

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



Presented by:
CliftonLarsonAllen
Michelle Hoffman, Manager

Audit Results Year Ended 6/30/17

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

Summarized Statement of Net Position

Year Ended 6/30/17

	As of June 30,	
	2017	2016
Total Fund Balance for Governmental Funds	\$ 30,177,061	\$ 92,595,225
Capital Assets, Less Accumulated Depreciation	116,895,320	120,914,352
Deferred Outflows and Inflows for Gains and Losses on Refundings	2,153,621	3,370,456
Long-Term Liabilities	(145,913,100)	(225,826,348)
Other Post Employment Benefits Payable	(12,866,312)	(11,322,918)
Net Pension Liability-related Items	(106,572,774)	(73,079,290)
Other - Net	(1,341,124)	(2,012,386)
Total Net Position - Governmental Activities	\$ (117,467,308)	\$ (95,360,909)
Net Position:		
Invested in Capital Assets	\$ (15,018,728)	\$ (21,049,511)
Restricted	6,476,043	4,251,000
Unrestricted	(108,924,623)	(78,562,398)
Total Net Position - Governmental Activities	\$ (117,467,308)	\$ (95,360,909)

GASB 68/71 Select Talking Points

- 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, 2017

FUND DESCRIPTION	6/30/2016 AUDITED BALANCE	2016-17 AUDITED REVENUES	2016-17 AUDITED EXPENDITURES	2016-17 APPROVED TRANSFER	6/30/2017 AUDITED BALANCE
GENERAL FUND					
A. UNASSIGNED	\$9,642,587	\$116,403,906	\$110,492,638	(\$2,154,557)	\$13,399,298
B. NONSPENDABLE FOR PREPAIDS	\$306,414	\$353,079			\$659,493
B. NONSPENDABLE TOTAL	\$306,414	\$353,079	\$0	\$0	\$659,493
C. ASSIGNED FOR					
SUBSEQUENT YEAR BUDGET DEFICIT	\$5,447,941	\$0	\$1,565,211		\$3,882,730
LITERACY PROGRAM	\$90,000	\$0	\$90,000		\$0
J.F.K. STEAM ART ROOM	\$6,000	\$0	\$6,000		\$0
TEXTBOOKS	\$227,300	\$0	\$227,300		\$0
SCHOOL CARRY-OVER BALANCES	\$859,150	\$933,282	\$859,150		\$933,282
C. ASSIGNED TOTAL	\$6,630,391	\$933,282	\$2,747,661	\$0	\$4,816,012
D. RESTRICTED FOR					
GIFTED AND TALENTED	\$0	\$156,366	\$296,615	\$140,249	\$0
CAREER AND TECH PROGRAM	\$0	\$282,913	\$748,530	\$465,617	\$0
LEARNING AND DEVELOPMENT	\$0	\$2,369,584	\$2,652,145	\$282,561	\$0
BASIC SKILLS	\$0	\$827,687	\$2,093,466	\$1,265,779	\$0
STAFF DEVELOPMENT	\$1,228,176	\$1,459,493	\$1,401,763		\$1,285,906
SAFE SCHOOLS PROGRAM	\$7,402	\$613,291	\$797,207		(\$176,514)
TEACHER DEVELOPMENT AND EVALUATION	\$0	\$277,860	\$277,860		\$0
MEDICAL ASSISTANCE	\$0	\$389,786	\$390,137	\$351	\$0
ACHIEVEMENT AND INTEGRATION	\$0	\$958,130	\$838,657		\$119,473
OPERATING CAPITAL	\$60,042	\$3,394,481	\$3,141,551		\$312,972
CAPITAL PROJECT LEVY	\$0	\$2,016,667	\$1,433,481		\$583,186
LTFM (INCL H & S)	\$0	\$215,052	\$941,675	\$0	(\$726,623)
HEALTH & SAFETY	(\$18,598)	\$0	\$0		(\$18,598)
D. RESTRICTED TOTAL	\$1,277,022	\$12,961,310	\$15,013,087	\$2,154,557	\$1,379,802
BUDGET		\$123,471,019	\$129,995,406		\$11,332,027
TOTAL GENERAL FUND	\$17,856,414	\$130,651,577	\$128,253,386	\$0	\$20,254,605
DIFFERENCE		\$7,180,558	(\$1,742,020)		\$8,922,578
% VARIANCE		5.82%	-1.34%		

