

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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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, 2013**

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



PLLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 2890, Renville County West, Renville, Minnesota as of and for the year ended June 30, 2013, 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, 2013, 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 63

As discussed in Note 10 to the financial statements, the District has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*.

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 35 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.

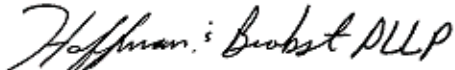
The introductory section and other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

We have previously audited the District's 2012 financial statements, and our report, dated November 5, 2012, expressed unqualified 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, 2012, 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 5, 2013, 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 5, 2013

REQUIRED SUPPLEMENTAL INFORMATION

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2012-2013 fiscal year include the following:

- Net position in the Statement of Net Position increased \$673,148 over the prior year to \$5,225,570. The increase is due to the scheduled principal payments on long-term debt.
- The General Fund fund balance increased \$49,610 to \$2,821,797. The unassigned fund balance decreased \$41,871 to \$2,398,963. This amounts to 37.1% of annual budgeted expenditures which meets the District's fund balance goal of a minimum of 10% of operating budget.
- During the fiscal year, the District substantially completed the construction project relating to the ventilation, air handling and indoor air quality improvements. The fund balance in the Building Construction Fund decreased \$2,118,016 to \$237,611 at June 30, 2013.

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.

GOVERNMENT-WIDE STATEMENTS

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 and liabilities. 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.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS (Cont'd)

GOVERNMENT-WIDE STATEMENTS (Cont'd)

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 and liabilities – 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, 2013**

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

The District's combined net position was \$5,225,570 on June 30, 2013. This was an increase of 14.8% from the previous year total of \$4,552,422. A summary of the District's net position is as follows:

Net Position – Governmental Activities			Percentage Change
	<u>6/30/2013</u>	<u>6/30/2012</u>	
Current and Other Assets	\$ 4,766,114	\$ 8,582,124	
Capital Assets	9,113,823	6,132,741	
Total Assets	<u>13,879,937</u>	<u>14,714,865</u>	(5.7%)
Current Liabilities	2,023,048	3,892,794	
Noncurrent Liabilities	6,631,319	6,269,649	
Total Liabilities	<u>8,654,367</u>	<u>10,162,443</u>	(14.8%)
Net Position			
Invested in capital assets	4,861,232	3,183,939	
Restricted	147,482	268,907	
Unrestricted	216,856	1,099,576	
Total Net Position	<u>\$ 5,225,570</u>	<u>\$ 4,552,422</u>	14.8%

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, 2013. A summary of the District's revenues and expenses is as follows:

Change in Net Position – Governmental Activities			Percentage Change
	<u>6/30/2013</u>	<u>6/30/2012</u>	
Revenues			
Program Revenues			
Charges for Services	\$ 398,301	\$ 358,722	
Operating Grants and Contributions	1,442,296	1,435,008	
General Revenues			
Property Taxes	2,021,820	1,445,055	
Unallocated Federal and State Aid	3,543,124	3,384,994	
Other	42,120	(3,336)	
Total Revenues	<u>7,447,661</u>	<u>6,620,443</u>	12.5%
Expenses			
District and School Administration	466,733	507,242	
District Support Services	406,045	298,288	
Regular Instruction	2,940,390	2,895,540	
Vocational Instruction	72,230	66,542	
Exceptional Instruction	903,123	881,952	
Community Education and Services	142,002	144,745	
Instructional Support Services	77,156	113,964	
Pupil Support Services	961,374	896,574	
Site, Buildings and Equipment	616,123	847,895	
Fiscal and Other Fixed Cost Programs	19,380	12,686	
Interest on Long-Term Debt	169,957	56,263	
Total Expenses	<u>6,774,513</u>	<u>6,721,691</u>	(0.8%)
Increase (Decrease) in Net Position	673,148	(101,248)	
Beginning of Year Net Position	<u>4,552,422</u>	<u>4,653,670</u>	
End of Year Net Position	<u>\$ 5,225,570</u>	<u>\$ 4,552,422</u>	14.8%

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

**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 \$1,840,597, property taxes of \$2,021,820, unallocated federal and state aids of \$3,543,124 and a small amount from miscellaneous other sources. Expenses totaling \$6,774,513 consisted primarily of student instructional costs of \$3,915,743, student support services of \$1,038,530, administration costs of \$872,778, site, buildings and equipment costs of \$616,123, community education services of \$142,002 and minor other amounts.

The cost of all governmental activities this year was \$6,774,513.

- The users of the District's programs paid for 5.9%, or \$398,301, of the costs.
- The federal and state governments subsidized certain programs with grants and contributions. This totaled \$1,442,296 or 21.3% of the total costs.
- Most of the District's net cost of services (\$4,933,916), 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 \$3,157,738. This was down from \$5,295,214 at the end of the prior year, a decrease of \$2,137,476. The General Fund increase is due to an increase in property tax levy revenue and state aids. The Food Service Fund increase is due to a decrease in food service supplies and materials. The increase in the Community Service Fund is due to an operating transfer of \$10,000 from the General Fund. The decrease in the Building Construction Fund was due to expenditures for capital outlay. The Debt Service Fund had a fund balance decrease due to paying down the debt on the Alternative Facilities Bonds, Series 2012A.

REVENUES AND EXPENDITURES

Revenues and other financing sources of the District's governmental funds totaled \$8,260,335. This was a decrease of 39.6% from the previous year total of \$13,670,397. Total expenditures were \$10,397,811. This was a decrease of 8.1% from the previous year total of \$11,309,634. 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>Fund Balance Increase (Decrease)</u>
General Fund	\$ 6,531,684	\$ 6,472,074	\$ (10,000)	\$ 49,610
Food Service Fund	329,373	321,444	-	7,929
Community Service Fund	136,715	141,902	10,000	4,813
Building Construction Fund	367	2,892,383	774,000	(2,118,016)
Debt Service Fund	<u>488,196</u>	<u>570,008</u>	<u>-</u>	<u>(81,812)</u>
Totals	<u>\$ 7,486,335</u>	<u>\$ 10,397,811</u>	<u>\$ 774,000</u>	<u>\$ (2,137,476)</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

**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 and other financing sources:

Revenues – General Fund				
	Year Ended 6/30/2013	Year Ended 6/30/2012	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	\$ 1,457,082	\$ 1,328,993	\$ 128,089	9.6%
Tuition Contracts	91,293	73,391	17,902	24.4%
Other Local Sources	260,992	223,940	37,052	16.5%
State Sources	4,490,874	4,286,655	204,219	4.8%
Federal Sources	<u>231,443</u>	<u>279,429</u>	<u>(47,986)</u>	<u>(17.2%)</u>
Total Revenues	<u>6,531,684</u>	<u>6,192,408</u>	<u>339,276</u>	<u>5.5%</u>
Other Financing Sources				
Proceeds from Sale of Equipment	-	5	(5)	(100.0%)
Proceeds from Sale of Real Estate	-	16,500	(16,500)	(100.0%)
Proceeds from Capital Lease	-	<u>864,224</u>	<u>(864,224)</u>	<u>(100.0%)</u>
Total Other Financing Sources	<u>-</u>	<u>880,729</u>	<u>(880,729)</u>	<u>(100.0%)</u>
Total Revenues and Other Financing Sources	<u>\$ 6,531,684</u>	<u>\$ 7,073,137</u>	<u>\$ (541,453)</u>	<u>(7.7%)</u>

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

Expenditures – General Fund				
	Year Ended 6/30/2013	Year Ended 6/30/2012	Amount of Increase (Decrease)	Percent Increase (Decrease)
Salaries and Wages	\$ 3,612,849	\$ 3,630,741	\$ (17,892)	(0.5%)
Employee Benefits	1,046,165	975,280	70,885	7.3%
Purchased Services	767,300	754,465	12,835	1.7%
Supplies and Materials	254,390	271,655	(17,265)	(6.4%)
Other Expenditures	22,687	46,798	(24,111)	(51.5%)
Capital Expenditures	594,780	1,190,030	(595,250)	(50.0%)
Debt Service Expenditures	<u>173,903</u>	<u>281,419</u>	<u>(107,516)</u>	<u>(38.2%)</u>
Total Expenditures	<u>6,472,074</u>	<u>7,150,388</u>	<u>(678,314)</u>	<u>(9.5%)</u>
Other Financing Uses				
Operating Transfer Out	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>100.0%</u>
Total Expenditures and Other Financing Uses	<u>\$ 6,482,074</u>	<u>\$ 7,150,388</u>	<u>\$ (668,314)</u>	<u>(9.3%)</u>

In summary, the 2012-2013 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$49,610 resulting in the total fund balance increasing to \$2,821,797 at June 30, 2013. After deducting statutory and accounting standards restrictions and fund balance policy commitments and assignments, the unassigned fund balance decreased \$41,871 to \$2,398,963 at June 30, 2013. The District closely monitors the General Fund unassigned fund balance through its budgeting process throughout the year.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

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

During the year ended June 30, 2013 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 and other financing sources in the amount of \$262,026.

While the District's final budget for the General Fund anticipated that expenditures and other financing uses would exceed revenues and other financing sources by \$262,026, the actual results for the year showed a surplus of \$49,610.

