

# Executive Audit Summary for Lakeville Area Public Schools (ISD 194)



Presented by:  
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# Audit Results Year Ended 6/30/16

- Audit Opinion –
- Yellow Book Opinion –
- Internal Controls –
- Single Audit –
- Student Activities –
- MN Legal Compliance –

# Summarized Statement of Net Position

## Year Ended 6/30/16

	As of June 30,	
	2016	2015
Total Fund Balance for Governmental Funds	\$ 92,595,225	\$ 26,307,531
Capital Assets, Less Accumulated Depreciation	120,914,352	124,141,192
Deferred Outflows of Resources - Losses on Refunding	3,370,456	4,009,818
Long-Term Liabilities	(237,584,941)	(178,262,468)
Net Pension Liability-related Items	(72,643,615)	(73,042,196)
Other - Net	(2,012,386)	(1,793,471)
<b>Total Net Position - Governmental Activities</b>	<b>\$ (95,360,909)</b>	<b>\$ (98,639,594)</b>
Net Position:		
Invested in Capital Assets	\$ (21,049,511)	\$ (24,323,317)
Restricted	4,251,000	4,466,078
Unrestricted	(78,562,398)	(78,782,355)
<b>Total Net Position - Governmental Activities</b>	<b>\$ (95,360,909)</b>	<b>\$ (98,639,594)</b>

### GASB 68/71 Select Talking Points from EAS pages 19-20

- Net pension liability was not the result of an action of the Lakeville school board
- Net pension liability does not impact the fund balances of the District's operating funds
- Net pension liability is not expected to have a negative impact on a district's bond rating
- The new accounting standards will not result in increases to employer pension contributions
- School districts will not need to budget more for pension expenses under the new requirements.
- Pension plans in Minnesota are in fairly good shape financially.
- Nationally public pensions account for about 3.7% of state and local gov't spending but in MN it is only 2.0%

# LAKEVILLE AREA PUBLIC SCHOOLS

## AUDITED FUND BALANCES THROUGH JUNE 30, 2016

FUND DESCRIPTION	6/30/2015 AUDITED BALANCE	2015-16 AUDITED REVENUES	2015-16 AUDITED EXPENDITURES	2015-16 APPROVED TRANSFER	6/30/2016 AUDITED BALANCE
<b>GENERAL FUND</b>					
<b>A. UNASSIGNED</b>	\$ 12,689,994	\$ 103,393,865	\$ 104,119,493	\$ (2,321,779)	\$ 9,642,587
B. NONSPENDABLE FOR PREPAIDS	\$ 185,338	\$ 121,076			\$ 306,414
<b>B. NONSPENDABLE TOTAL</b>	\$ 185,338	\$ 121,076	\$ -	\$ -	\$ 306,414
C. ASSIGNED FOR					
SUBSEQUENT YEAR BUDGET DEFICIT	\$ 851,924	\$ 4,596,017			\$ 5,447,941
LITERACY PROGRAM	\$ -	\$ 90,000			\$ 90,000
J.F.K. STEAM ART ROOM	\$ -	\$ 6,000			\$ 6,000
SECURITY	\$ 85,000		\$ 85,000		\$ -
FLOODING REPAIR AT McQUIRE MS	\$ 14,000		\$ 14,000		\$ -
IMPACT ACADEMY CONSTRUCTION	\$ 15,935		\$ 15,935		\$ -
TEXTBOOKS	\$ 91,472	\$ 227,300	\$ 91,472		\$ 227,300
SCHOOL CARRY-OVER BALANCES	\$ 902,141	\$ 859,150	\$ 902,141		\$ 859,150
<b>C. ASSIGNED TOTAL</b>	\$ 1,960,472	\$ 5,778,467	\$ 1,108,548	\$ -	\$ 6,630,391
D. RESTRICTED FOR					
GIFTED AND TALENTED	\$ -	\$ 154,133	\$ 286,931	\$ 132,798	\$ -
CAREER AND TECH PROGRAM	\$ -	\$ 225,150	\$ 765,754	\$ 540,604	\$ -
LEARNING AND DEVELOPMENT	\$ -	\$ 2,305,441	\$ 2,752,339	\$ 446,898	\$ -
BASIC SKILLS	\$ -	\$ 889,179	\$ 2,090,658	\$ 1,201,479	\$ -
STAFF DEVELOPMENT	\$ 1,181,427	\$ 1,410,436	\$ 1,363,687		\$ 1,228,176
SAFE SCHOOLS PROGRAM	\$ 53,472	\$ 515,885	\$ 561,955		\$ 7,402
TEACHER DEVELOPMENT AND EVALUATION	\$ -	\$ 611,164	\$ 611,164		\$ -
OPERATING CAPITAL	\$ 79,839	\$ 3,307,855	\$ 3,327,652		\$ 60,042
HEALTH & SAFETY	\$ 79,701	\$ 275,056	\$ 373,355		\$ (18,598)
<b>D. RESTRICTED TOTAL</b>	\$ 1,394,439	\$ 9,694,299	\$ 12,133,495	\$ 2,321,779	\$ 1,277,022
<b>TOTAL GENERAL FUND</b>	\$ 16,230,243	\$ 118,987,707	\$ 117,361,536	\$ -	\$ 17,856,414
BUDGET		\$ 115,766,661	\$ 116,885,759		\$ 15,111,145
DIFFERENCE		\$ 3,221,046	\$ 475,777		\$ 2,745,269
% VARIANCE		2.78%	0.41%		