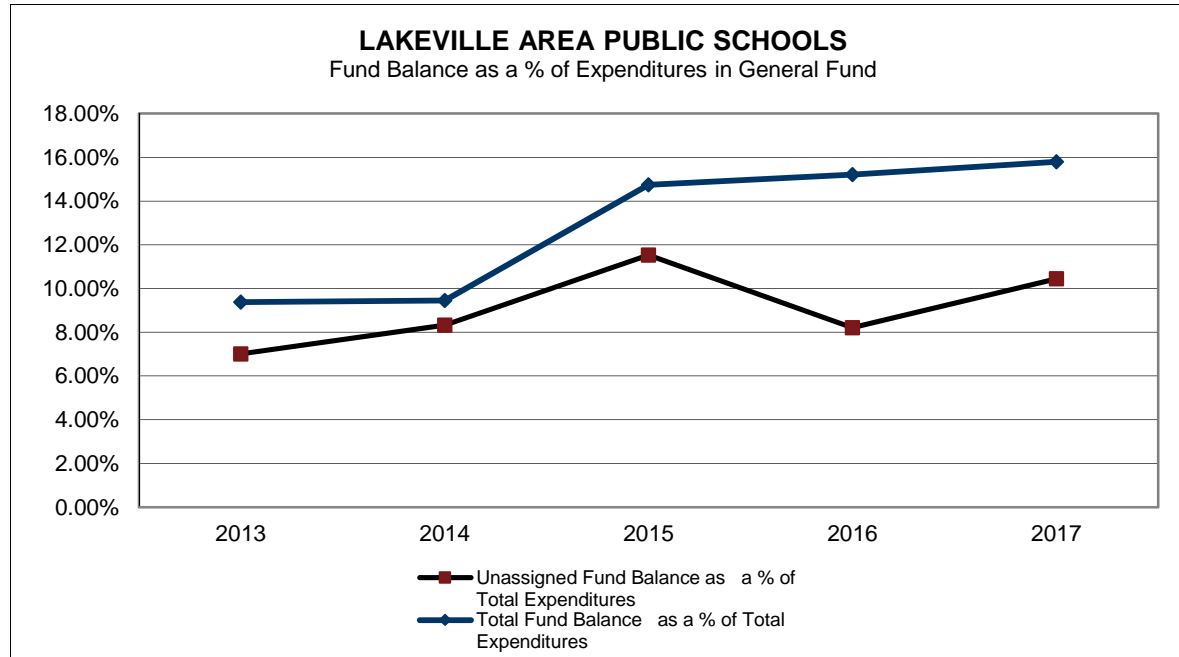
Audited Fund Balances – Other Funds

LAKEVILLE AREA PUBLIC SCHOOLS

AUDITED FUND BALANCES THROUGH JUNE 30, 2017

FUND DESCRIPTION	6/30/2016 AUDITED BALANCE	2016-17 AUDITED REVENUES	2016-17 AUDITED EXPENDITURES	2016-17 APPROVED TRANSFER	6/30/2017 AUDITED BALANCE
FOOD SERVICE					
NONSPENDABLE FOR INVENTORY	\$87,585	\$34,438			\$122,023
NONSPENDABLE FOR PREPAIDS	\$7,399	\$819			\$8,218
RESTRICTED FOR FOOD SERVICE PROG	\$1,443,243	\$5,439,138	\$5,236,443		\$1,645,938
BUDGET		\$5,277,672	\$5,426,822		\$1,389,077
TOTAL FOOD SERVICE	\$1,538,227	\$5,474,395	\$5,236,443		\$1,776,179
DIFFERENCE		\$196,723	(\$190,379)		\$387,102
% VARIANCE		3.73%	-3.51%		
COMMUNITY EDUCATION					
NONSPENDABLE FOR PREPAIDS	\$0	\$3,491	\$0		\$3,491
RESTRICTED FOR REGULAR COMMUNITY ED	\$566,750	\$3,800,090	\$3,537,782	(\$58,067)	\$770,991
RESTRICTED FOR EARLY CHILDHOOD FAMILY ED	\$85,072	\$618,104	\$602,141	\$0	\$101,035
RESTRICTED FOR SCHOOL READINESS	\$40,971	\$293,575	\$234,609		\$99,937
RESTRICTED FOR ADULT BASIC EDUCATION	\$0	\$204,800	\$214,301	\$9,501	\$0
RESTRICTED FOR OTHER PURPOSES	\$120,899	\$1,414,998	\$1,369,970	\$48,566	\$214,493
