

**INDEPENDENT SCHOOL DISTRICT NO. 833
SOUTH WASHINGTON COUNTY SCHOOLS
COTTAGE GROVE, MINNESOTA**

**Audit Report
Year Ended June 30, 2016**





AUDITOR'S ROLE

- **Opinion on Financial Statements**
 - **District Audit**
 - **Student Activities Audit**
- **Internal Controls and Compliance**
 - **Financial Statement Audits**
 - **Federal "Single Audit"**
 - **State Laws and Regulations**
 - **Manual for Activity Fund Accounting**



AUDIT RESULTS

■ District Audit

- Unmodified Opinion on Basic Financial Statements
- Internal Control and Compliance Reports
 - 2016-001 – Internal Controls Over Compliance With Cash Management, Allowable Costs, Subrecipient Monitoring, and Standards for Financial Management



AUDIT RESULTS

■ Student Activity Audit

- Our opinion was qualified for a limitation related to the completeness of cash receipts reported. The reported cash balances and cash receipts and disbursements are fairly presented.
- Internal Control and Compliance Reports
 - 2016-001 The District reports student activities on a cash basis and internal controls are not sufficient to assure that all cash receipts have been recorded.
 - 2016-002 Timely Deposit of Cash Receipts, 3 of 40 cash receipts tested.



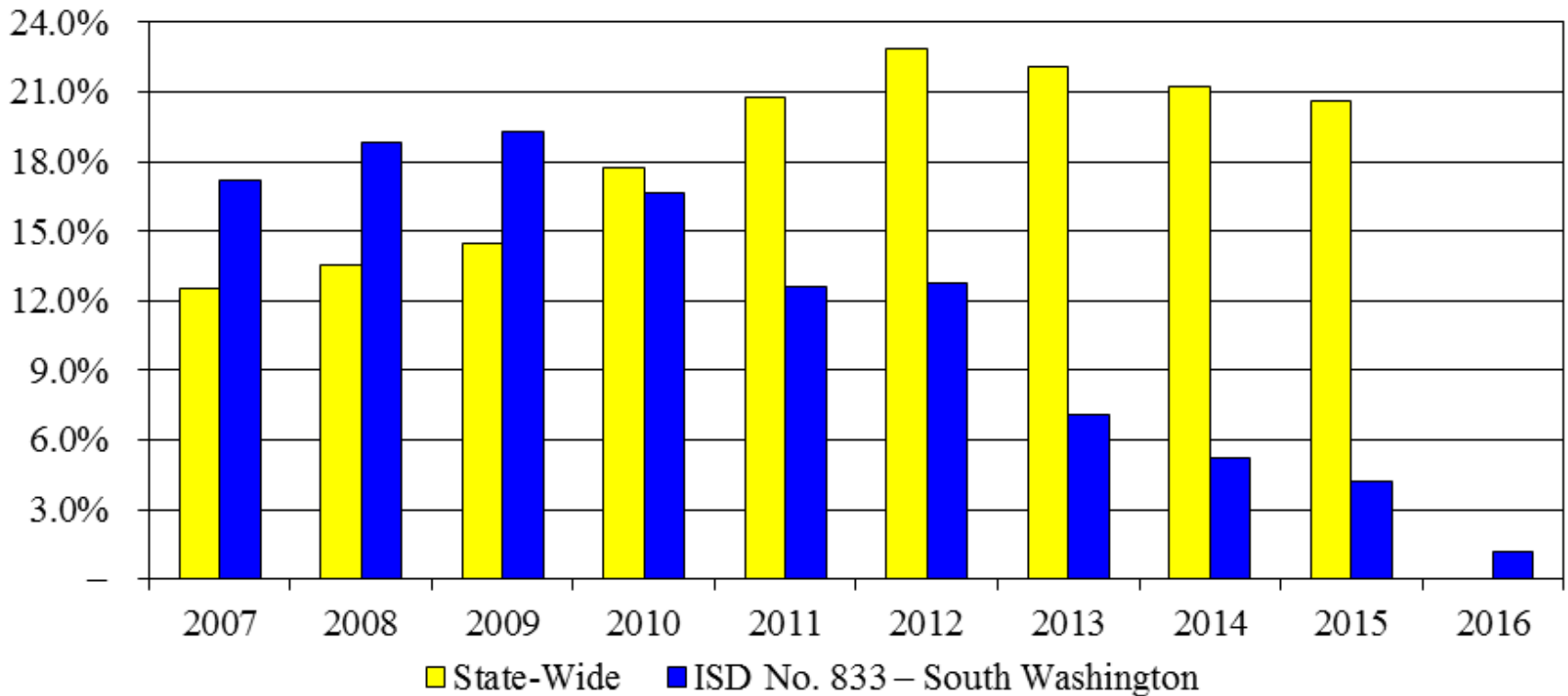
GENERAL EDUCATION AID— BASIC FORMULA ALLOWANCE