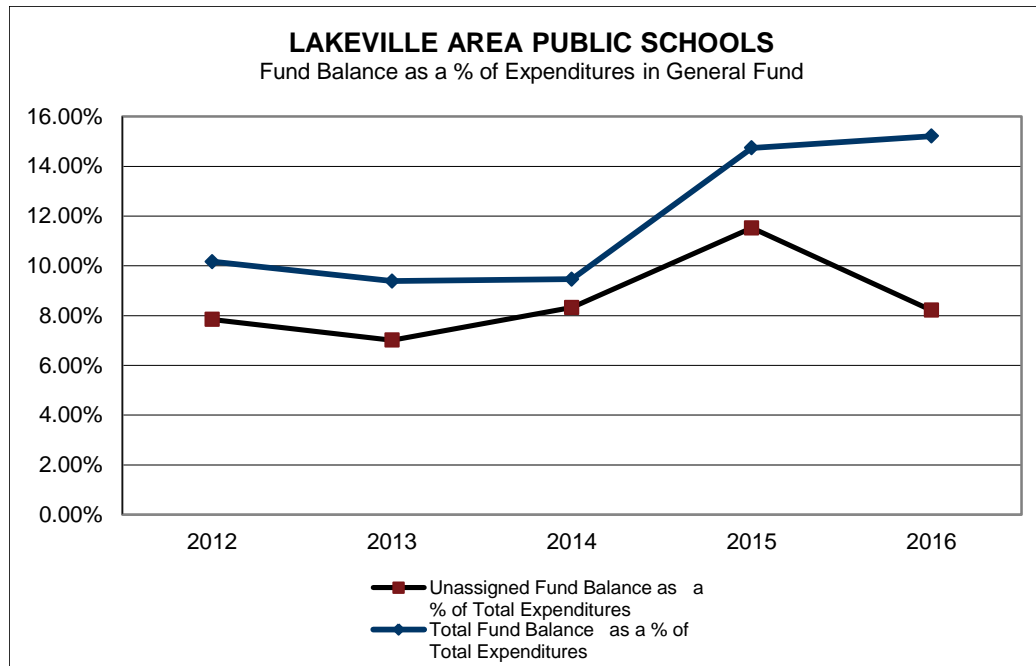
# Audited Fund Balances – Other Funds

## LAKEVILLE AREA PUBLIC SCHOOLS

AUDITED FUND BALANCES THROUGH JUNE 30, 2016

FUND DESCRIPTION	6/30/2015 AUDITED BALANCE	2015-16 AUDITED REVENUES	2015-16 AUDITED EXPENDITURES	2015-16 APPROVED TRANSFER	6/30/2016 AUDITED BALANCE
<b>FOOD SERVICE</b>					
NONSPENDABLE FOR INVENTORY	\$ 76,283	\$ 11,302			\$ 87,585
NONSPENDABLE FOR PREPAIDS	\$ 7,114	\$ 285			\$ 7,399
RESTRICTED FOR FOOD SERVICE PROG	\$ 1,654,852	\$ 5,241,390	\$ 5,452,999		\$ 1,443,243
BUDGET		\$ 5,291,731	\$ 5,477,118		\$ 1,552,862
<b>TOTAL FOOD SERVICE</b>	<b>\$ 1,738,249</b>	<b>\$ 5,252,977</b>	<b>\$ 5,452,999</b>		<b>\$ 1,538,227</b>
DIFFERENCE		\$ (38,754)	\$ (24,119)		\$ (14,635)
% VARIANCE		-0.73%	-0.44%		
<b>COMMUNITY EDUCATION</b>					
RESTRICTED FOR REGULAR COMMUNITY ED	\$ 330,347	\$ 5,015,530	\$ 4,788,085	\$ 8,958	\$ 566,750
RESTRICTED FOR EARLY CHILDHOOD FAMILY ED	\$ 154,829	\$ 582,307	\$ 598,941	\$ (53,123)	\$ 85,072
RESTRICTED FOR SCHOOL READINESS	\$ 12,407	\$ 210,393	\$ 181,829		\$ 40,971
RESTRICTED FOR ADULT BASIC EDUCATION	\$ -	\$ 217,032	\$ 246,358	\$ 29,326	\$ -
RESTRICTED FOR OTHER PURPOSES	\$ 142,169	\$ 96,661	\$ 132,770	\$ 14,839	\$ 120,899
BUDGET		\$ 5,838,200	\$ 6,022,224		\$ 455,728