BUDGET		\$6,197,000	\$6,196,310		\$814,382
TOTAL COMMUNITY EDUCATION	\$813,692	\$6,335,058	\$5,958,803	\$0	\$1,189,947
DIFFERENCE		\$138,058	(\$237,507)		\$375,565
% VARIANCE		2.23%	-3.83%		
BUDGET		\$7,500	\$4,302,590		\$2,835,395
TOTAL CAPITAL PROJECTS - LTFM	\$7,130,485	\$34,426	\$3,593,314		\$3,571,597
DIFFERENCE		\$26,926	(\$709,276)		\$736,202
% VARIANCE		359.01%	-16.48%		
DEBT SERVICE					
RESTRICTED FOR DEBT SERVICE - OPERATING	\$3,401,407	\$17,364,146	\$17,380,820		\$3,384,733
RESTRICTED FOR REFUNDING BONDS	\$61,855,000	\$0	\$61,855,000		\$0
BUDGET		\$17,024,280	\$17,370,372		\$64,910,315
TOTAL DEBT SERVICE	\$65,256,407	\$17,364,146	\$79,235,820		\$3,384,733
DIFFERENCE		\$339,866	\$61,865,448		(\$61,525,582)
% VARIANCE		2.00%	356.15%		
FIDUCIARY FUNDS					
SCHOLARSHIP TRUST FUND	\$170,217	\$155,381	\$143,209		\$182,389
SORLA PRIVATE-PURPOSE TRUST FUND	\$32,171	\$68,743	\$74,823		\$26,091
EMPLOYEE BENEFIT TRUST	\$133,472	\$557,917	\$563,159		\$128,230
DENTAL SELF-INSURANCE FUND	\$544,454	\$1,247,833	\$1,266,234		\$526,053
TOTAL TRUST AND INTERNAL SERVICE FUNDS	\$880,314	\$2,029,874	\$2,047,425		\$862,763