Fiscal Year Ended June 30,	Formula Allowance	
	Amount	Percent Increase
2007	\$ 4,974	4.0 %
2008	\$ 5,074	2.0 %
2009	\$ 5,124	1.0 %
2010	\$ 5,124	– %
2011	\$ 5,124	– %
2012	\$ 5,174	1.0 %
2013	\$ 5,224	1.0 %
2014	\$ 5,302	1.5 %
2015	\$ 5,831	2.0 % *
2016	\$ 5,948	2.0 %
2017	\$ 6,067	2.0 %

* The \$529 increase in 2015 was offset by changes to pupil weightings and the general education aid formula that reduced the increase to the equivalent of \$105, or 2.0 percent, state-wide.

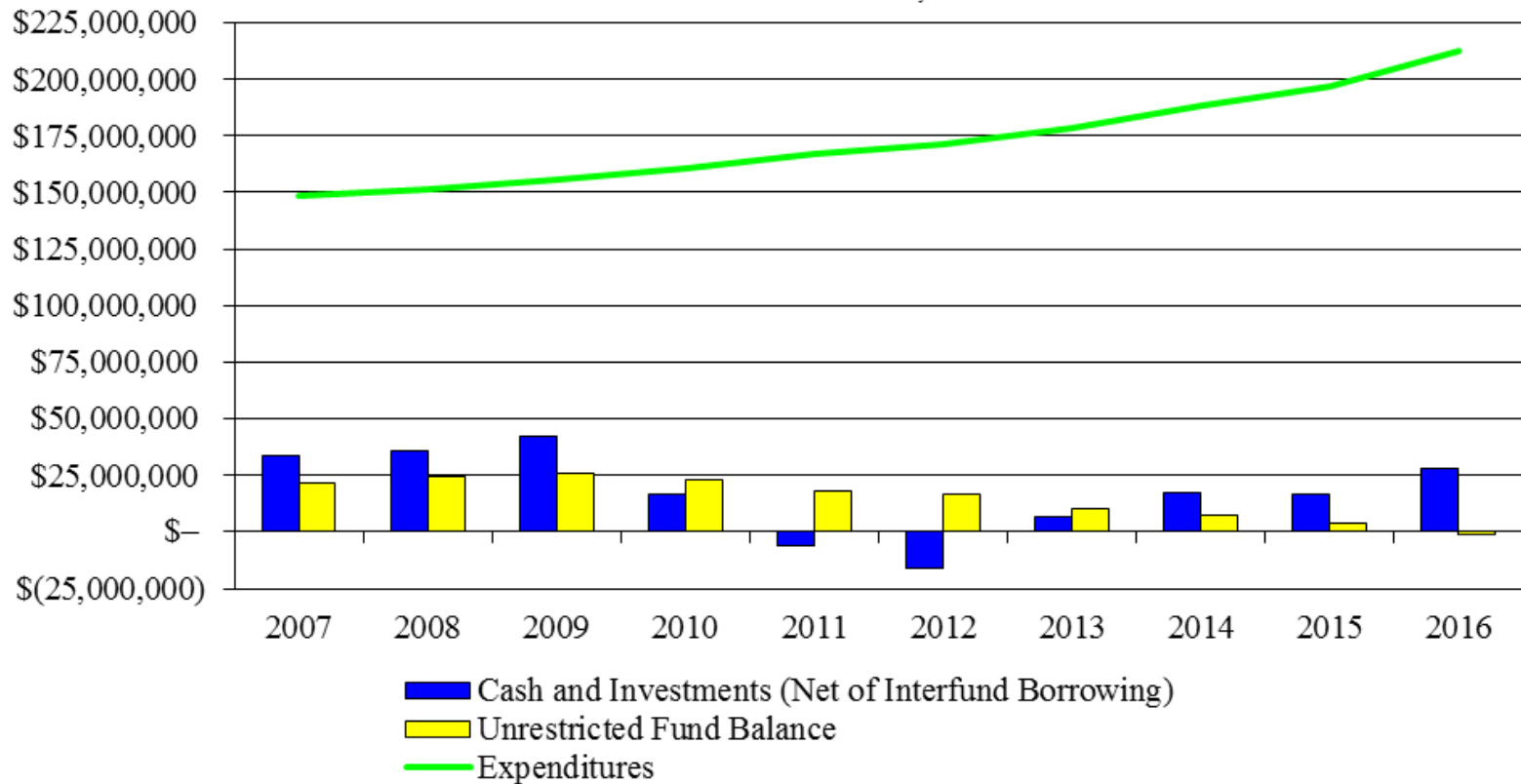
STATE-WIDE FUND BALANCES

State-Wide Unrestricted Operating Fund Balance
 as a Percentage of Operating Expenditures