<b>TOTAL COMMUNITY EDUCATION</b>	<b>\$ 639,752</b>	<b>\$ 6,121,923</b>	<b>\$ 5,947,983</b>	<b>\$ -</b>	<b>\$ 813,692</b>
DIFFERENCE		\$ 283,723	\$ (74,241)		\$ 357,964
% VARIANCE		4.86%	-1.23%		
BUDGET		\$ 7,500	\$ 4,215,000		\$ 360,782
<b>TOTAL CAPITAL PROJECTS - ALT FACILITIES</b>	<b>\$ 4,568,282</b>	<b>\$ 6,276,131</b>	<b>\$ 3,713,928</b>		<b>\$ 7,130,485</b>
DIFFERENCE		\$ 6,268,631	\$ (501,072)		\$ 6,769,703
% VARIANCE		83581.75%	-11.89%		
<b>DEBT SERVICE</b>					
RESTRICTED FOR DEBT SERVICE - OPERATING	\$ 3,131,005	\$ 81,967,441	\$ 19,842,039		\$ 65,256,407
BUDGET		\$ 16,814,588	\$ 16,179,283		\$ 3,766,310
<b>TOTAL DEBT SERVICE</b>	<b>\$ 3,131,005</b>	<b>\$ 81,967,441</b>	<b>\$ 19,842,039</b>		<b>\$ 65,256,407</b>
DIFFERENCE		\$ 65,152,853	\$ 3,662,756		\$ 61,490,097
% VARIANCE		387.48%	22.64%		
<b>FIDUCIARY FUNDS</b>					
SCHOLARSHIP TRUST FUND	\$ 166,294	\$ 119,529	\$ 115,606		\$ 170,217
SORLA PRIVATE-PURPOSE TRUST FUND	\$ 12,853	\$ 81,953	\$ 62,635		\$ 32,171
EMPLOYEE BENEFIT TRUST	\$ 118,027	\$ 550,056	\$ 534,611		\$ 133,472
DENTAL SELF-INSURANCE FUND	\$ 529,932	\$ 1,190,993	\$ 1,176,471		\$ 544,454
<b>TOTAL TRUST AND INTERNAL SERVICE FUNDS</b>	<b>\$ 827,106</b>	<b>\$ 1,942,531</b>	<b>\$ 1,889,323</b>		<b>\$ 880,314</b>