- Actual revenues were \$115,815, or 2.5 percent, more than budget. This was due to the District receiving more revenue for General Education Aid, Special Education aid, and West Central Integration Collaborative and Elementary activities than anticipated.
- Actual expenditures were \$145,821, or 2.2 percent, less than budget. This was due to the District paying less than expected for transportation costs, building repairs and maintenance, and contracted services for special education.

FOOD SERVICE FUND

The Food Service Fund revenue for 2012-2013 totaled \$329,373 and expenditures were \$321,444, resulting in a fund balance increase of \$7,929. The June 30, 2013 Food Service Fund fund balance is \$69,639.

COMMUNITY SERVICE FUND

In 2012-2013, the total revenues for the Community Service Fund were \$136,715 and total expenditures were \$141,902. In 2012-2013, there was an operating transfer of \$10,000 from the General Fund, resulting in a fund balance increase of \$4,813 in the June 30, 2013 fund balance. The Community Service Fund fund balance as of June 30, 2013 is \$3,268.

BUILDING CONSTRUCTION FUND

In 2012-2013, the total revenues and other financing sources were \$774,367 and total expenditures were \$2,892,383. Total expenditures exceeded revenues and other financing sources by \$2,118,016, resulting in a decrease of the same amount in the June 30, 2013 restricted for alternative facility health and safety fund balance.

DEBT SERVICE

In 2012-2013, the total revenues were \$488,196 and total expenditures were \$570,008. The fund balance at June 30, 2013 is \$25,423.

TRUST FUND

The Trust Fund additions exceeded deductions by \$311 in 2012-2013. The net position balance of \$46,007 at June 30, 2013 is available for scholarships.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of June 30, 2013, the District had net capital assets of \$9,113,823 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 \$262,541. Detailed information about capital assets is as follows:

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

**CAPITAL ASSET AND DEBT ADMINISTRATION (Cont'd)
CAPITAL ASSETS (Cont'd)**

Capital Assets – Governmental Activities			Percentage
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Change</u>
Land	\$ 10,350	\$ 10,350	0.0%
Construction in Progress	33,156	3,616,269	(99.1%)
Buildings and Improvements	11,407,903	4,796,027	137.9%
Equipment and Vehicles	1,680,077	1,493,475	12.5%
Less Accumulated Depreciation	<u>(4,017,663)</u>	<u>(3,783,380)</u>	6.2%
Total Net Capital Assets	<u>\$ 9,113,823</u>	<u>\$ 6,132,741</u>	48.6%

LONG-TERM LIABILITIES

At year-end, the District had \$5,650,000 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 \$683,630 of long-term liabilities in the year ending June 30, 2013. On October 9, 2012, the District issued \$774,000 in capital lease obligations.

Outstanding Long-Term Liabilities			Percentage
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Change</u>
General Obligation Bonds	\$ 5,650,000	\$ 6,120,000	(7.7%)
Issuance Premiums	42,495	45,825	(7.3%)
Capital Lease Obligations	1,425,327	780,735	82.6%
Severance Pay Payable	145,005	112,539	28.8%
OPEB Payable (Advance Payments)	<u>(209,248)</u>	<u>(163,604)</u>	27.9%
Total Long-Term Liabilities	<u>\$ 7,053,579</u>	<u>\$ 6,895,495</u>	2.3%

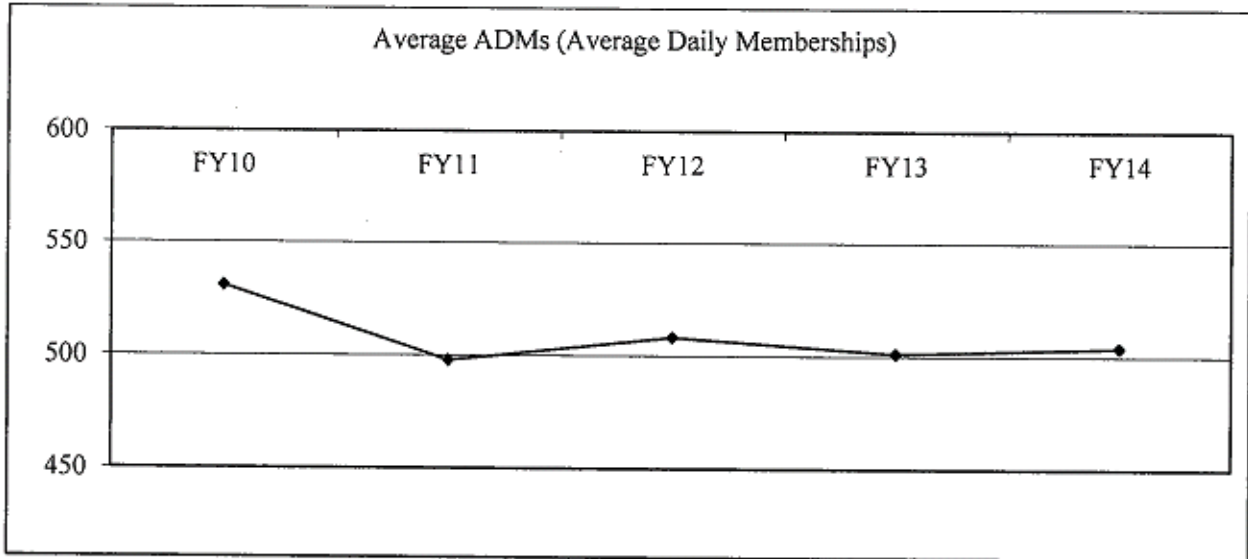
FACTORS BEARING ON THE DISTRICT'S FUTURE

The Legislature did approve a \$50 per pupil unit increase for 2012-2013 and an additional \$50 per pupil unit increase for 2013-2014. The State of Minnesota increased the percentage of aids paid during the fiscal year from 64.3% in 2012 to 85% in 2013 resulting in the school districts receiving their funding earlier. Economic conditions in Minnesota are improving and the new Legislature in 2014 will be faced with a \$636 million surplus for the next biennium.

The District's future projections continue to reflect stable 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, 2013**

FACTORS BEARING ON THE DISTRICT'S FUTURE (Cont'd)



In November 2012, the voters approved to renew the additional \$300 per pupil referendum that was set to sunset in 2013.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 STATEMENT OF NET POSITION
 JUNE 30, 2013
 (with Partial Comparative Information as of June 30, 2012)

	Governmental Activities	
	2013	2012
ASSETS		
Current Assets:		
Cash and Investments	\$ 2,775,782	\$ 5,750,520
Property Taxes Receivable-Net	1,016,057	997,028
Accounts and Interest Receivable	27,969	94,824
Due From State of Minnesota	653,853	1,585,249
Due From Federal Government	68,231	4,106
Due From Other Minnesota Districts	177,656	113,724
Inventory	2,288	382
Total Current Assets	4,721,836	8,545,833
Noncurrent Assets:		
Capital Assets:		
Land	10,350	10,350
Construction in Progress	33,156	3,616,269
Other Capital Assets, Net of Depreciation	9,070,317	2,506,122
Deferred Charges, Net of Amortization	44,278	36,291
Total Noncurrent Assets	9,158,101	6,169,032
TOTAL ASSETS	13,879,937	14,714,865
LIABILITIES		
Current Liabilities:		
Salaries Payable	13,530	17,069
Accounts and Interest Payable	206,685	1,810,147
Due to Other Governmental Units	70	70
Payroll Liabilities	92,798	79,924
Unearned Revenue	76,122	112,523
Property Taxes Levied for Subsequent Years	1,211,583	1,247,206
Advance of Unearned General Education Aid	-	9
Current Portion of Long-Term Liabilities	422,260	625,846
Total Current Liabilities	2,023,048	3,892,794
Noncurrent Liabilities:		
Noncurrent Portion of Long-Term Liabilities	6,631,319	6,269,649
Total Noncurrent Liabilities	6,631,319	6,269,649
TOTAL LIABILITIES	8,654,367	10,162,443
NET POSITION		
Net Investment in Capital Assets	4,861,232	3,183,939
Restricted For:		
Capital Asset Acquisition	-	66,899
Debt Service	-	77,981
Food Service	69,639	61,710
Community Service	48,356	30,411
Other Activities	29,487	31,906
Unrestricted	216,856	1,099,576
TOTAL NET POSITION	\$ 5,225,570	\$ 4,552,422

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, 2013
 (with Partial Comparative Information for the Year Ended June 30, 2012)

Functions/Programs	2013			2012	
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
District and School Administration	\$ 466,733	\$ 20,858		\$	(507,242)
District Support Services	406,045	-		(406,045)	(298,288)
Regular Instruction	2,940,390	153,348	634,926	(2,152,116)	(2,075,503)
Vocational Instruction	72,230	-	-	(72,230)	(66,542)
Exceptional Instruction	903,123	3,153	552,076	(347,894)	(371,522)
Community Education and Services	142,002	27,578	45,429	(68,995)	(84,502)
Instructional Support Services	77,156	-	-	(77,156)	(113,964)
Pupil Support Services	961,374	193,114	209,865	(558,395)	(493,854)
Site, Buildings and Equipment	616,123	250	-	(615,873)	(847,595)
Fiscal and Other Fixed Cost Programs	19,380	-	-	(19,380)	(12,686)
Interest on Long-Term Debt	169,957	-	-	(169,957)	(56,263)
Total Governmental Activities	6,774,513	398,301	1,442,296	\$ (4,933,916)	(4,927,961)
General Revenues:					
Property Taxes Levied for:					
General Purposes				1,488,304	1,391,775
Community Education and Service				61,625	53,280
Debt Service				471,891	-
Federal and State Aid Not Restricted to Specific Purposes				3,543,124	3,384,994
Earnings on Investments				1,937	1,549
Gain (Loss) on the Disposal of Equipment				14,971	(7,876)
Miscellaneous Revenues				25,212	2,991
Total General Revenues				5,607,064	4,826,713
Change in Net Position				673,148	(101,248)
Net Position - Beginning				4,552,422	4,653,670
Net Position - Ending				\$ 5,225,570	\$ 4,552,422