GENERAL FUND FINANCIAL POSITION

General Fund Financial Position
 Year Ended June 30,





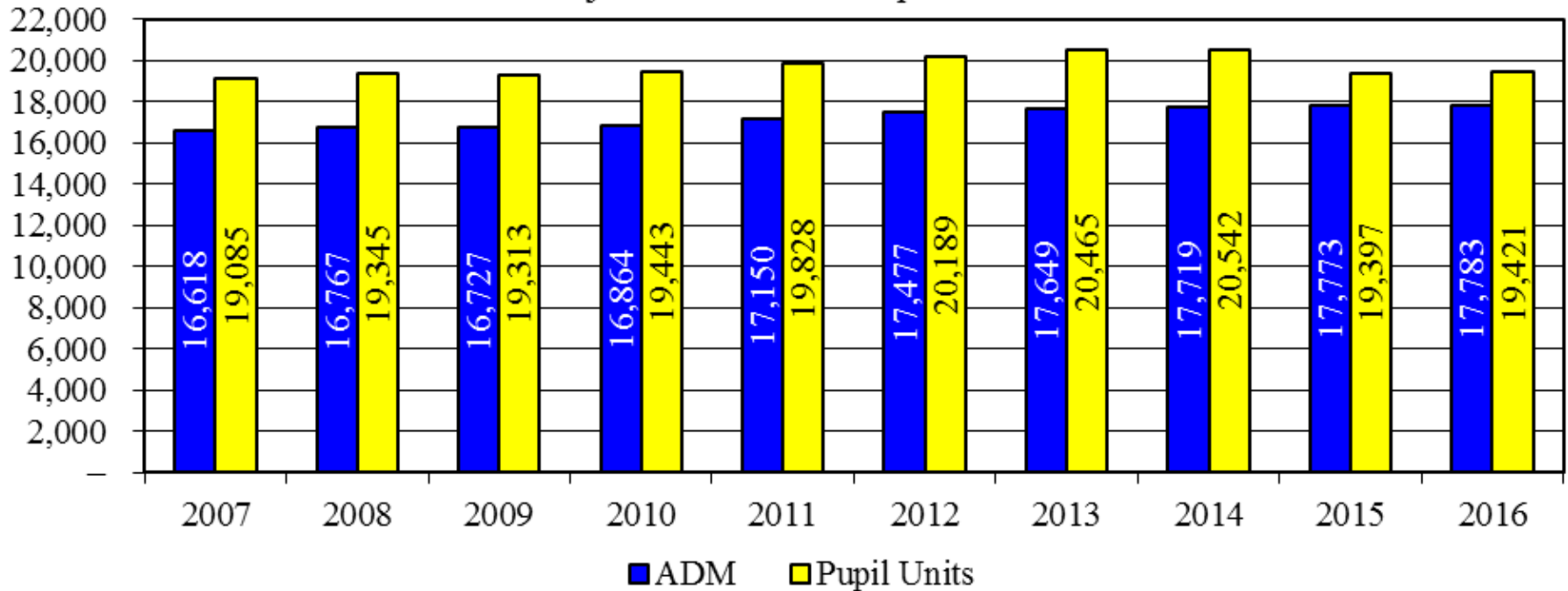
GENERAL FUND FINANCIAL POSITION

	Year Ended June 30,				
	2012	2013	2014	2015	2016
Nonspendable fund balances	\$ 1,125,484	\$ 1,105,277	\$ 1,135,917	\$ 2,949,314	\$ 3,139,510
Restricted fund balances (1)	2,188,743	2,886,060	1,155,136	3,250,381	5,232,246
Unrestricted fund balances					
Committed	4,188,228	3,899,880	3,531,073	1,611,060	2,848,063
Assigned	3,988,180	2,598,614	1,068,692	2,506,731	–
Unassigned	8,245,358	3,393,447	2,594,734	–	(3,916,752)
Total fund balances	\$ 19,735,993	\$ 13,883,278	\$ 9,485,552	\$ 10,317,486	\$ 7,303,067
Unrestricted fund balances as a percentage of total expenditures	9.6%	5.5%	3.8%	2.1%	(0.5%)
Unassigned fund balances as a percentage of total expenditures	4.8%	1.9%	1.4%	–	(1.8%)

(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.