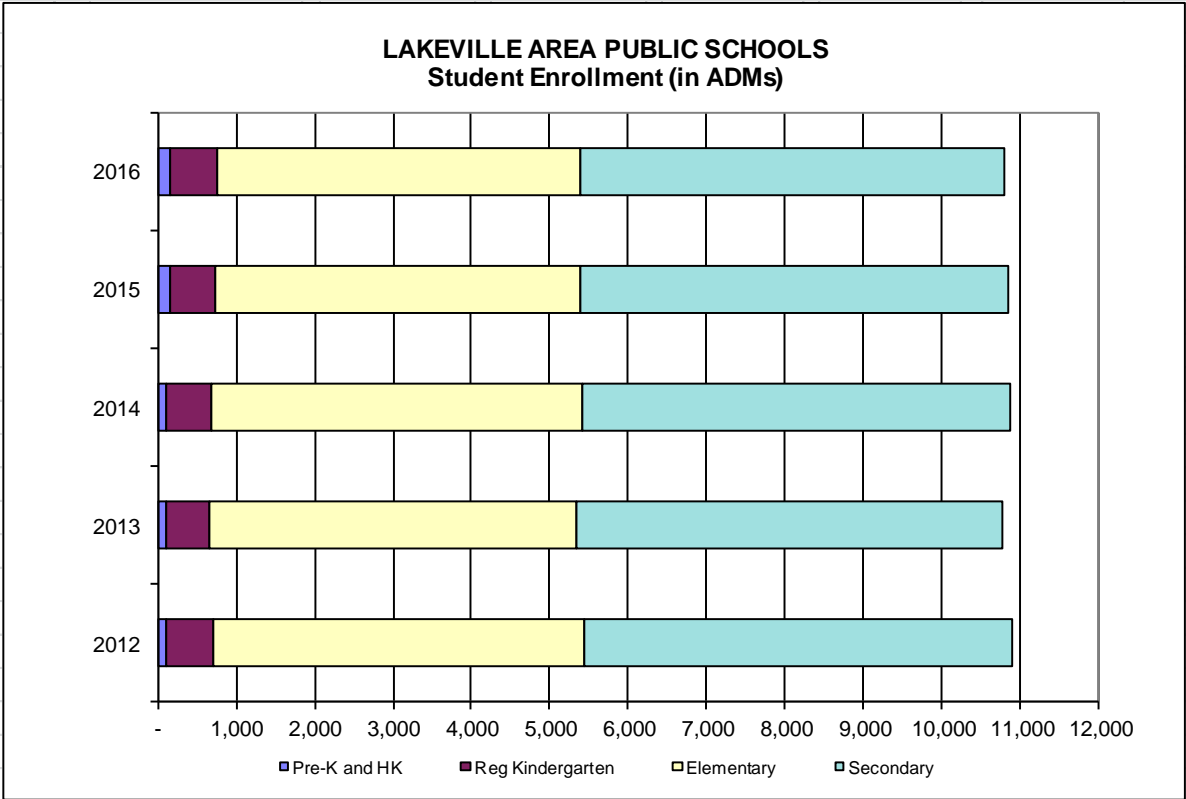
# Fund Balance Trend – General Fund



	2012	2013	2014	2015	2016
Unassigned Fund Balance	\$ 7,779,672	\$ 7,294,275	\$ 8,728,265	\$ 12,689,994	\$ 9,642,587
Assigned Fund Balance	1,478,522	1,704,585	200,000	1,960,472	6,630,391
Restricted Fund Balance	827,346	759,457	986,919	1,394,439	1,277,022
Nonspendable Fund Balance	100	5,013	280	185,338	306,414
<b>Total Fund Balance</b>	<b>\$ 10,085,640</b>	<b>\$ 9,763,330</b>	<b>\$ 9,915,464</b>	<b>\$ 16,230,243</b>	<b>\$ 17,856,414</b>
<b>Total Expenditures</b>	<b>\$ 99,191,984</b>	<b>\$ 104,036,382</b>	<b>\$ 104,814,970</b>	<b>110,106,642</b>	<b>117,361,536</b>
<b>Total Fund Balance as a % of Total Expenditures</b>	<b>10.17%</b>	<b>9.38%</b>	<b>9.46%</b>	<b>14.74%</b>	<b>15.21%</b>
<b>Unassigned Fund Balance as a % of Total Expenditures</b>	<b>7.84%</b>	<b>7.01%</b>	<b>8.33%</b>	<b>11.53%</b>	<b>8.22%</b>