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, 2013

(with Partial Comparative Information as of June 30, 2012)

	Major Funds						Total Governmental Funds	
	General	Food Service	Community Service	Building Construction	Debt Service	2013		2012
ASSETS								
Cash and Investments	\$ 2,218,801	\$ 66,429	\$ 54,440	\$ 213,433	\$ 222,679	\$ 2,775,782	\$ 5,750,520	
Current Property Taxes Receivable	751,436	-	31,548	-	195,076	978,060	967,454	
Delinquent Property Taxes Receivable	33,830	-	1,835	-	2,332	37,997	29,574	
Accounts and Interest Receivable	932	210	2,649	24,178	-	27,969	94,824	
Due From State of Minnesota	648,998	320	1,689	-	2,846	653,853	1,585,249	
Due From Federal Government	57,816	10,415	-	-	-	68,231	4,106	
Due From Other Minnesota Districts	177,656	-	-	-	-	177,656	113,724	
Inventory	-	2,288	-	-	-	2,288	382	
TOTAL ASSETS	\$ 3,889,469	\$ 79,662	\$ 92,161	\$ 237,611	\$ 422,933	\$ 4,721,836	\$ 8,545,833	
LIABILITIES								
Salaries Payable	\$ 7,136	\$ 2,519	\$ 3,875	\$ -	\$ -	\$ 13,530	\$ 17,069	
Accounts and Interest Payable	119,642	7,504	4,852	-	-	131,998	1,764,244	
Due to Other Governmental Units	70	-	-	-	-	70	70	
Payroll Liabilities	92,798	-	-	-	-	92,798	79,924	
Deferred Revenue	30,658	-	45,464	-	-	76,122	112,523	
Deferred Revenue - Delinquent Taxes	33,830	-	1,835	-	2,332	37,997	29,574	
Property Taxes Levied for Subsequent Years	783,538	-	32,867	-	395,178	1,211,583	1,247,206	
Advance of Unearned General Education Aid	-	-	-	-	-	-	9	
TOTAL LIABILITIES	\$ 1,067,672	\$ 10,023	\$ 88,893	\$ -	\$ 397,510	\$ 1,564,098	\$ 3,250,619	
FUND BALANCES								
Nonspendable Fund Balance	-	2,288	-	-	-	2,288	382	
Restricted Fund Balances	(9,027)	67,351	3,268	237,611	25,423	324,626	2,621,450	
Committed Fund Balances	145,005	-	-	-	-	145,005	112,540	
Assigned Fund Balances	286,856	-	-	-	-	286,856	120,008	
Unassigned Fund Balances	2,398,963	-	-	-	-	2,398,963	2,440,834	
TOTAL FUND BALANCES	\$ 2,821,797	\$ 69,639	\$ 3,268	\$ 237,611	\$ 25,423	\$ 3,157,738	\$ 5,295,214	
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,889,469	\$ 79,662	\$ 92,161	\$ 237,611	\$ 422,933	\$ 4,721,836	\$ 8,545,833	

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, 2013
(with Partial Comparative Information as of June 30, 2012)

	2013	2012
Total Fund Balances for Governmental Funds	\$ 3,157,738	\$ 5,295,214
<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	3,616,269
Other Capital Assets, Net of \$4,017,663 of Accumulated Depreciation	9,070,317	2,506,122
<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 deferred revenue in the funds.</p>		
	37,997	29,574
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
	(74,687)	(45,903)
<p>Long-term liabilities 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	(5,650,000)	(6,120,000)
Lease Purchase Agreements	(1,425,327)	(780,735)
Other Post Employment Benefits Payable	209,248	163,604
Severance Benefits Payable	(145,005)	(112,539)
Unamortized Bond Premiums	(42,495)	(45,825)
Unamortized Bond Issuance Costs	44,278	36,291
Total Net Position of Governmental Activities	\$ 5,225,570	\$ 4,552,422

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, 2013
 (with Partial Comparative Information for the Year Ended June 30, 2012)

	Major Funds					Total Governmental Funds	
	General	Food Service	Community Service	Building Construction	Debt Service	2013	2012
REVENUES							
Local Property Tax Levies	\$ 1,457,082		\$ 59,451		\$ 467,227	\$ 1,983,760	\$ 1,382,479
Other Local and County Revenues	263,698	\$ 27	65,968	\$ 367	46	330,106	332,268
Revenue From State Sources	4,490,874	13,137	11,296	-	20,923	4,536,230	4,312,656
Revenue From Federal Sources	231,443	199,262	-	-	-	430,705	457,932
Sales and Other Conversion of Assets	88,587	116,947	-	-	-	205,534	138,314
TOTAL REVENUES	6,531,684	329,373	136,715	367	488,196	7,486,335	6,623,649
EXPENDITURES							
Current:							
District and School Administration	466,184	-	-	-	-	466,184	502,359
District Support Services	369,122	-	-	-	-	369,122	284,860
Regular Instruction	2,837,626	-	-	-	-	2,837,626	2,839,268
Vocational Instruction	70,356	-	-	-	-	70,356	65,885
Exceptional Instruction	901,082	-	-	-	-	901,082	880,460
Community Education and Services	-	-	138,187	-	-	138,187	144,645
Instructional Support Services	77,156	-	-	-	-	77,156	113,964
Pupil Support Services	572,415	297,894	-	-	-	870,309	822,035
Site, Buildings and Equipment	390,070	-	-	46,675	-	436,745	1,239,926
Fiscal and Other Fixed Cost Programs	19,380	-	-	-	-	19,380	12,686
Capital Outlay	594,780	23,550	3,715	2,845,708	-	3,467,753	4,122,127
Debt Service:							
Principal	129,408	-	-	-	470,000	599,408	268,242
Interest	44,495	-	-	-	100,008	144,503	13,177
TOTAL EXPENDITURES	6,472,074	321,444	141,902	2,892,383	570,008	10,397,811	11,309,634
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	59,610	7,929	(5,187)	(2,892,016)	(81,812)	(2,911,476)	(4,685,985)
OTHER FINANCING SOURCES (USES)							
Proceeds from Sale of Equipment	-	-	-	-	-	-	5
Proceeds from Sale of Real Estate	-	-	-	-	-	-	16,500
Proceeds from Capital Lease	-	-	-	774,000	-	774,000	864,224
Bond Proceeds	-	-	-	-	-	-	6,120,000
Bond Issuance Discount/Cost	-	-	-	-	-	-	46,019
Operating Transfers In (Out)	(10,000)	-	10,000	-	-	-	-
TOTAL OTHER FINANCING SOURCES	(10,000)	-	10,000	774,000	-	774,000	7,046,748
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND USES	49,610	7,929	4,813	(2,118,016)	(81,812)	(2,137,476)	2,360,763
FUND BALANCE BEGINNING OF YEAR	2,772,187	61,710	(1,545)	2,355,627	107,235	5,295,214	2,934,451
FUND BALANCE END OF YEAR	\$ 2,821,797	\$ 69,639	\$ 3,268	\$ 237,611	\$ 25,423	\$ 3,157,738	\$ 5,295,214

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, 2013
 (with Partial Comparative Information for the Year Ended June 30, 2012)

	2013	2012
Total Net Change in Fund Balances - Governmental Funds	\$ (2,137,476)	\$ 2,360,763
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase 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	3,290,720	4,459,993
Depreciation Expense	(262,541)	(174,881)
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.	(47,097)	(24,381)
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	470,000	-
Repayment of Capital Lease Principal	129,408	268,242
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 totaled:		
Issuance of Capital Lease	(774,000)	(864,224)
Issuance of Alternative Facilities Bonds	-	(6,120,000)
Bond discount and debt issuance costs are recognized as expenditures in the governmental funds when paid. In the statement of activities, however, these costs are recognized as expenditures over the life of the bond.	11,317	(9,534)
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.	(28,784)	(43,280)
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 deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	8,423	4,670
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.	45,644	42,517
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).	(32,466)	(1,133)
Change in Net Position of Governmental Activities	\$ 673,148	\$ (101,248)

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, 2013
 (with Comparative Actual Amounts for the Year Ended June 30, 2012)

	<u>Private-Purpose Trust Fund</u>		<u>Agency Fund</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
ASSETS				
Cash and Investments	\$ 45,972	\$ 45,661	\$ 28,408	\$ 27,989
Accounts and Interest Receivable	<u>35</u>	<u>35</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>46,007</u>	<u>45,696</u>	<u>\$ 28,408</u>	<u>\$ 27,989</u>
LIABILITIES				
Amounts Held in Trust for Others	<u>-</u>	<u>-</u>	<u>\$ 28,408</u>	<u>\$ 27,989</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>\$ 28,408</u>	<u>\$ 27,989</u>
NET POSITION HELD IN TRUST FOR SCHOLARSHIPS	<u>\$ 46,007</u>	<u>\$ 45,696</u>		

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, 2013
 (with Comparative Actual Amounts for the Year Ended June 30, 2012)

	Private-Purpose Trust Fund	
	2013	2012
ADDITIONS:		
Investment Income:		
Interest	\$ 311	\$ 460
TOTAL ADDITIONS	311	460
DEDUCTIONS:		
None	-	-
TOTAL DEDUCTIONS	-	-
NET INCREASE (DECREASE)	311	460
NET POSITION BEGINNING OF YEAR	45,696	45,236
NET POSITION END OF YEAR	\$ 46,007	\$ 45,696

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, 2013**

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.