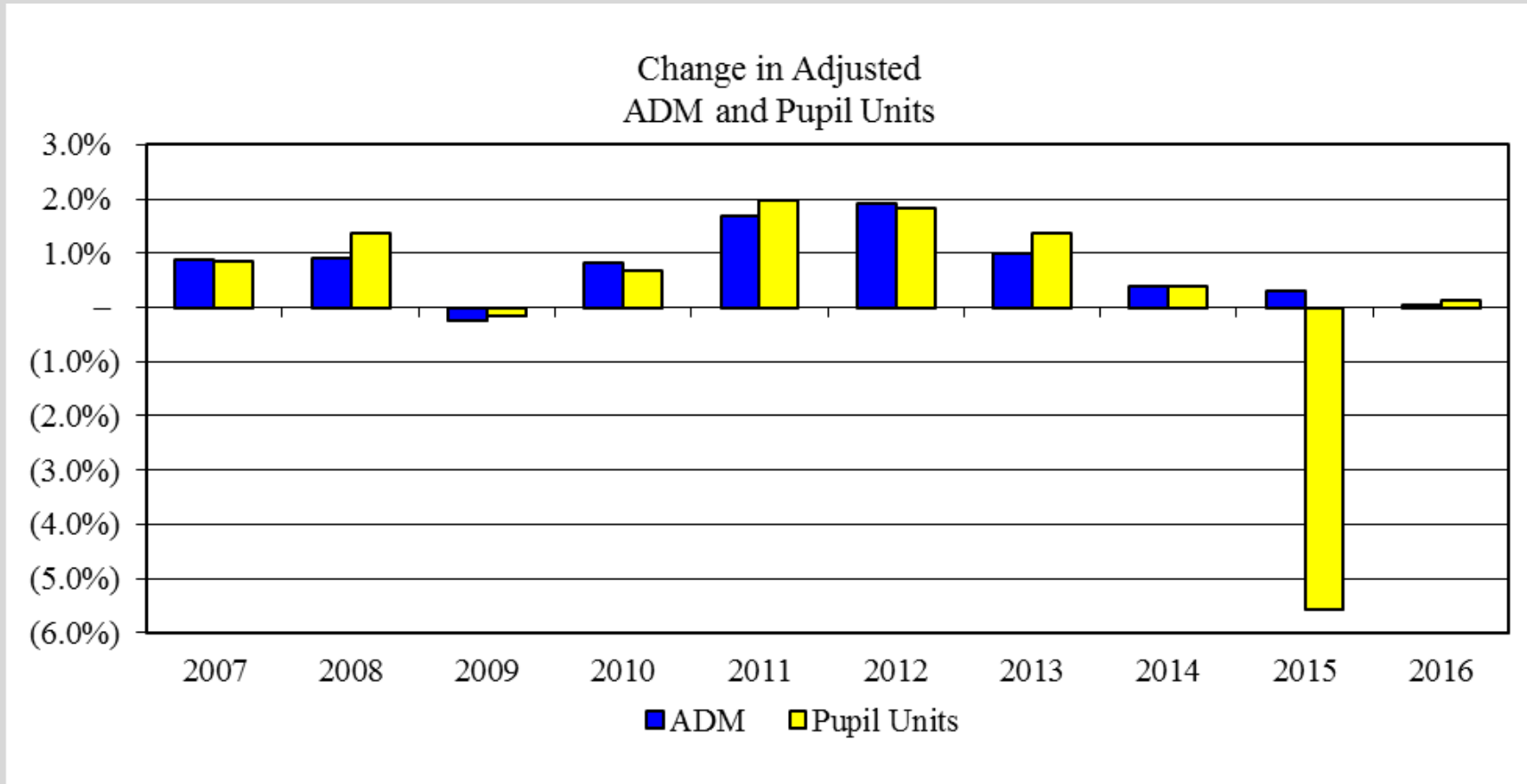
ADJUSTED ADM AND PUPIL UNITS SERVED

Adjusted ADM and Pupil Units Served



The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