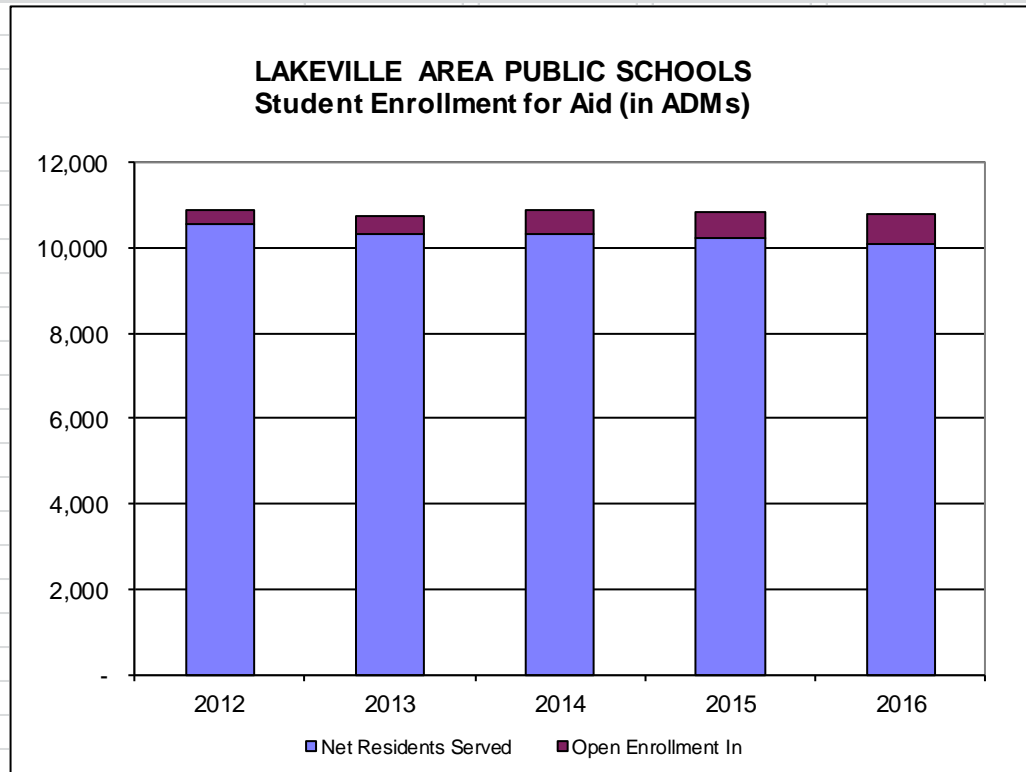
# Student Enrollment – ADM's Served

	2012	2013	2014	2015	2016
Pre-K and HK	111.47	100.86	114.02	154.33	162.33
Reg Kindergarten	602.87	564.70	576.57	582.72	595.56
Elementary	4,724.27	4,680.67	4,710.17	4,656.22	4,634.79
Secondary	5,443.40	5,420.49	5,472.22	5,446.20	5,386.42
<b>Net ADM Served</b>	<b>10,882.01</b>	<b>10,766.72</b>	<b>10,872.98</b>	<b>10,839.47</b>	<b>10,779.10</b>
Percent Change	-2.34%	-1.06%	0.99%	-0.31%	-0.56%



# Student Enrollment – Open Enrollment

	2012	2013	2014	2015	2016
Total Residents	11,145.05	10,953.67	10,927.65	10,810.90	10,709.72
Open Enrollment Out*	(607.70)	(609.35)	(610.41)	(587.92)	(599.84)
Net Residents Served	10,537.35	10,344.32	10,317.24	10,222.98	10,109.88
Open Enrollment In	344.66	422.40	555.74	616.49	669.22
Net ADM Served	10,882.01	10,766.72	10,872.98	10,839.47	10,779.10
* including charter schools					
Net Pupil Units Served	12,707.20	12,596.08	12,715.32	11,928.71	11,856.39