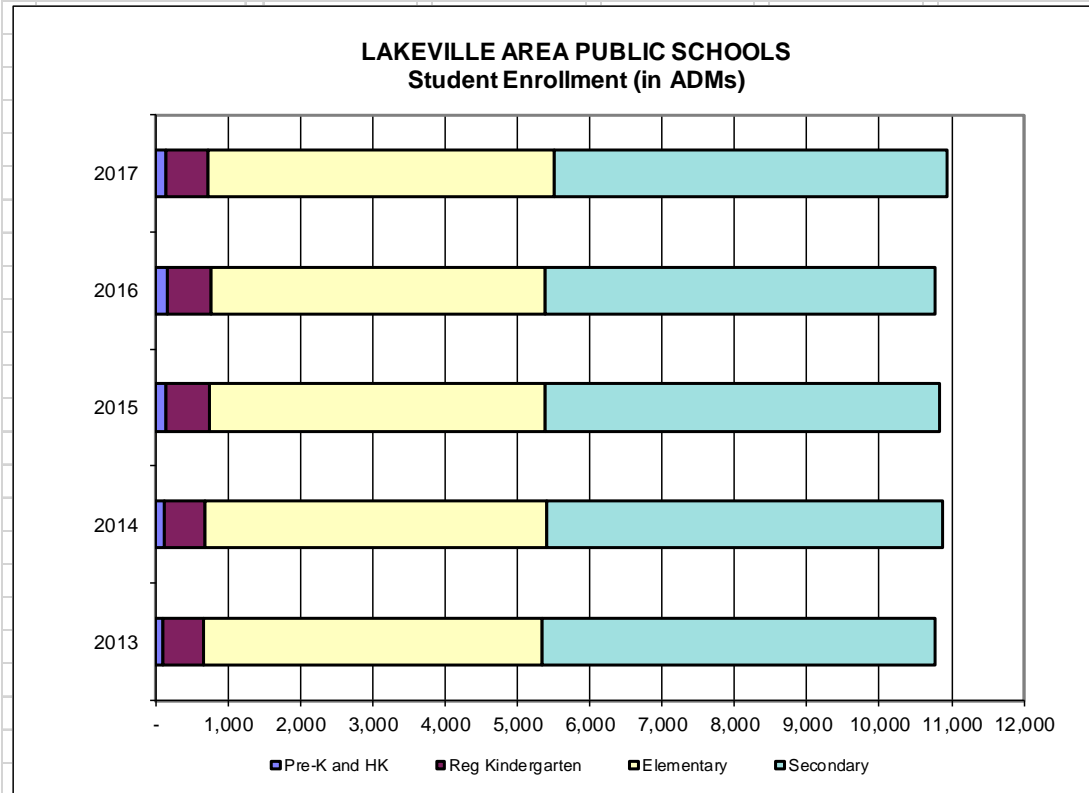
Fund Balance Trend – General Fund



UFARS Basis	2013	2014	2015	2016	2017
Unassigned Fund Balance	\$ 7,294,275	\$ 8,728,265	\$ 12,689,994	\$ 9,642,587	\$ 13,399,298
Assigned Fund Balance	1,704,585	200,000	1,960,472	6,630,391	4,816,012
Restricted Fund Balance	759,457	986,919	1,394,439	1,277,022	1,379,802
Nonspendable Fund Balance	5,013	280	185,338	306,414	659,493
Total Fund Balance	\$ 9,763,330	\$ 9,915,464	\$ 16,230,243	\$ 17,856,414	\$ 20,254,605
Total Expenditures	\$ 104,036,382	\$ 104,814,970	\$ 110,106,642	\$ 117,361,536	\$ 128,253,386
Total Fund Balance as a % of Total Expenditures	9.38%	9.46%	14.74%	15.21%	15.79%
Unassigned Fund Balance as a % of Total Expenditures	7.01%	8.33%	11.53%	8.22%	10.45%

