do not maintain minutes of meetings and activities.
- One activity account has a negative balance at year end.

**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 follow the Manual for Activity Fund Accounting (MAFA) to govern the student activity account fund.
  
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 continue working towards compliance with MAFA.
  
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, 2014, 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 opportunities 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 3, 2014. This letter does not affect that report or our report dated November 3, 2014, 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.
- On December 26, 2013, the OMB published *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule* (the Rule). Various standards set forth in this document go into effect on December 26, 2014. We recommend that District administrators and staff research how these standards will affect the policies and procedures in place within the District, and revise any policies and procedures that do not meet the updated requirements.

If you have any questions regarding these items, please contact us.

Hoffman & Brobst, PLLP  
Certified Public Accountants  
Marshall, Minnesota

November 3, 2014

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**Fiscal Compliance Report - 6/30/2014**

**District: RENVILLE COUNTY WEST (2890-1)**

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	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
<b>01 GENERAL FUND</b>				<b>06 BUILDING CONSTRUCTION</b>			
Total Revenue	\$6,965,059	<u>\$6,965,059</u>	\$0	Total Revenue	\$55	<u>\$55</u>	\$0
Total Expenditures	\$6,543,687	<u>\$6,543,687</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.03 Staff Development	\$10	<u>\$11</u>	(\$1)	4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0
4.05 Deferred Maintenance	\$8,967	<u>\$8,967</u>	\$0	4.09 Alternative Facility Program	\$0	<u>\$0</u>	\$0
4.06 Health and Safety	\$12,531	<u>\$12,531</u>	\$0	4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0
4.07 Capital Projects Levy	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0
4.09 Alternative Facility Program	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.13 Project Funded by COP	\$0	<u>\$0</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.14 Operating Debt	\$0	<u>\$0</u>	\$0	<b>07 DEBT SERVICE</b>			
4.16 Levy Reduction	\$0	<u>\$0</u>	\$0	Total Revenue	\$395,073	<u>\$395,073</u>	\$0
4.17 Taconite Building Maint	\$0	<u>\$0</u>	\$0	Total Expenditures	\$376,360	<u>\$376,360</u>	\$0
4.23 Certain Teacher Programs	\$0	<u>\$0</u>	\$0	<i>Non Spendable:</i>			
4.24 Operating Capital	\$0	<u>\$0</u>	\$0	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	\$0
4.26 \$25 Taconite	\$0	<u>\$0</u>	\$0	<i>Restricted / Reserved:</i>			
4.27 Disabled Accessibility	\$0	<u>\$0</u>	\$0	4.25 Bond Refundings	\$0	<u>\$0</u>	\$0
4.28 Learning & Development	\$0	<u>\$0</u>	\$0	4.51 QZAB Payments	\$0	<u>\$0</u>	\$0
4.34 Area Learning Center	\$0	<u>\$0</u>	\$0	<i>Restricted:</i>			
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	\$0	4.64 Restricted Fund Balance	\$281,802	<u>\$281,802</u>	\$0
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	\$0	<i>Unassigned:</i>			
4.38 Gifted & Talented	\$30,048	<u>\$30,048</u>	\$0	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	\$0
4.41 Basic Skills Programs	\$0	<u>\$0</u>	\$0	<b>08 TRUST</b>			
4.45 Career Tech Programs	\$0	<u>\$0</u>	\$0	Total Revenue	\$245	<u>\$245</u>	\$0
4.48 Achievement and Integration	\$0	<u>\$0</u>	\$0	Total Expenditures	\$1,000	<u>\$1,000</u>	\$0
4.49 Safe School Crime - Crime Levy	(\$8,590)	<u>(\$8,590)</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$45,252	<u>\$45,252</u>	\$0
4.50 Pre-Kindergarten	\$0	<u>\$0</u>	\$0	<b>20 INTERNAL SERVICE</b>			
4.51 QZAB Payments	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
4.53 Unfunded Sev & Retirement Levy	\$0	<u>\$0</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
<i>Restricted:</i>				<b>25 OPEB REVOCABLE TRUST</b>			
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	\$0	Total Revenue	\$0	<u>\$0</u>	\$0
<i>Committed:</i>				Total Expenditures	\$0	<u>\$0</u>	\$0
4.18 Committed for Separation	\$137,621	<u>\$137,621</u>	\$0	4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.61 Committed Fund Balance	\$0	<u>\$0</u>	\$0	<b>45 OPEB IRREVOCABLE TRUST</b>			
<i>Assigned:</i>				Total Revenue	\$0	<u>\$0</u>	\$0
4.62 Assigned Fund Balance	\$74,383	<u>\$74,383</u>	\$0	Total Expenditures	\$0	<u>\$0</u>	\$0
<i>Unassigned:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	\$0
4.22 Unassigned Fund Balance	\$2,968,199	<u>\$2,968,199</u>	\$0				
<b>02 FOOD SERVICES</b>							
Total Revenue	\$365,754	<u>\$365,754</u>	\$0				
Total Expenditures	\$337,372	<u>\$337,372</u>	\$0				
<i>Non Spendable:</i>							

4.60 Non Spendable Fund Balance	\$2,396	<u>\$2,396</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	\$95,625	<u>\$95,625</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>

**04 COMMUNITY SERVICE**

Total Revenue	\$182,848	<u>\$182,848</u>	<u>\$0</u>
Total Expenditures	\$186,032	<u>\$186,032</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	\$69,770	<u>\$69,770</u>	<u>\$0</u>
4.32 E.C.F.E	(\$1,870)	<u>(\$1,870)</u>	<u>\$0</u>
4.44 School Readiness	(\$53,292)	<u>(\$53,292)</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	\$5,476	<u>\$5,476</u>	<u>\$0</u>
<i>Unassigned:</i>			
4.63 Unassigned Fund Balance	\$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>