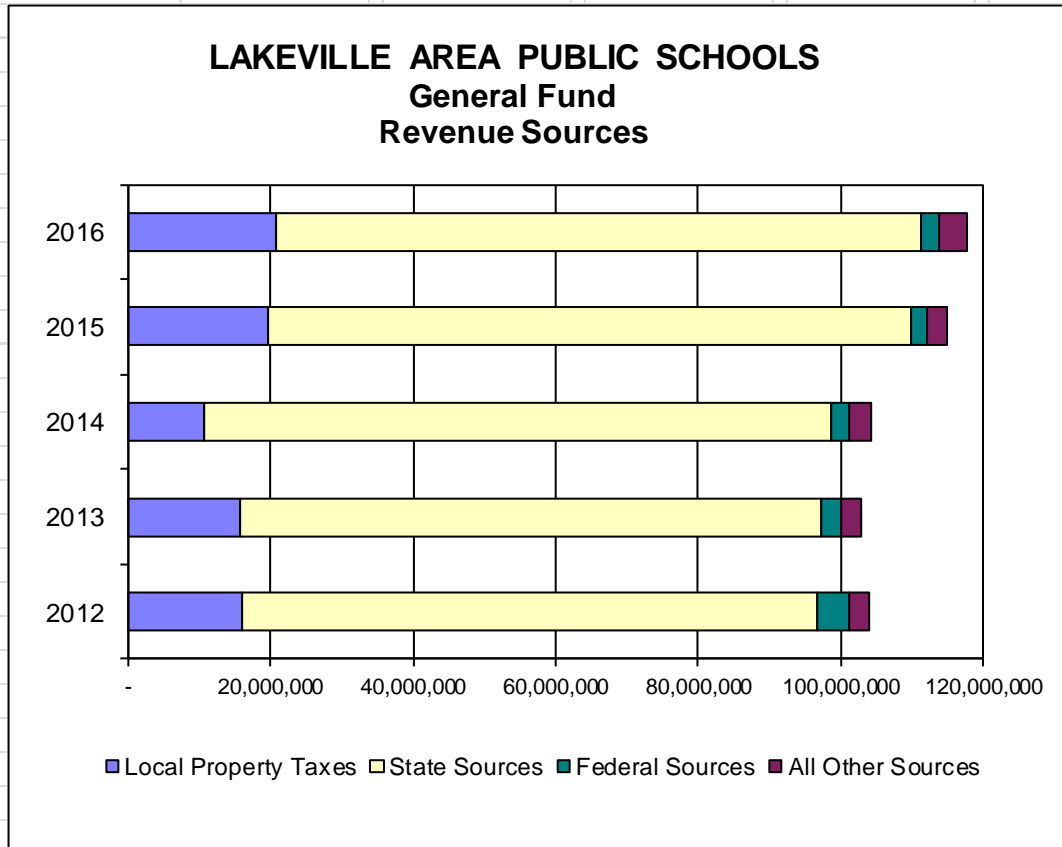


# General Fund - Operations

	Year Ended June 30,				
	2012	2013	2014	2015	2016
Revenues	\$ 104,086,552	\$ 102,912,988	\$ 104,207,807	\$ 114,911,090	\$ 117,725,351
Expenditures	99,191,984	104,036,382	104,814,970	110,106,642	117,361,536
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,894,568	(1,123,394)	(607,163)	4,804,448	363,815
Other Financing Sources:					
Capital Lease Issued	-	799,335	757,669	1,509,367	1,262,356
Sale of Capital Assets	-	1,749	1,628	964	-
Total Other Financing Sources (Uses)	-	801,084	759,297	1,510,331	1,262,356
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	4,894,568	(322,310)	152,134	6,314,779	1,626,171
FUND BALANCE					
Beginning of Year	5,191,072	10,085,640	9,763,330	9,915,464	16,230,243
End of Year	<u>\$ 10,085,640</u>	<u>\$ 9,763,330</u>	<u>\$ 9,915,464</u>	<u>\$ 16,230,243</u>	<u>\$ 17,856,414</u>
Restricted Fund Balance	\$ 827,346	\$ 759,457	\$ 986,919	\$ 1,394,439	\$ 1,277,022
Assigned Fund Balance	1,478,522	1,704,585	200,000	1,960,472	6,630,391
Nonspendable Fund Balance	100	5,013	280	185,338	306,414
Unassigned Fund Balance	<u>7,779,672</u>	<u>7,294,275</u>	<u>8,728,265</u>	<u>12,689,994</u>	<u>9,642,587</u>
Total Fund Balance	<u>\$ 10,085,640</u>	<u>\$ 9,763,330</u>	<u>\$ 9,915,464</u>	<u>\$ 16,230,243</u>	<u>\$ 17,856,414</u>
Unassigned Fund Balance as a Percentage of Expenditures	<u>7.84%</u>	<u>7.01%</u>	<u>8.33%</u>	<u>11.53%</u>	<u>8.22%</u>