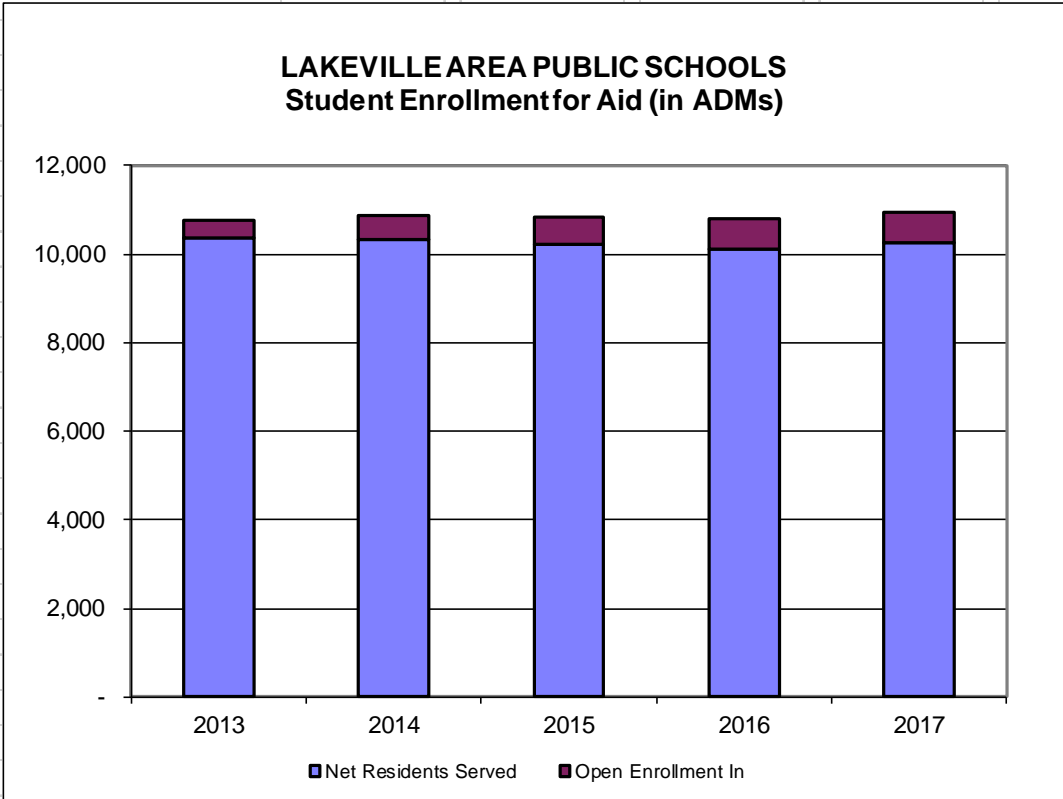
Student Enrollment – ADM's Served

	2013	2014	2015	2016	2017
Pre-K and HK	100.86	114.02	154.33	162.33	146.81
Reg Kindergarten	564.70	576.57	582.72	595.56	580.86
Elementary	4,680.67	4,710.17	4,656.22	4,634.79	4,784.11
Secondary	5,420.49	5,472.22	5,446.20	5,386.42	5,430.29
Net ADM Served	10,766.72	10,872.98	10,839.47	10,779.10	10,942.07
Percent Change	-1.06%	0.99%	-0.31%	-0.56%	1.51%



Student Enrollment – Open Enrollment

	2013	2014	2015	2016	2017
Total Residents	10,953.67	10,927.65	10,810.90	10,709.72	10,834.55
Open Enrollment Out*	(609.35)	(610.41)	(587.92)	(599.84)	(586.33)
Net Residents Served	10,344.32	10,317.24	10,222.98	10,109.88	10,248.22
Open Enrollment In	422.40	555.74	616.49	669.22	693.85
Net ADM Served	10,766.72	10,872.98	10,839.47	10,779.10	10,942.07
* including charter schools					
Net Pupil Units Served	12,596.08	12,715.32	11,928.71	11,856.39	12,028.11