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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 deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred 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 deferred revenue is removed from the combined balance sheet and revenue is recognized.

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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, Building Construction 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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I. 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, 2013 are comprised of deposits and shares in the Minnesota School District Liquid Asset Fund (MSDLAF). 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, 2013 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.

Fair Value Measurement of Investments

Fair value is determined using a hierarchy to prioritize inputs to valuation models. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Level 1 investments are valued at unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. Level 2 investments are valued at pricing inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the derivative instruments. Level 3 investments are valued at prices or valuations that require inputs that are both significant to the fair value measurements and unobservable.

All of the District's investments are Level 1 investments based on the State of Minnesota's statutory requirements.

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.

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

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.

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 2013 is recorded as deferred revenue (property taxes levied for subsequent year).

Taxes payable on qualifying property, as defined by Minnesota statutes, are partially reduced by a market value credit aid. The credits are paid to the District by the State in lieu of taxes levied against the property.

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 deferred 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, as well as issuance costs, 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. Bond issuance costs will be reported as deferred charges and amortized over the term of the related debt.

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

L. LONG-TERM OBLIGATIONS (Cont'd)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Principal payments are reported as debt service expenditures.

M. 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, 2013, a liability for severance pay totaling \$145,005 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.

N. DEFERRED REVENUE

Deferred revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported deferred revenues for various grants and contributions that have not been expended by year end.

O. 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

P. 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.

Q. NET POSITION

Net position represents the difference between assets and liabilities 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 "invested in capital assets" or "restricted" are reported as unrestricted.

R. 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.

S. 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES

At June 30, 2013, 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, 2013, 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

All of the District's investments are Level 1 investments based on the State of Minnesota's statutory requirements.

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, 2013.

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, 2013.

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, 2013.

The following table presents the District's cash and investment balances at June 30, 2013:

<u>Cash/Investment Type</u>	<u>Credit Rating</u>	<u>Average Maturities</u>	<u>Percentage of Total</u>	<u>Fair Value</u>
Pooled Cash and Investments:				
MSDLAF	N/A	N/A	8.7%	\$ 240,660
Minnesota Trust Investment Shares	N/A	N/A	82.1	2,281,813
Checking Account	N/A	N/A	9.1	251,309
Petty Cash	N/A	N/A	0.1	<u>2,000</u>
Total Cash and Investments			100.0%	\$ <u>2,775,782</u>

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 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS (Cont'd)

Cash and Investments are presented in the June 30, 2013 basic financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and Investments \$ 2,775,782

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 10,350	\$ -	\$ -	\$ 10,350
Construction in Progress	<u>3,616,269</u>	<u>33,156</u>	<u>3,616,269</u>	<u>33,156</u>
Total Capital Assets, Not Being Depreciated	<u>3,626,619</u>	<u>33,156</u>	<u>3,616,269</u>	<u>43,506</u>
Capital Assets, Being Depreciated				
Land Improvements	397,492	93,511	-	491,003
Buildings and Improvements	4,398,535	6,518,365	-	10,916,900
Equipment and Transportation Vehicles	<u>1,493,475</u>	<u>261,957</u>	<u>75,355</u>	<u>1,680,077</u>
Total Capital Assets, Being Depreciated	<u>6,289,502</u>	<u>6,873,833</u>	<u>75,355</u>	<u>13,087,980</u>
Accumulated Depreciation for:				
Land Improvements	349,086	5,359	-	354,445
Buildings and Improvements	2,619,142	136,545	-	2,755,687
Equipment and Transportation Vehicles	<u>815,152</u>	<u>120,637</u>	<u>28,258</u>	<u>907,531</u>
Total Accumulated Depreciation	<u>3,783,380</u>	<u>262,541</u>	<u>28,258</u>	<u>4,017,663</u>
Total Capital Assets, Being Depreciated, Net	<u>2,506,122</u>	<u>6,611,292</u>	<u>47,097</u>	<u>9,070,317</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,132,741</u>	<u>\$ 6,644,448</u>	<u>\$ 3,663,366</u>	<u>\$ 9,113,823</u>

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

Governmental Activities	
District and School Administration	\$ 549
District Support Services	6,081
Regular Instruction	10,954
Vocational Instruction	87
Exceptional Instruction	441
Community Education and Services	100
Pupil Support Services	82,329
Site, Buildings and Equipment	<u>162,000</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 262,541</u>

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5. LONG-TERM LIABILITIES

A. DESCRIPTION OF LONG-TERM DEBT

Long-term liabilities are comprised of the following as of June 30, 2013:

Issue	Interest Rate	Original Amount	Maturity Date	Debt Outstanding
Alternative Facilities Bonds, Series 2012A	2.00 – 3.00%	\$6,120,000	2032	\$ 5,650,000
Capital Lease Payable	4.47%	620,202	2026	590,873
Capital Lease Payable	3.20%	244,022	2013	81,531
Capital Lease Payable	2.94%	774,000	2027	752,923
Other Post Employment Benefits Payable				(209,248)
Severance Pay Payable				145,005
Issuance Premiums				42,495
				<u>\$ 7,053,579</u>

General Obligation Bonds

On May 24, 2012, the District issued \$6,120,000 of General Obligation Alternative Facilities Bonds, Series 2012A. The proceeds of this bond issue were 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 2012-2013 was \$100,008.

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 2012-2013 was \$28,358.

On May 26, 2011, the District entered into a two 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 2012-2013 was \$5,137.

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 2012-2013 was \$11,000.

These assets are being depreciated using a straight line method over the life of the asset. These lease obligations will be repaid through the General Fund.

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.

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5. LONG-TERM LIABILITIES (Cont'd)

B. CHANGES IN LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended June 30, 2013 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	\$ 6,120,000	\$ -	\$ 470,000	\$ 5,650,000	\$ 240,000
Capital Lease Payable	620,202	-	29,329	590,873	31,275
Capital Lease Payable	160,533	-	79,002	81,531	81,531
Capital Lease Payable	-	774,000	21,077	752,923	42,325
OPEB Payable					
(Advance Payments)	(163,604)	(45,644)	-	(209,248)	-
Severance Pay Payable	112,539	113,358	80,892	145,005	23,799
Deferred Amounts – Issuance Premiums	45,825	-	3,330	42,495	3,330
	<u>\$ 6,895,495</u>	<u>\$ 841,714</u>	<u>\$ 683,630</u>	<u>\$ 7,053,579</u>	<u>\$ 422,260</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>
2014	\$ 240,000	\$ 136,360
2015	245,000	131,560
2016	255,000	126,660
2017	260,000	121,560
2018	265,000	116,360
2019 – 2023	1,400,000	500,300
2024 – 2028	1,575,000	342,550
2029 – 2033	1,410,000	107,550
	<u>\$ 5,650,000</u>	<u>\$ 1,582,900</u>

The future minimum lease obligations and the net present value of the minimum lease payments of the capital leases as of June 30, 2013 are as follows:

Year Ending June 30	<u>Building Improvements Principal</u>	<u>Apple Computer Principal</u>
	2014	\$ 121,841
2015	121,841	-
2016	121,841	-
2017	121,841	-
2018	121,841	-
2019-2023	609,204	-
2024-2028	519,439	-
Net Minimum Lease Payments	1,737,848	84,140
Less Amount Representing Interest Present Value of Net Minimum Lease Payments	<u>(394,052)</u>	<u>(2,609)</u>
	<u>\$ 1,343,796</u>	<u>\$ 81,531</u>

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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, 2012 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, 2013, 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 2013, the District contributed \$207,814 to the plan.

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 2013 and 2012, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	<u>2013</u>	<u>2012</u>
Annual Required Contribution (ARC)	\$ 159,548	\$ 172,111
Interest on Net OPEB Obligation	(7,362)	(5,449)
Amortization of Net OPEB Obligation with interest	<u>9,984</u>	<u>7,309</u>
Annual OPEB Cost	162,170	173,971
Contributions Made (Including Implicit Subsidy)	<u>(207,814)</u>	<u>(216,488)</u>
Decrease in Net OPEB Obligation	(45,644)	(42,517)
Net OPEB Obligation, Beginning of Year	<u>(163,604)</u>	<u>(121,087)</u>
Net OPEB Obligation, End of Year	<u>\$ (209,248)</u>	<u>\$ (163,604)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	\$ 162,170	128.15%	\$ (209,248)
6/30/2012	\$ 173,971	124.44%	\$ (163,604)

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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6. OTHER POST EMPLOYMENT BENEFITS (Cont'd)

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) as of June 30, 2013 was \$1,664,473. 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 multi-year trend 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.