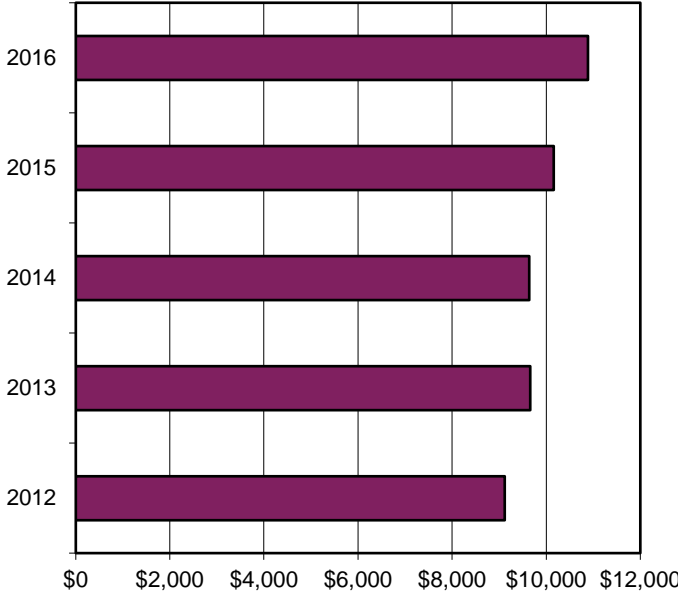
# General Fund – Revenue Sources

	2012	2013	2014	2015	2016
Local Property Taxes	\$ 16,003,168	\$ 15,757,166	\$ 10,670,645	\$ 19,565,557	\$ 20,793,410
State Sources	80,715,856	81,704,543	88,161,846	90,270,230	90,629,655
Federal Sources	4,512,956	2,597,783	2,319,167	2,390,605	2,508,216
All Other Sources	2,854,572	2,853,496	3,056,149	2,684,698	3,794,070
<b>Total Revenues</b>	<b>\$ 104,086,552</b>	<b>\$ 102,912,988</b>	<b>\$ 104,207,807</b>	<b>\$ 114,911,090</b>	<b>\$ 117,725,351</b>



# General Fund – Expenditures per Student

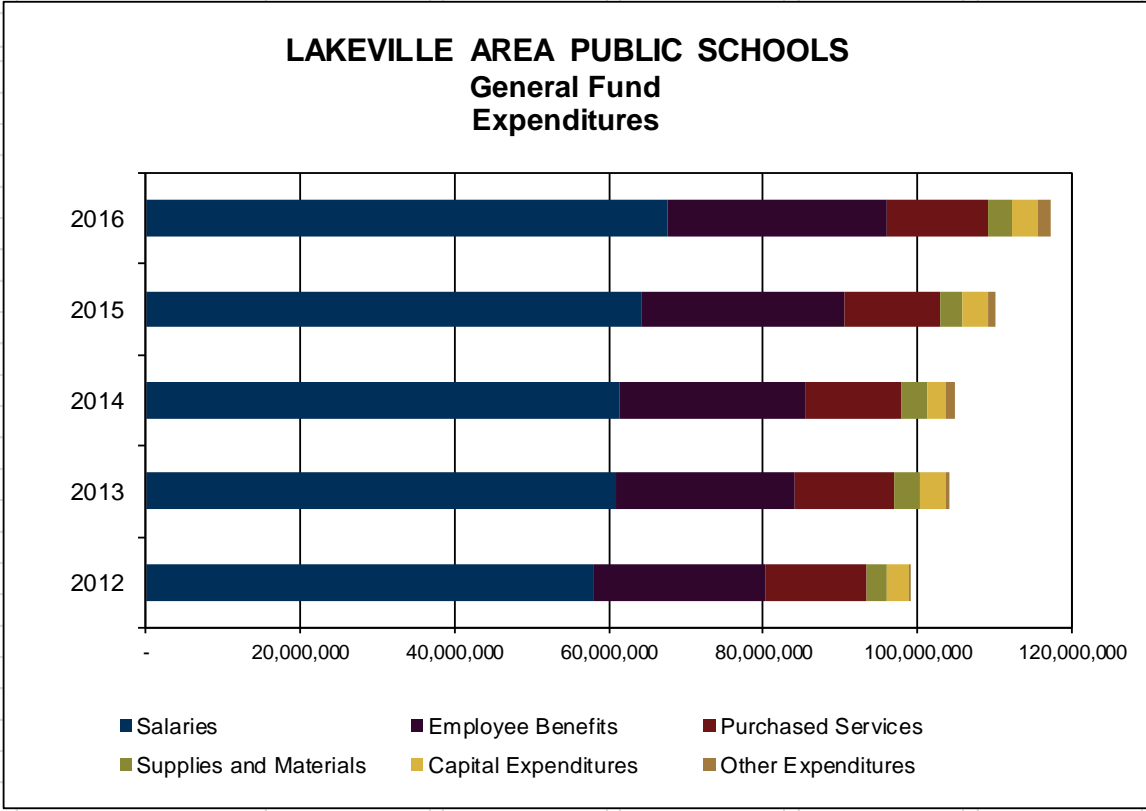
**General Fund Expenditures Per Student (Per ADM served)**