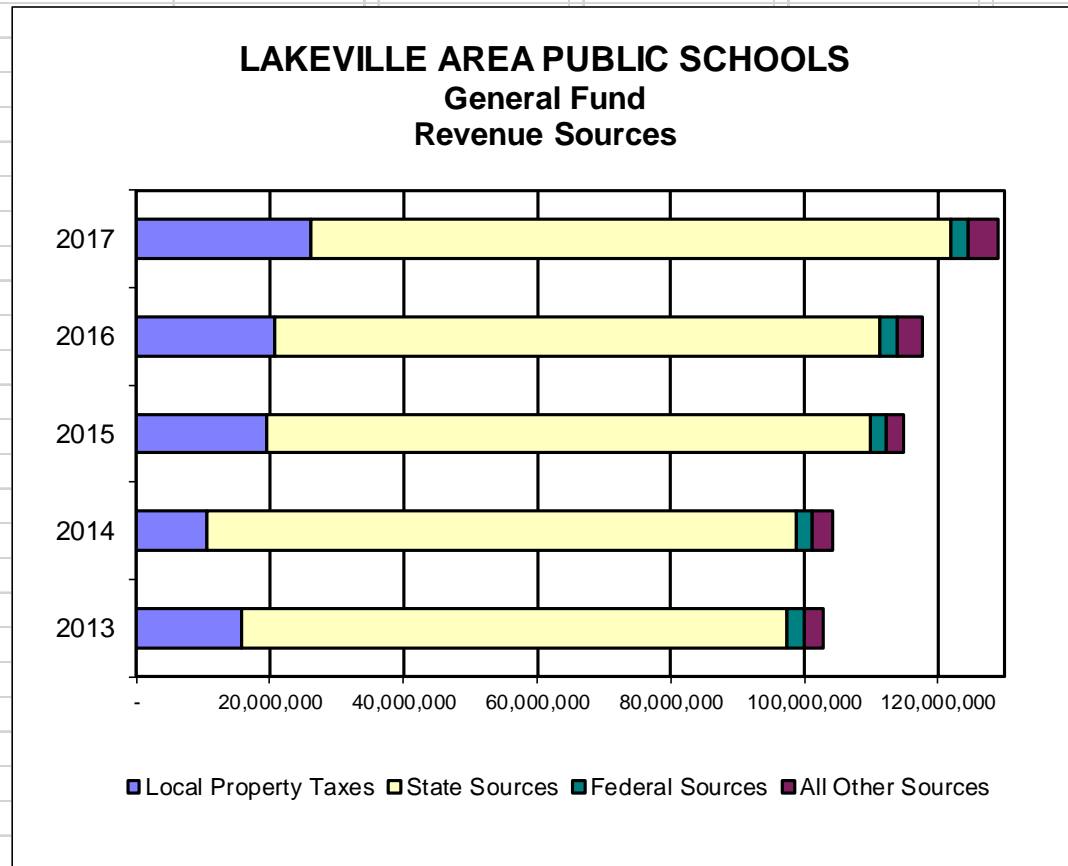


General Fund - Operations

	Year Ended June 30,				
	2013	2014	2015	2016	2017
Revenues	\$ 102,912,988	\$ 104,207,807	\$ 114,911,090	\$ 117,725,351	\$ 128,894,810
Expenditures	104,036,382	104,814,970	110,106,642	117,361,536	128,253,386
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,123,394)	(607,163)	4,804,448	363,815	641,424
Other Financing Sources:					
Capital Lease Issued	799,335	757,669	1,509,367	1,262,356	1,756,767
Sale of Capital Assets	1,749	1,628	964	-	-
Total Other Financing Sources	801,084	759,297	1,510,331	1,262,356	1,756,767
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(322,310)	152,134	6,314,779	1,626,171	2,398,191
Fund Balance:					
Beginning of Year	10,085,640	9,763,330	9,915,464	16,230,243	17,856,414
End of Year	\$ 9,763,330	\$ 9,915,464	\$ 16,230,243	\$ 17,856,414	\$ 20,254,605
Restricted Fund Balance	\$ 759,457	\$ 986,919	\$ 1,394,439	\$ 1,277,022	\$ 1,379,802
Assigned Fund Balance	1,704,585	200,000	1,960,472	6,630,391	4,816,012
Nonspendable Fund Balance	5,013	280	185,338	306,414	659,493
Unassigned Fund Balance	7,294,275	8,728,265	12,689,994	9,642,587	13,399,298
Total Fund Balance	\$ 9,763,330	\$ 9,915,464	\$ 16,230,243	\$ 17,856,414	\$ 20,254,605
Unassigned Fund Balance as a Percentage of Expenditures	7.01%	8.33%	11.53%	8.22%	10.45%