7. FUND BALANCE CLASSIFICATION

At June 30, 2013, a summary of the governmental fund balance classifications is as follows:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Community Service Fund</u>	<u>Building Construction Fund</u>	<u>Debt Service</u>	<u>Total</u>
Nonspendable:						
Inventory	\$ -	\$ 2,288	\$ -	\$ -	\$ -	\$ 2,288
	<u>-</u>	<u>2,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,288</u>
Restricted for:						
Deferred Maintenance	(14,502)	-	-	-	-	(14,502)
Gifted and Talented	26,558	-	-	-	-	26,558
Health and Safety	(12,271)	-	-	-	-	(12,271)
Basic Skills	2,929	-	-	-	-	2,929
Safe Schools – Crime	(11,741)	-	-	-	-	(11,741)
Food Service	-	67,351	-	-	-	67,351
Community Education	-	-	43,976	-	-	43,976
Community Service	-	-	2,545	-	-	2,545
Early Childhood Family Education	-	-	(17,750)	-	-	(17,750)
School Readiness	-	-	(25,503)	-	-	(25,503)
Alternative Facility Health and Safety	-	-	-	237,611	-	237,611
Debt Service	-	-	-	-	25,423	25,423
	<u>(9,027)</u>	<u>67,351</u>	<u>3,268</u>	<u>237,611</u>	<u>25,423</u>	<u>324,626</u>
Committed for:						
Separation/Retirement Benefits	145,005	-	-	-	-	145,005
	<u>145,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,005</u>
Assigned for:						
Projected Budget Deficit	286,856	-	-	-	-	286,856
	<u>286,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,856</u>
Unassigned:	<u>2,398,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,398,963</u>
Total Fund Balance:	<u>\$ 2,821,797</u>	<u>\$ 69,639</u>	<u>\$ 3,268</u>	<u>\$ 237,611</u>	<u>\$ 25,423</u>	<u>\$ 3,157,738</u>

**INDEPENDENT SCHOOL DISTRICT NO. 2890
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7. FUND BALANCE CLASSIFICATION (Cont'd)

The District is reporting negative restricted fund balances in Deferred Maintenance, Health and Safety, Safe Schools – Crime, Early Childhood Family Education, and School Readiness at June 30, 2013. 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.

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 as described:

Tier I:

	<u>Step Rate Formula</u>	<u>Percentage</u>
Basic	1 st ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	1 st ten years if service years are prior to July 1, 2006	1.2 percent per year
	1 st 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

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8. PENSION PLANS (Cont'd)

A. TEACHERS RETIREMENT ASSOCIATION (Cont'd)

1. Plan Description (Cont'd)

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.

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. 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 6.0 percent and 9.0 percent, respectively, of their annual covered salary during fiscal year 2012 as employee contributions. The TRA employer contribution rates are 6.0 percent for Coordinated members and 10.0 percent for Basic members. Total covered payroll salaries for all TRA members statewide during the fiscal year ended June 30, 2012 was approximately \$3.87 billion. TRA covered payroll for all members statewide for the fiscal years ended June 30, 2011 and June 30, 2010 were \$3.84 billion and \$3.79 billion, respectively.

The District contributions for the years ending June 30, 2013, 2012 and 2011 were \$169,605, \$163,435, and \$142,220, 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

8. PENSION PLANS (Cont'd)

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 three 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 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, 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.

INDEPENDENT SCHOOL DISTRICT NO. 2890
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

8. PENSION PLANS (Cont'd)

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Cont'd)

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. GERS Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2012. In 2012, 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, 2013, 2012, and 2011 were \$70,456, \$69,835, and \$66,817, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statute.

9. TRANSFER

During 2013, the following authorized transfer was made:

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Community Service Fund	To cover deficit fund balance	\$ 10,000

10. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2013, the District implemented GASB Statement No. 63. This action resulted in the establishment of categories outside of assets and liabilities titled deferred outflows and deferred inflows. The Statement also retitled Net Assets as Net Position.

**OTHER SUPPLEMENTARY INFORMATION
AND OTHER REQUIRED REPORTS**

INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
FOR POSTEMPLOYMENT BENEFIT PLANS
JUNE 30, 2013

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
6/30/2013	\$ 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)

INDEPENDENT SCHOOL DISTRICT NO. 2890
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 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013
 (with Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013 Budgeted Amounts		2013 Actual	Favorable (Unfavorable) Variance	2012 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Local Property Tax Levies:						
Maintenance Levy	\$ 1,309,819	\$ 1,292,300	\$ 1,288,707	\$ (3,593)	\$ 1,239,218	\$ 49,489
Health and Safety Levy	112,597	112,597	112,597	-	38,316	74,281
Property Tax Shift Recognition	-	-	55,778	55,778	51,459	4,319
	<u>1,422,416</u>	<u>1,404,897</u>	<u>1,457,082</u>	<u>52,185</u>	<u>1,328,993</u>	<u>128,089</u>
Other Local and County Revenues:						
County Apportionment	8,000	10,000	8,461	(1,539)	10,004	(1,543)
Other School Districts	(52,633)	116,795	91,293	(25,502)	73,391	17,902
Admissions and Fees	55,125	53,895	65,817	11,922	67,977	(2,160)
Earnings From Investments	1,500	1,200	1,488	288	1,290	198
Rent for School Facilities	300	300	250	(50)	300	(50)
Miscellaneous Revenues	23,300	59,654	96,389	36,735	120,970	(24,581)
	<u>35,592</u>	<u>241,844</u>	<u>263,698</u>	<u>21,854</u>	<u>273,932</u>	<u>(10,234)</u>
Revenue From State Sources:						
Endowment Fund Apportionment	12,867	14,094	15,409	1,315	16,902	(1,493)
General Education Aid	4,047,749	3,920,248	3,980,123	59,875	3,824,516	155,607
Literacy Incentive Aid	-	26,331	26,331	-	-	-
Disparity Aid	16,710	10,230	10,230	-	16,711	(6,481)
Homestead/Agricultural Levy Credits	15,344	7,288	7,288	-	15,344	(8,056)
Special Education	346,948	346,950	461,159	114,209	417,872	43,287
Miscellaneous State Revenue	54,700	52,148	46,112	(6,036)	46,769	(657)
State Aid Adjustments	-	-	(55,778)	(55,778)	(51,459)	(4,319)
	<u>4,494,318</u>	<u>4,377,289</u>	<u>4,490,874</u>	<u>113,585</u>	<u>4,286,655</u>	<u>177,888</u>
Revenue From Federal Sources:						
Title I Educationally Deprived Children	85,000	95,523	83,244	(12,279)	98,183	(14,939)
Migrant Education	2,000	4,300	4,300	-	4,300	-
Title II	56,000	65,291	52,983	(12,308)	73,474	(20,491)
EduJobs Fund	-	-	-	-	11,050	(11,050)
Federal Special Education	90,000	90,000	81,995	(8,005)	80,449	1,546
Other Federal Programs	6,500	8,100	8,921	821	11,973	(3,052)
	<u>239,500</u>	<u>263,214</u>	<u>231,443</u>	<u>(31,771)</u>	<u>279,429</u>	<u>(47,986)</u>
Sales and Other Conversion of Assets:						
Sales of Materials	1,150	1,311	1,272	(39)	1,221	51
Insurance Recovery	-	87,314	87,315	1	1,024	86,291
Class Action Settlement	-	-	-	-	21,154	(21,154)
	<u>1,150</u>	<u>88,625</u>	<u>88,587</u>	<u>(38)</u>	<u>23,399</u>	<u>65,188</u>
TOTAL REVENUES	<u>6,192,976</u>	<u>6,375,869</u>	<u>6,531,684</u>	<u>155,815</u>	<u>6,192,408</u>	<u>312,945</u>
EXPENDITURES						
Current:						
District And School Administration:						
Salaries and Wages	353,060	349,701	341,575	8,126	367,080	(25,505)
Employee Benefits	108,232	95,881	88,856	7,025	111,532	(22,676)
Purchased Services	13,500	24,544	25,709	(1,165)	16,259	9,450
Supplies and Materials	1,800	1,095	879	216	288	591
Other Expenditures	8,150	9,066	9,165	(99)	7,200	1,965
	<u>484,742</u>	<u>480,287</u>	<u>466,184</u>	<u>14,103</u>	<u>502,359</u>	<u>(36,175)</u>
District Support Services:						
Salaries and Wages	116,425	125,758	133,095	(7,337)	119,218	13,877
Employee Benefits	37,647	75,335	87,715	(12,380)	45,941	41,774
Purchased Services	120,750	99,933	123,874	(23,941)	103,554	20,320
Supplies and Materials	7,500	14,500	15,088	(588)	4,669	10,419
Other Expenditures	13,430	11,930	9,350	2,580	11,478	(2,128)
	<u>295,752</u>	<u>327,456</u>	<u>369,122</u>	<u>(41,666)</u>	<u>284,860</u>	<u>84,262</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, 2013
 (with Comparative Actual Amounts for the Year Ended June 30, 2012)