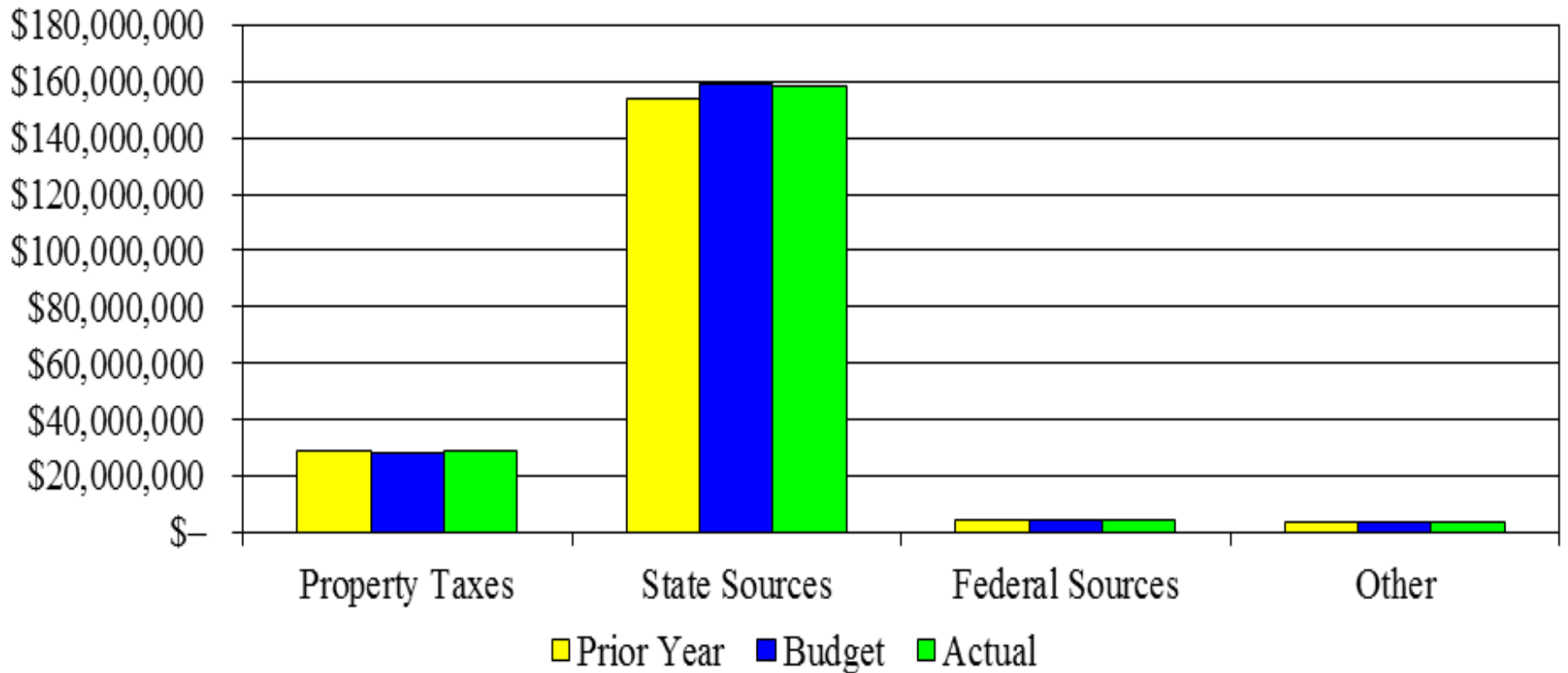
CHANGE IN STUDENTS SERVED



The change in pupil units for 2015 includes the effect of legislative reductions to pupil units.