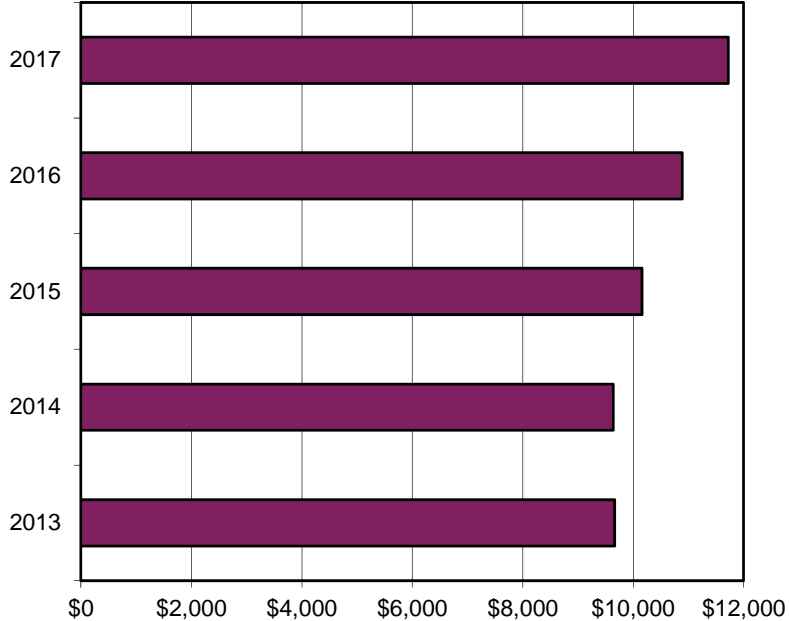
General Fund – Revenue Sources

	2013	2014	2015	2016	2017
Local Property Taxes	\$ 15,757,166	\$ 10,670,645	\$ 19,565,557	\$ 20,793,410	\$ 26,047,699
State Sources	81,704,543	88,161,846	90,270,230	90,629,655	95,819,360
Federal Sources	2,597,783	2,319,167	2,390,605	2,508,216	2,729,768
All Other Sources	2,853,496	3,056,149	2,684,698	3,794,070	4,297,983
Total Revenues	\$102,912,988	\$104,207,807	\$114,911,090	\$117,725,351	\$128,894,810



General Fund – Expenditures per Student

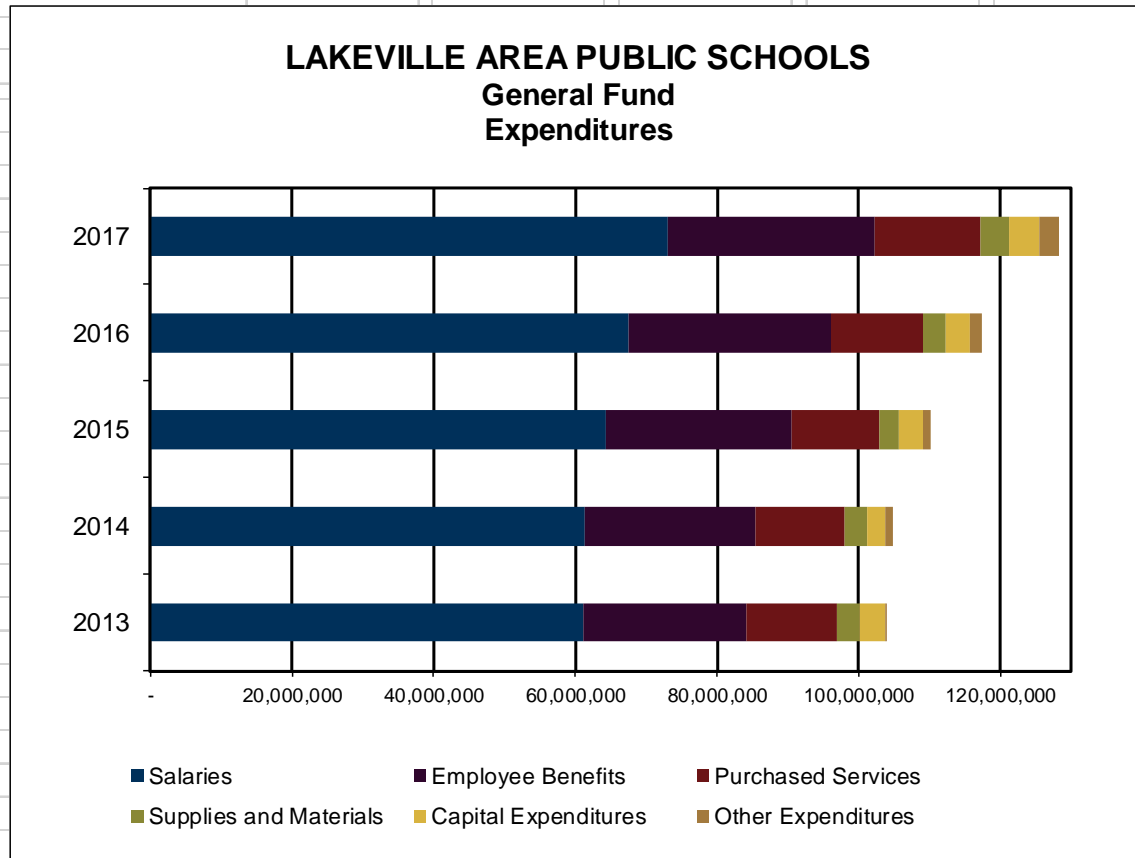
General Fund Expenditures Per Student (Per ADM served)