EXPENDITURES (Cont'd)	2013 Budgeted Amounts		2013 Actual	Favorable (Unfavorable) Variance	2012 Actual	Increase (Decrease) Actual
	Original	Final				
Current (Cont'd)						
Regular Instruction:						
Salaries and Wages	\$ 2,076,917	\$ 2,014,278	\$ 2,024,229	\$ (9,951)	\$ 2,039,589	\$ (15,360)
Employee Benefits	597,187	641,865	594,244	47,621	572,281	21,963
Purchased Services	71,325	90,861	139,333	(48,472)	117,179	22,154
Supplies and Materials	67,046	83,364	75,810	7,554	105,332	(29,522)
Other Expenditures	5,290	5,385	4,010	1,375	4,887	(877)
	<u>2,817,765</u>	<u>2,835,753</u>	<u>2,837,626</u>	<u>(1,873)</u>	<u>2,839,268</u>	<u>(1,642)</u>
Vocational Instruction:						
Salaries and Wages	45,351	51,406	51,296	110	49,408	1,888
Employee Benefits	11,924	11,928	12,673	(745)	11,997	676
Purchased Services	-	420	1,218	(798)	-	1,218
Supplies and Materials	4,500	4,500	5,169	(669)	4,480	689
	<u>61,775</u>	<u>68,254</u>	<u>70,356</u>	<u>(2,102)</u>	<u>65,885</u>	<u>4,471</u>
Exceptional Instruction:						
Salaries and Wages	625,979	611,613	621,431	(9,818)	597,235	24,196
Employee Benefits	144,665	134,457	157,559	(23,102)	138,024	19,535
Purchased Services	241,740	220,851	119,083	101,768	140,718	(21,635)
Supplies and Materials	9,385	3,400	3,009	391	4,483	(1,474)
	<u>1,021,769</u>	<u>970,321</u>	<u>901,082</u>	<u>69,239</u>	<u>880,460</u>	<u>20,622</u>
Instructional Support Services:						
Salaries and Wages	25,157	25,015	19,574	5,441	26,507	(6,933)
Employee Benefits	7,574	8,524	6,837	1,687	7,570	(733)
Purchased Services	70,825	67,977	47,828	20,149	77,132	(29,304)
Supplies and Materials	3,500	3,000	2,917	83	2,755	162
	<u>107,056</u>	<u>104,516</u>	<u>77,156</u>	<u>27,360</u>	<u>113,964</u>	<u>(36,808)</u>
Pupil Support Services:						
Salaries and Wages	249,604	289,956	299,312	(9,556)	265,522	33,990
Employee Benefits	43,062	60,069	57,077	2,992	45,519	11,558
Purchased Services	146,920	184,045	129,501	54,544	119,426	10,075
Supplies and Materials	81,000	82,846	86,325	(3,479)	80,321	6,004
	<u>520,586</u>	<u>616,916</u>	<u>572,415</u>	<u>44,501</u>	<u>510,788</u>	<u>61,627</u>
Site, Buildings and Equipment:						
Salaries and Wages	156,073	177,600	122,137	55,463	166,182	(44,045)
Employee Benefits	43,853	68,702	41,204	27,498	42,416	(1,212)
Purchased Services	281,500	353,877	161,374	192,503	167,511	(6,137)
Supplies and Materials	103,700	92,000	65,193	26,807	69,327	(4,134)
Other Expenditures	300	-	162	(162)	23,233	(23,071)
	<u>585,426</u>	<u>692,179</u>	<u>390,070</u>	<u>302,109</u>	<u>468,669</u>	<u>(78,599)</u>
Fiscal And Other Fixed Cost Programs:						
Purchased Services	15,000	19,381	19,380	1	12,686	6,694
Capital Outlay:						
District and School Administration	-	-	-	-	4,334	(4,334)
District Support Services	48,000	57,092	58,472	(1,380)	22,097	36,375
Regular Instruction	89,400	105,065	104,987	78	114,778	(9,791)
Vocational Instruction	2,000	2,000	1,787	213	570	1,217
Exceptional Instruction	300	1,601	1,600	1	1,051	549
Pupil Support Services	45,000	131,772	159,984	(28,212)	81,896	78,088
Site, Buildings and Equipment	11,060	63,475	267,950	(204,475)	965,304	(697,354)
	<u>195,760</u>	<u>361,005</u>	<u>594,780</u>	<u>(233,775)</u>	<u>1,190,030</u>	<u>(595,250)</u>
Debt Service:						
Principal	171,113	108,332	129,408	(21,076)	268,242	(138,834)
Interest	36,240	33,495	44,495	(11,000)	13,177	31,318
	<u>207,353</u>	<u>141,827</u>	<u>173,903</u>	<u>(32,076)</u>	<u>281,419</u>	<u>(107,516)</u>
TOTAL EXPENDITURES	6,312,984	6,617,895	6,472,074	145,821	7,150,388	(678,314)