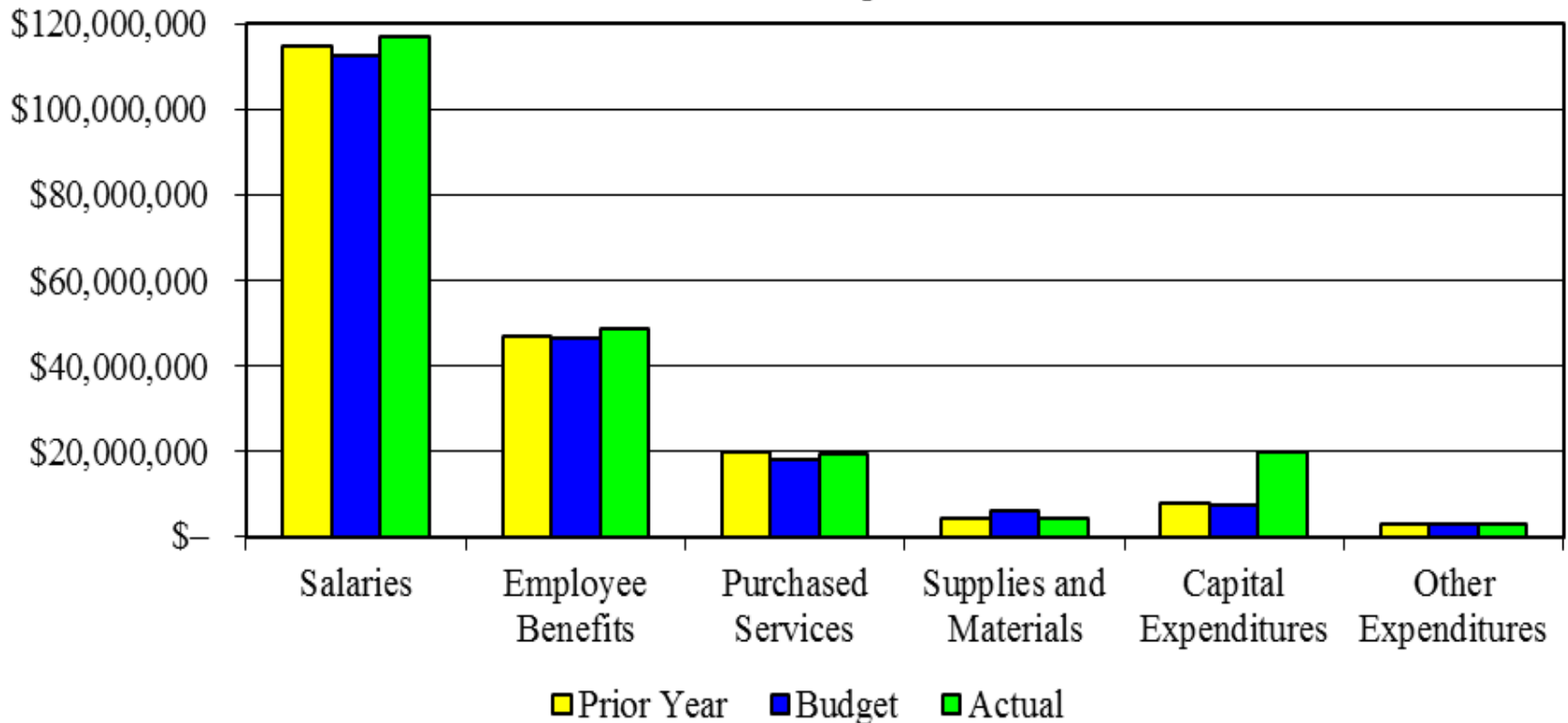
GENERAL FUND REVENUE

General Fund Revenues



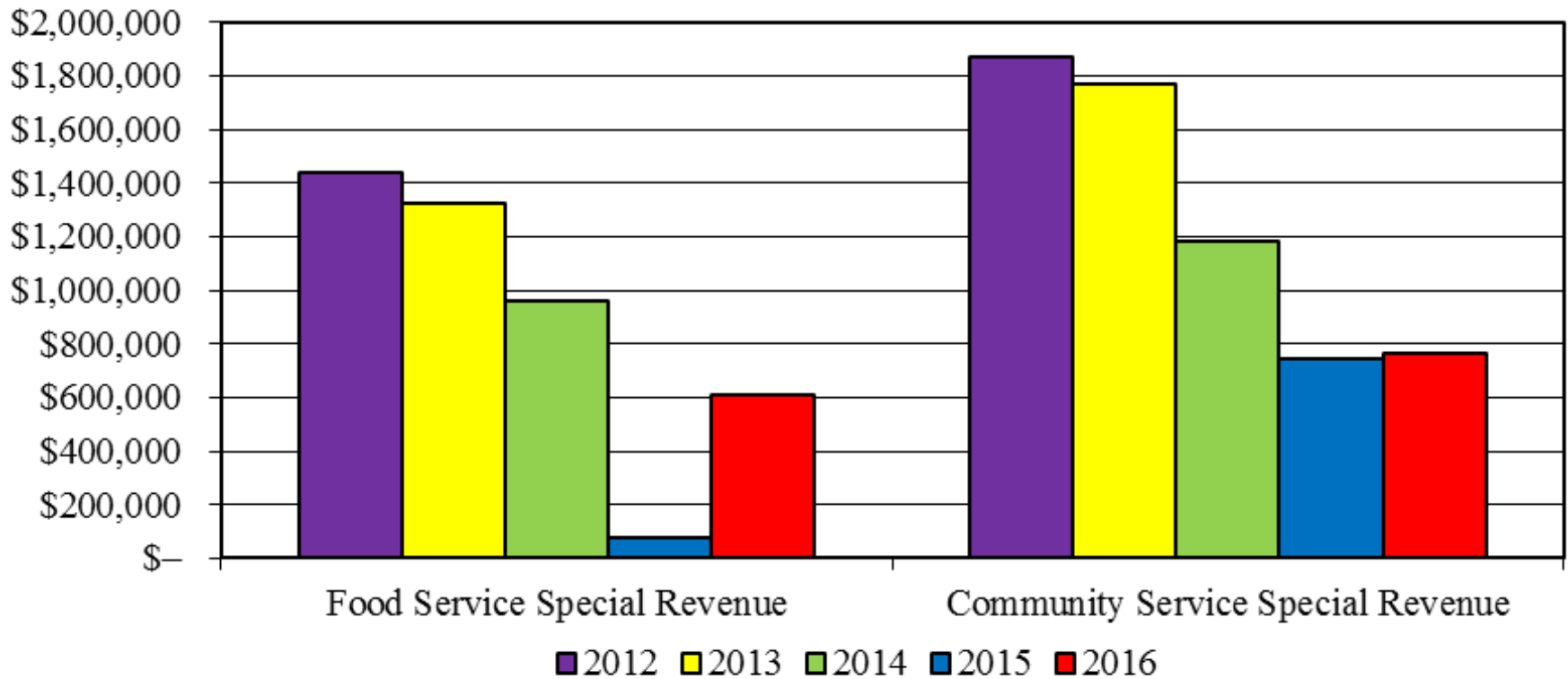
GENERAL FUND EXPENDITURES

General Fund Expenditures



OTHER GOVERNMENTAL FUNDS

Other Operating Funds
 Total Fund Balances





INTERNAL SERVICE FUNDS

	June 30,		
	2014	2015	2016
Operating revenue			
Contributions from governmental funds	\$ –	\$ 968,327	\$ –
Operating expenses			
Post-employment severance and health benefits	2,554,309	2,557,778	2,363,511
Operating income (loss)	(2,554,309)	(1,589,451)	(2,363,511)
Nonoperating revenue			
Investment earnings	60,936	41,327	13,722
Transfers in (out)	(4,000,000)	(4,000,000)	–
Change in net position	(6,493,373)	(5,548,124)	(2,349,789)
Net position			
Beginning of year	23,332,324	16,838,951	11,290,827
End of year	\$ 16,838,951	\$ 11,290,827	\$ 8,941,038



DISTRICT-WIDE STATEMENT OF NET POSITION

	June 30,		Increase (Decrease)
	2016	2015	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 212,944,511	\$ 62,529,794	\$ 150,414,717
Total capital assets, net of depreciation	355,347,622	327,000,749	28,346,873
Bonds, COPs, leases, and unamortized premium/discount	(469,883,443)	(308,299,367)	(161,584,076)
PERA and TRA pension adjustments	(131,188,359)	(131,601,927)	413,568
Other adjustments	2,488,635	6,224,112	(3,735,477)
Total net position – governmental activities	<u>\$ (30,291,034)</u>	<u>\$ (44,146,639)</u>	<u>\$ 13,855,605</u>
Net position			
Net investment in capital assets	\$ 85,486,603	\$ 67,105,680	\$ 18,380,923
Restricted	7,985,002	5,307,406	2,677,596
Unrestricted	<u>(123,762,639)</u>	<u>(116,559,725)</u>	<u>(7,202,914)</u>
Total net position	<u>\$ (30,291,034)</u>	<u>\$ (44,146,639)</u>	<u>\$ 13,855,605</u>