	2013	2014	2015	2016	2017
■ General Fund Expenditures Per Student Served	\$9,663	\$9,640	\$10,158	\$10,888	\$11,721

General Fund – Expenditures by Object

	2013	2014	2015	2016	2017
Salaries	\$ 61,029,252	\$ 61,334,202	\$ 64,340,585	\$ 67,610,411	\$ 73,059,542
Employee Benefits	23,032,329	24,112,506	26,275,817	28,431,953	29,128,474
Purchased Services	12,958,935	12,478,888	12,263,874	13,068,649	15,010,092
Supplies and Materials	3,195,071	3,264,088	2,839,560	3,206,895	3,943,723
Capital Expenditures	3,449,071	2,453,142	3,390,433	3,288,254	4,305,607
Other Expenditures	371,724	1,172,155	996,373	1,755,374	2,805,948
Total Expenditures	\$ 104,036,382	\$ 104,814,981	\$ 110,106,642	\$ 117,361,536	\$ 128,253,386



Food Service Fund - Operations

	Year Ended June 30,				
	2013	2014	2015	2016	2017
Revenues	\$ 5,245,245	\$ 5,222,757	\$ 5,273,115	\$ 5,252,977	\$ 5,474,395
Expenditures	5,174,300	5,144,013	4,982,108	5,452,999	5,236,443
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,945	78,744	291,007	(200,022)	237,952
Fund Balance:					
Beginning of Year	1,297,553	1,368,498	1,447,242	1,738,249	1,538,227
End of Year	<u>\$ 1,368,498</u>	<u>\$ 1,447,242</u>	<u>\$ 1,738,249</u>	<u>\$ 1,538,227</u>	<u>\$ 1,776,179</u>

Community Service Fund - Operations

	Year Ended June 30,				
	2013	2014	2015	2016	2017
Revenues	\$ 5,869,218	\$ 6,450,324	\$ 5,667,607	\$ 6,121,923	\$ 6,335,058
Expenditures	5,991,796	6,396,741	5,878,786	5,947,983	5,958,803
Excess (Deficiency) of Revenues Over (Under) Expenditures	(122,578)	53,583	(211,179)	173,940	376,255
Fund Balance:					
Beginning of Year	919,926	797,348	850,931	639,752	813,692
End of Year	<u>\$ 797,348</u>	<u>\$ 850,931</u>	<u>\$ 639,752</u>	<u>\$ 813,692</u>	<u>\$ 1,189,947</u>
Fund Balance:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 3,491
Restricted for Community Ed	467,116	586,985	330,347	566,750	770,991
Restricted for ECFE	96,950	107,641	154,829	85,072	101,035
Restricted for School Readiness	6,118	7,273	12,407	40,971	99,937
Restricted for Severance Benefits	227,164	149,032	115,566	120,899	120,899
Restricted for Other Purposes	-	-	26,603	-	93,594
Total Fund Balance	<u>\$ 797,348</u>	<u>\$ 850,931</u>	<u>\$ 639,752</u>	<u>\$ 813,692</u>	<u>\$ 1,189,947</u>

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 Lakeville Area Public Schools and welcome any feedback relative to our performance.

Thank You!

Michelle Hoffman
Manager

612.397.3269

Michelle.Hoffman@claconnect.com