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, 2013
 (with Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013 Budgeted Amounts		2013 Actual	Favorable (Unfavorable) Variance	2012 Actual	Increase (Decrease) Actual
	Original	Final				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (120,008)	\$ (242,026)	\$ 59,610	\$ 301,636	\$ (957,980)	\$ 991,259
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Equipment	-	-	-	-	5	(5)
Proceeds from Sale of Real Estate	-	-	-	-	16,500	(16,500)
Proceeds from Capital Lease	-	-	-	-	864,224	(864,224)
Transfer Out to Other Funds	-	(20,000)	(10,000)	10,000	-	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(20,000)	(10,000)	10,000	880,729	(880,729)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(120,008)	(262,026)	49,610	311,636	(77,251)	110,530
FUND BALANCE BEGINNING OF YEAR	<u>2,772,187</u>	<u>2,772,187</u>	<u>2,772,187</u>	-	<u>2,849,438</u>	<u>(77,251)</u>
FUND BALANCE END OF YEAR	<u>\$ 2,652,179</u>	<u>\$ 2,510,161</u>	<u>\$ 2,821,797</u>	<u>\$ 311,636</u>	<u>\$ 2,772,187</u>	<u>\$ 33,279</u>
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Deferred Maintenance			\$ (14,502) **		\$ 16,659	
Gifted and Talented			26,558		21,698	
Health and Safety			(12,271) **		(64,108)	
Basic Skills			2,929		-	
Operating Capital			-		114,348	
Safe Schools - Crime			(11,741) **		10,208	
TOTAL RESTRICTED FUND BALANCE			<u>(9,027)</u>		<u>98,805</u>	
COMMITTED FUND BALANCE						
Separation/Retirement Benefits			<u>145,005</u>		<u>112,540</u>	
ASSIGNED FUND BALANCE						
Projected Budget Deficit			<u>286,856</u>		<u>120,008</u>	
UNASSIGNED FUND BALANCE			<u>2,398,963</u>		<u>2,440,834</u>	
TOTAL FUND BALANCE			<u>\$ 2,821,797</u>		<u>\$ 2,772,187</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, 2013
 (with Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013 Budgeted Amounts		2013 Actual	Favorable (Unfavorable) Variance	2012 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Other Local and County Revenues:						
Miscellaneous Local Revenue	\$ 75	\$ 50	\$ 27	\$ (23)	\$ 1,913	\$ (1,886)
Revenue From State Sources:						
Breakfast Program Aid	3,800	4,300	3,509	(791)	4,309	(800)
Special Milk Program Aid	1,000	1,100	1,090	(10)	1,431	(341)
Lunch Program Aid	8,500	9,200	8,538	(662)	9,075	(537)
	<u>13,300</u>	<u>14,600</u>	<u>13,137</u>	<u>(1,463)</u>	<u>14,815</u>	<u>(1,678)</u>
Revenue From Federal Sources:						
School Lunch Aid	18,500	24,500	23,422	(1,078)	23,079	343
Free/Reduced Lunch Aid	73,000	99,000	97,153	(1,847)	92,103	5,050
School Breakfast Program	23,000	34,000	32,373	(1,627)	34,425	(2,052)
USDA Commodity Rebates	1,500	1,500	946	(554)	1,486	(540)
USDA Commodities	9,000	10,000	24,487	14,487	10,255	14,232
Fresh Fruit and Vegetable Program	21,525	-	4,649	4,649	12,930	(8,281)
Summer Food Program	3,800	11,000	16,232	5,232	4,225	12,007
	<u>150,325</u>	<u>180,000</u>	<u>199,262</u>	<u>19,262</u>	<u>178,503</u>	<u>20,759</u>
Sales And Other Conversion Of Assets:						
Sale of Lunches and Other	105,250	115,400	116,947	1,547	114,915	2,032
TOTAL REVENUES	<u>268,950</u>	<u>310,050</u>	<u>329,373</u>	<u>19,323</u>	<u>310,146</u>	<u>19,227</u>
EXPENDITURES						
Current:						
Pupil Support Services:						
Salaries and Wages	93,267	94,028	94,341	(313)	95,391	(1,050)
Employee Benefits	23,278	23,959	23,457	502	23,565	(108)
Purchased Services	15,800	15,600	15,854	(254)	13,917	1,937
Supplies and Materials	161,425	169,050	163,754	5,296	178,325	(14,571)
Other Expenditures	100	1,035	488	547	49	439
	<u>293,870</u>	<u>303,672</u>	<u>297,894</u>	<u>5,778</u>	<u>311,247</u>	<u>(13,353)</u>
Capital Outlay:						
Pupil Support Services	6,000	23,600	23,550	50	-	23,550
TOTAL EXPENDITURES	<u>299,870</u>	<u>327,272</u>	<u>321,444</u>	<u>5,828</u>	<u>311,247</u>	<u>10,197</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(30,920)</u>	<u>(17,222)</u>	<u>7,929</u>	<u>25,151</u>	<u>(1,101)</u>	<u>9,030</u>
FUND BALANCE BEGINNING OF YEAR	<u>61,710</u>	<u>61,710</u>	<u>61,710</u>	<u>-</u>	<u>62,811</u>	<u>(1,101)</u>
FUND BALANCE END OF YEAR	<u>\$ 30,790</u>	<u>\$ 44,488</u>	<u>\$ 69,639</u>	<u>\$ 25,151</u>	<u>\$ 61,710</u>	<u>\$ 7,929</u>
FUND BALANCE END OF YEAR NONSPENDABLE FUND BALANCE						
Inventory			\$ 2,288		\$ 382	
RESTRICTED FUND BALANCE						
Food Service			<u>67,351</u>		<u>61,328</u>	
FUND BALANCE END OF YEAR			<u>\$ 69,639</u>		<u>\$ 61,710</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, 2013
 (with Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013 Budgeted Amounts		2013 Actual	Favorable (Unfavorable) Variance	2012 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Local Property Tax Levies:						
Community Service Levy	\$ 55,153	\$ 59,931	\$ 58,800	\$ (1,131)	\$ 54,557	\$ 4,243
Property Tax Shift Recognition	-	-	651	651	(1,071)	1,722
	<u>55,153</u>	<u>59,931</u>	<u>59,451</u>	<u>(480)</u>	<u>53,486</u>	<u>5,965</u>
Other Local And County Revenues:						
Tuition and Fees From Patrons	27,000	25,620	30,016	4,396	25,176	4,840
Miscellaneous Local Revenue	28,008	30,008	35,952	5,944	31,050	4,902
	<u>55,008</u>	<u>55,628</u>	<u>65,968</u>	<u>10,340</u>	<u>56,226</u>	<u>9,742</u>
Revenue From State Sources:						
Disparity Aid	4,169	1,560	1,560	-	4,168	(2,608)
Homestead Market Value	3,800	1,111	1,111	-	3,827	(2,716)
Preschool Screening	1,521	753	753	-	2,705	(1,952)
Community Education	4,736	8,562	8,571	9	1,544	7,027
Other State Revenues	452	430	(48)	(478)	(2,129)	2,081
State Aid Adjustments	-	-	(651)	(651)	1,071	(1,722)
	<u>14,678</u>	<u>12,416</u>	<u>11,296</u>	<u>(1,120)</u>	<u>11,186</u>	<u>110</u>
TOTAL REVENUES	<u>124,839</u>	<u>127,975</u>	<u>136,715</u>	<u>8,740</u>	<u>120,898</u>	<u>15,817</u>
EXPENDITURES						
Current:						
Community Education And Services:						
Salaries and Wages	95,506	94,183	93,856	327	103,750	(9,894)
Employee Benefits	19,406	19,105	18,856	249	19,985	(1,129)
Purchased Services	3,625	3,676	6,975	(3,299)	6,067	908
Supplies and Materials	12,975	12,952	18,500	(5,548)	14,843	3,657
	<u>131,512</u>	<u>129,916</u>	<u>138,187</u>	<u>(8,271)</u>	<u>144,645</u>	<u>(6,458)</u>
Capital Outlay:						
Community Education and Services	-	3,715	3,715	-	-	3,715
TOTAL EXPENDITURES	<u>131,512</u>	<u>133,631</u>	<u>141,902</u>	<u>(8,271)</u>	<u>144,645</u>	<u>(2,743)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,673)</u>	<u>(5,656)</u>	<u>(5,187)</u>	<u>469</u>	<u>(23,747)</u>	<u>18,560</u>
OTHER FINANCING SOURCES						
Transfer In from Other Funds	-	20,000	10,000	(10,000)	-	10,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(6,673)</u>	<u>14,344</u>	<u>4,813</u>	<u>(9,531)</u>	<u>(23,747)</u>	<u>28,560</u>
FUND BALANCE BEGINNING OF YEAR	<u>(1,545)</u>	<u>(1,545)</u>	<u>(1,545)</u>	<u>-</u>	<u>22,202</u>	<u>(23,747)</u>
FUND BALANCE END OF YEAR	<u>\$ (8,218)</u>	<u>\$ 12,799</u>	<u>\$ 3,268</u>	<u>\$ (9,531)</u>	<u>\$ (1,545)</u>	<u>\$ 4,813</u>
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Community Education			\$ 43,976		\$ 27,054	
Community Service			2,545		2,465	
Early Childhood Family Education			(17,750) **		(31,208)	
School Readiness			(25,503) **		144	
TOTAL RESTRICTED FUND BALANCE			<u>3,268</u>		<u>(1,545)</u>	
TOTAL FUND BALANCE			<u>\$ 3,268</u>		<u>\$ (1,545)</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, 2013

1. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT SPENDING

The fiscal year 2013 budget approved by the School Board projected deficit spending in the following funds:

<u>Fund</u>	
General Fund	\$ 262,026
Food Service	\$ 17,222

B. EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended June 30, 2013, 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	\$ 133,631	\$ 141,902	\$ 8,271

Budget revisions were last approved in March 2013. These excesses were realized since that time and are approved by the School Board upon acceptance of this report.

**OTHER SUPPLEMENTARY INFORMATION
AND OTHER REQUIRED REPORTS**

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, 2013
 (with Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013 Budgeted Amounts		2013 Actual	Favorable (Unfavorable) Variance	2012 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Other Local And County Revenues:						
Earnings From Investments	\$ -	\$ 181	\$ 367	\$ 186	\$ 181	\$ 186
TOTAL REVENUES	<u>-</u>	<u>181</u>	<u>367</u>	<u>186</u>	<u>181</u>	<u>186</u>
EXPENDITURES						
Current:						
Site, Buildings and Equipment:						
Purchased Services	-	3,073,076	46,675	3,026,401	771,257	(724,582)
Capital Outlay:						
Site, Building and Equipment	-	-	2,845,708	(2,845,708)	2,932,097	(86,389)
TOTAL EXPENDITURES	<u>-</u>	<u>3,073,076</u>	<u>2,892,383</u>	<u>180,693</u>	<u>3,703,354</u>	<u>(810,971)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(3,072,895)</u>	<u>(2,892,016)</u>	<u>180,879</u>	<u>(3,703,173)</u>	<u>811,157</u>
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	-	-	6,120,000	(6,120,000)
Bond Issuance Discount/Cost	-	-	-	-	46,019	(46,019)
Proceeds from Capital Lease	-	774,000	774,000	-	-	774,000
Operating Transfers In (Out)	-	-	-	-	(107,219)	107,219
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>774,000</u>	<u>774,000</u>	<u>-</u>	<u>6,058,800</u>	<u>(5,284,800)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>-</u>	<u>(2,298,895)</u>	<u>(2,118,016)</u>	<u>180,879</u>	<u>2,355,627</u>	<u>(4,473,643)</u>
FUND BALANCE BEGINNING OF YEAR	<u>2,355,627</u>	<u>2,355,627</u>	<u>2,355,627</u>	<u>-</u>	<u>-</u>	<u>2,355,627</u>
FUND BALANCE END OF YEAR	<u>\$ 2,355,627</u>	<u>\$ 56,732</u>	<u>\$ 237,611</u>	<u>\$ 180,879</u>	<u>\$ 2,355,627</u>	<u>\$ (2,118,016)</u>
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Alternative Facility Health and Safety			<u>\$ 237,611</u>		<u>\$ 2,355,627</u>	

INDEPENDENT SCHOOL DISTRICT NO. 2890
 RENVILLE COUNTY WEST
 RENVILLE, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2013
 (with Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013 Budgeted Amounts		2013 Actual	Favorable (Unfavorable) Variance	2012 Actual	Increase (Decrease) Actual
	Original	Final				
REVENUES						
Local Property Tax Levies:						
Maintenance Levy	\$ 490,482	\$ 469,559	\$ 467,227	\$ (2,332)	\$ -	\$ 467,227
Other Local And County Revenues:						
Earnings from Investments	-	-	46	46	16	30
	-	-	46	46	16	30
Revenue From State Sources:						
Disparity Aid	-	12,219	12,219	-	-	12,219
Homestead Market Value	-	8,704	8,704	-	-	8,704
	-	20,923	20,923	-	-	20,923
TOTAL REVENUES	490,482	490,482	488,196	(2,286)	16	488,180
EXPENDITURES						
Debt Service:						
Principal	225,000	470,000	470,000	-	-	470,000
Interest	242,126	100,008	100,008	-	-	100,008
TOTAL EXPENDITURES	467,126	570,008	570,008	-	-	570,008
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,356	(79,526)	(81,812)	(2,286)	16	(81,828)
OTHER FINANCING SOURCES						
Operating Transfers In (Out)	-	-	-	-	107,219	(107,219)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	23,356	(79,526)	(81,812)	(2,286)	107,235	(189,047)
FUND BALANCE BEGINNING OF YEAR	107,235	107,235	107,235	-	-	107,235
FUND BALANCE END OF YEAR	\$ 130,591	\$ 27,709	\$ 25,423	\$ (2,286)	\$ 107,235	\$ (81,812)
FUND BALANCE ANALYSIS						
RESTRICTED FUND BALANCE						
Debt Service			\$ 25,423		\$ 107,235	

**INDEPENDENT SCHOOL DISTRICT NO. 2890
RENVILLE COUNTY WEST
RENVILLE, MINNESOTA
SCHEDULE OF FINDINGS ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE
JUNE 30, 2013**

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 because of the availability of certain information and the time constraints involved, the auditors were required 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 2013-2014 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.