	2012	2013	2014	2015	2016
■ General Fund Expenditures Per Student Served	\$9,115	\$9,663	\$9,640	\$10,158	\$10,888

# General Fund – Expenditures by Object

	2012	2013	2014	2015	2016
Salaries	\$ 58,164,535	\$ 61,029,252	\$ 61,334,202	\$ 64,340,585	\$ 67,610,411
Employee Benefits	22,023,877	23,032,329	24,112,506	26,275,817	28,431,953
Purchased Services	13,127,431	12,958,935	12,478,888	12,263,874	13,068,649
Supplies and Materials	2,811,047	3,195,071	3,264,088	2,839,560	3,206,895
Capital Expenditures	2,790,379	3,449,071	2,453,142	3,390,433	3,288,254
Other Expenditures	274,715	371,724	1,172,155	996,373	1,755,374
<b>Total Expenditures</b>	<b>\$ 99,191,984</b>	<b>\$104,036,382</b>	<b>\$104,814,981</b>	<b>\$110,106,642</b>	<b>\$117,361,536</b>



# Food Service Fund - Operations

	Year Ended June 30,				
	2012	2013	2014	2015	2016
Revenues	\$ 5,181,567	\$ 5,245,245	\$ 5,222,757	\$ 5,273,115	\$ 5,252,977
Expenditures	5,257,921	5,174,300	5,144,013	4,982,108	5,452,999
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,354)	70,945	78,744	291,007	(200,022)
Fund Balance:					
Beginning of Year	1,373,907	1,297,553	1,368,498	1,447,242	1,738,249
End of Year	\$ 1,297,553	\$ 1,368,498	\$ 1,447,242	\$ 1,738,249	\$ 1,538,227

# Community Service Fund - Operations

	Year Ended June 30,				
	2012	2013	2014	2015	2016
Revenues	\$ 5,544,377	\$ 5,869,218	\$ 6,450,324	\$ 5,667,607	\$ 6,121,923
Expenditures	5,593,002	5,991,796	6,396,741	5,878,786	5,947,983
Excess (Deficiency) of Revenues Over (Under) Expenditures	(48,625)	(122,578)	53,583	(211,179)	173,940
Fund Balance:					
Beginning of Year	968,551	919,926	797,348	850,931	639,752
End of Year	\$ 919,926	\$ 797,348	\$ 850,931	\$ 639,752	\$ 813,692
Fund Balance:					
Restricted for Community Ed	\$ 604,566	\$ 467,116	\$ 586,985	\$ 330,347	\$ 566,750
Restricted for ECFE	136,017	96,950	107,641	154,829	85,072
Restricted for School Readiness	8,706	6,118	7,273	12,407	40,971
Restricted for Severance Benefits	170,637	227,164	149,032	115,566	120,899
Restricted for Other Purposes	-	-	-	26,603	-
Total Fund Balance	\$ 919,926	\$ 797,348	\$ 850,931	\$ 639,752	\$ 813,692

# Questions and Feedback

- We welcome any questions pertaining to the audit, Governance Communication Letter, Internal Control Communication or other matters related to the engagement.
- We appreciate the opportunity to serve as the auditors for the Lake Area Public Schools and welcome any feedback relative to our performance.

# Thank You!

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**Dennis Hoogeveen**

**Principal**

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