PLLP

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited in accordance with auditing standards generally accepted in the United States of America and 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, 2013, 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 5, 2013.

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.

Compliance and Other Matters

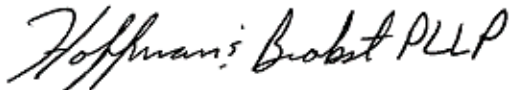
As part of obtaining reasonable assurance about whether Independent School District No. 2890, Renville County West, Renville, Minnesota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements,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

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 5, 2013



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, 2013, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2013.

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 5, 2013

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

**STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013**



PLLP

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, 2013. 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, 2013, and the cash balances at that date.

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

November 5, 2013

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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, 2013

<u>Activity Account</u>	<u>7/1/2012</u> <u>Balance</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>6/30/2013</u> <u>Balance</u>
TADA	\$ 445	\$ -	\$ -	\$ 445
FFA	(225)	20,414	20,189	-
High School Student Council	510	5,686	5,166	1,030
Annual	1,463	6,906	5,850	2,519
Invision	742	2,917	3,838	(179)
Senior High Drama Club	640	-	100	540
FFA Greenhouse Project	(2,835)	17,664	16,057	(1,228)
Band Trip 2013	13,674	33,414	38,962	8,126
Class of 2017	405	-	-	405
Class of 2016	1,036	-	-	1,036
Class of 2014	-	9,435	4,044	5,391
Class of 2013	6,321	22,549	28,870	-
Interest Earned	26	15	114	(73)
TOTALS	\$ 22,202	\$ 119,000	\$ 123,190	\$ 18,012



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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, 2013, and have issued our report thereon dated November 5, 2013 which was qualified 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
Certified Public Accountants
Marshall, Minnesota

November 5, 2013

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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, 2013**

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.
- There are three activity accounts with a negative balance at year end.
- Payment vouchers and invoices lack proper documentation and authorizing signatures.

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.



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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, 2013, 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 5, 2013. This letter does not affect that report or our report dated November 5, 2013, 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. 2190, Renville County West, Renville, Minnesota, segregation of the accounting functions necessary to ensure adequate internal accounting control is not always possible. The District has responded to this deficiency by implementing various oversight controls by the School Board and Management. These oversight controls help to mitigate the risk to the organization created by the lack of segregation of duties within the accounting function. However, the risks that are created by the lack of segregation of duties can never be completely eliminated. The School Board and Management should continue to be diligent in their review of financial transactions, and document these procedures by initialing invoices, and approving expenditure reports.
- The School Board minutes reflect the approval of the District's budget; however, they do not state the dollar amounts of the approved budget. We recommend that the budget totals by fund be noted in the actual minutes. Upon further review, we also noted that the amounts approved by the School Board were not accurately entered into Smart Finance.

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

Hoffman & Brobst, PLLP
Certified Public Accountants
Marshall, Minnesota

November 5, 2013

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Fiscal Compliance Report - 6/30/2013

District: RENVILLE COUNTY WEST (2890-1)

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	Audit	UFARS	Audit - UFARS		Audit	UFARS	Audit - UFARS
01 GENERAL FUND				06 BUILDING CONSTRUCTION			
Total Revenue	\$8,531,684	<u>\$8,531,684</u>	<u>\$0</u>	Total Revenue	\$367	<u>\$367</u>	<u>\$0</u>
Total Expenditures	\$8,472,074	<u>\$8,472,075</u>	(\$1)	Total Expenditures	\$2,892,383	<u>\$2,892,383</u>	<u>\$0</u>
<i>Non Spendable:</i>				<i>Non Spendable:</i>			
4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted / Reserved:</i>				<i>Restricted / Reserved:</i>			
4.03 Staff Development	\$0	<u>\$0</u>	<u>\$0</u>	4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>
4.05 Deferred Maintenance	(\$14,502)	<u>(\$14,502)</u>	<u>\$0</u>	4.09 Alternative Facility Program	\$237,611	<u>\$237,611</u>	<u>\$0</u>
4.06 Health and Safety	(\$12,271)	<u>(\$12,271)</u>	<u>\$0</u>	4.13 Project Funded by COP	\$0	<u>\$0</u>	<u>\$0</u>
4.07 Capital Projects Levy	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted:</i>			
4.08 Cooperative Revenue	\$0	<u>\$0</u>	<u>\$0</u>	4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.14 Operating Debt	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.16 Levy Reduction	\$0	<u>\$0</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.17 Taconite Building Maint	\$0	<u>\$0</u>	<u>\$0</u>				
4.23 Certain Teacher Programs	\$0	<u>\$0</u>	<u>\$0</u>	07 DEBT SERVICE			
4.24 Operating Capital	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$488,196	<u>\$488,196</u>	<u>\$0</u>
4.26 \$25 Taconite	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$570,008	<u>\$570,008</u>	<u>\$0</u>
4.27 Disabled Accessibility	\$0	<u>\$0</u>	<u>\$0</u>	<i>Non Spendable:</i>			
4.28 Learning & Development	\$0	<u>\$0</u>	<u>\$0</u>	4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.34 Area Learning Center	\$0	<u>\$0</u>	<u>\$0</u>	<i>Restricted / Reserved:</i>			
4.35 Contracted Alt. Programs	\$0	<u>\$0</u>	<u>\$0</u>	4.25 Bond Refundings	\$0	<u>\$0</u>	<u>\$0</u>
4.36 State Approved Alt. Program	\$0	<u>\$0</u>	<u>\$0</u>	4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>
4.38 Gifted & Talented	\$26,558	<u>\$26,558</u>	<u>\$0</u>	<i>Restricted:</i>			
4.41 Basic Skills Programs	\$2,929	<u>\$2,930</u>	(\$1)	4.64 Restricted Fund Balance	\$25,423	<u>\$25,423</u>	<u>\$0</u>
4.45 Career Tech Programs	\$0	<u>\$0</u>	<u>\$0</u>	<i>Unassigned:</i>			
4.49 Safe School Crime	(\$11,741)	<u>(\$11,741)</u>	<u>\$0</u>	4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.50 Pre-Kindergarten	\$0	<u>\$0</u>	<u>\$0</u>				
4.51 QZAB Payments	\$0	<u>\$0</u>	<u>\$0</u>	08 TRUST			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$311	<u>\$311</u>	<u>\$0</u>
4.53 Unassigned Sev & Retirement Levy	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$46,007	<u>\$46,008</u>	(\$1)
4.64 Restricted Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>				
<i>Committed:</i>				20 INTERNAL SERVICE			
4.18 Committed for Separation	\$145,005	<u>\$145,005</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
4.81 Committed Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Assigned:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.62 Assigned Fund Balance	\$286,856	<u>\$286,856</u>	<u>\$0</u>				
<i>Unassigned:</i>				25 OPEB REVOCABLE TRUST			
4.22 Unassigned Fund Balance	\$2,398,963	<u>\$2,398,963</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
02 FOOD SERVICES				45 OPEB IRREVOCABLE TRUST			
Total Revenue	\$329,373	<u>\$329,374</u>	(\$1)	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
Total Expenditures	\$321,444	<u>\$321,445</u>	(\$1)	Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
<i>Non Spendable:</i>				4.22 Unassigned Fund Balance (Net Assets)	\$0	<u>\$0</u>	<u>\$0</u>
4.60 Non Spendable Fund Balance	\$2,288	<u>\$2,288</u>	<u>\$0</u>				
<i>Restricted / Reserved:</i>				47 OPEB DEBT SERVICE			
4.52 OPEB Liab Not In Trust	\$0	<u>\$0</u>	<u>\$0</u>	Total Revenue	\$0	<u>\$0</u>	<u>\$0</u>
<i>Restricted:</i>				Total Expenditures	\$0	<u>\$0</u>	<u>\$0</u>
4.64 Restricted Fund Balance	\$67,351	<u>\$67,351</u>	<u>\$0</u>	<i>Non Spendable:</i>			
<i>Unassigned:</i>				4.60 Non Spendable Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>
4.63 Unassigned 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>
04 COMMUNITY SERVICE							
Total Revenue	\$136,715	<u>\$136,715</u>	<u>\$0</u>				
Total Expenditures	\$141,902	<u>\$141,902</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	\$43,976	<u>\$43,976</u>	<u>\$0</u>				
4.32 E.C.F.E	(\$17,750)	<u>(\$17,750)</u>	<u>\$0</u>				
4.44 School Readiness	(\$25,503)	<u>(\$25,503)</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	\$2,545	<u>\$2,545</u>	<u>\$0</u>				
<i>Unassigned:</i>							
4.63 Unassigned Fund Balance	\$0	<u>\$0</u>	<u>\$0</u>				