

INTERMEDIATE SCHOOL DISTRICT NO. 917  
ROSEMOUNT, MINNESOTA

Financial Statements and  
Supplemental Information

Year Ended  
June 30, 2013

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INTRODUCTORY SECTION

INTERMEDIATE SCHOOL DISTRICT NO. 917

School Board and Administration  
as of June 30, 2013

**SCHOOL BOARD**

<u>Board of Directors</u>	<u>Member District</u>	<u>Position on Board</u>
Deb Clark	SSD No. 6	Chairperson
Jill Lewis	ISD No. 199	Vice Chairperson
Kathy Lewis	ISD No. 194	Treasurer
Vanda Pressnall	ISD No. 195	Clerk
Arlene Bush	ISD No. 271	Director
Dan Cater	ISD No. 200	Director
Ron Hill	ISD No. 191	Director
D. Tom Ryerson	ISD No. 197	Director
Veronica Walter	ISD No. 192	Director

**ADMINISTRATION**

John Christiansen	Superintendent
Melissa Schaller	Director of Special Education
Dan Hurley	Secondary Education Principal
Nicolle Roush	Business Manager
Jim Eberhardt	Secondary Education Principal – Interim

FINANCIAL SECTION

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PRINCIPALS

Thomas M. Montague, CPA  
Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board and Management of  
Intermediate School District No. 917  
Rosemount, Minnesota

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Intermediate School District No. 917 (the District) 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 District'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 District'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.

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a 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 the District's basic financial statements. The introductory section, supplemental information, and other information, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. The accompanying Uniform Financial Accounting and Reporting Standards (UFARS) Compliance Table is presented for purposes of additional analysis as required by the Minnesota Department of Education, and is also not a required part of the basic financial statements of the District.

The supplemental information and the UFARS Compliance Table are the responsibility of management and were derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and other information sections 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.

(continued)

### **Prior Year Comparative Information**

We have previously audited the District's 2012 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated November 27, 2012. In our opinion, the partial 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 October 29, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 the District's internal control over financial reporting and compliance.

*Malloy, Montague, Karnowski, Radosevich & Co., P. A.*

Minneapolis, Minnesota  
October 29, 2013

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## INTERMEDIATE SCHOOL DISTRICT NO. 917

### Management's Discussion and Analysis Year Ended June 30, 2013

This section of Intermediate School District No. 917's (the District) financial statements presents management's narrative overview and analysis of the District's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the other components of the District's financial statements.

#### **FINANCIAL HIGHLIGHTS**

- Net position on the government-wide Statement of Net Position is \$5,161,130. Net position is similar to the equity position for private sector businesses.
- The government-wide Statement of Activities shows a decrease in net position of \$757,587.
- The District's total General Fund balance at June 30, 2013 is \$5,704,625.
- The District's governmental funds Balance Sheet reflects a \$4,082,678 unassigned fund balance.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the financial statements consists of the following parts:

- Independent Auditor's Report;
- Management's Discussion and Analysis;
- Basic financial statements, including the government-wide financial statements, fund financial statements, and the notes to basic financial statements;
- Required supplementary information; and
- Combining and individual fund statements and schedules, which are presented as supplemental information.

The following explains the two types of statements included in the basic financial statements:

#### **Government-Wide Financial Statements**

The government-wide financial statements (Statement of Net Position and Statement of Activities) 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.

The two government-wide financial statements report the District's *net position* and how they have 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 indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District requires consideration of additional non-financial factors such as the condition of school buildings and other facilities.

In the government-wide financial statements the District's activities are all shown in one category titled "governmental activities." These activities, including regular and special education instruction, transportation, administration, and food services, are primarily financed with tuition charges and state aids.

### **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. A fund (Food Service Special Revenue Fund) that does not meet the threshold to be classified as major funds is called a "nonmajor" fund. Detailed financial information for nonmajor funds can be found in the combining and individual fund statements and schedules section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. For Minnesota schools, funds are established in accordance with Uniform Financial Accounting and Reporting Standards in accordance with statutory requirements and accounting principles generally accepted in the United States of America.

The District maintains the following 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 fund 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 financial statements, we provide additional information (reconciliation schedules) immediately following the governmental fund statements that explain the relationship (or differences) between these two types of financial statement presentations.

**Proprietary Funds** – Internal service fund services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. These services have been included with governmental activities in the government-wide financial statements. The District currently has two internal service funds, including funds for accounting for post-employment severance and other post-employment benefits (OPEB) and the dental self-insurance plan.

**Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. 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 government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1 is a summarized view of the District's Statement of Net Position:

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current and other assets	\$ 9,626,664	\$ 9,874,077
Capital assets, net of accumulated depreciation	<u>7,441,349</u>	<u>7,606,075</u>
<b>Total assets</b>	<b><u>\$ 17,068,013</u></b>	<b><u>\$ 17,480,152</u></b>
<b>Liabilities</b>		
Current and other liabilities	\$ 2,988,312	\$ 2,611,574
Long-term liabilities, including due within one year	<u>8,918,571</u>	<u>8,949,861</u>
<b>Total liabilities</b>	<b><u>\$ 11,906,883</u></b>	<b><u>\$ 11,561,435</u></b>
<b>Net position</b>		
Net investment in capital assets	\$ 636,891	\$ 425,952
Restricted for capital projects	1,092,357	1,336,698
Restricted for other purposes	34,589	-
Unrestricted	<u>3,397,293</u>	<u>4,156,067</u>
<b>Total net position</b>	<b><u>\$ 5,161,130</u></b>	<b><u>\$ 5,918,717</u></b>

The District's financial position is the product of many factors. For example, the determination of the District's net investment in capital assets involves many assumptions and estimates, such as current and accumulated depreciation amounts. A conservative versus liberal approach to depreciation estimates, as well as capitalization policies, will produce a significant difference in the calculated amounts. The other major factor in determining net position as compared to fund balances is the liability for long-term severance and other post-employment benefits (OPEB), which impacts the unrestricted portion of net position.

The Statement of Net Position identifies current assets and liabilities from non-current assets and long-term debt, respectively. The Statement of Net Position includes non-current assets not reported on the governmental funds Balance Sheet. These non-current assets include the total acquisition cost of the District's capital assets less accumulated depreciation. During the year, the District acquired \$105,752 of additional capital assets, consisting of furniture and equipment. The District has a total investment in capital assets of \$13,550,297.

Depreciation expense for the year was \$270,333, increasing total accumulated depreciation to \$6,108,948. Therefore, total capital assets, net of accumulated depreciation equal \$7,441,349.

Total net position decreased by \$757,587, which reflects the current year operating results.

Table 2 presents a summarized version of the District's Statement of Activities:

	<u>2013</u>	<u>2012</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 7,839,060	\$ 7,848,114
Operating grants and contributions	15,177,273	14,720,483
Capital grants and contributions	580,348	498,613
General revenues		
Other	96,458	106,110
Investment earnings	29,657	30,037
<b>Total revenues</b>	<u>23,722,796</u>	<u>23,203,357</u>
<b>Expenses</b>		
Administrative and support services	1,998,969	1,765,768
Secondary vocational/DCALS	3,962,647	3,875,566
Special education programs	18,097,103	17,292,500
Food service	85,779	101,616
Interest and fiscal charges on debt	335,885	344,925
<b>Total expenses</b>	<u>24,480,383</u>	<u>23,380,375</u>
<b>Change in net position</b>	<u>\$ (757,587)</u>	<u>\$ (177,018)</u>

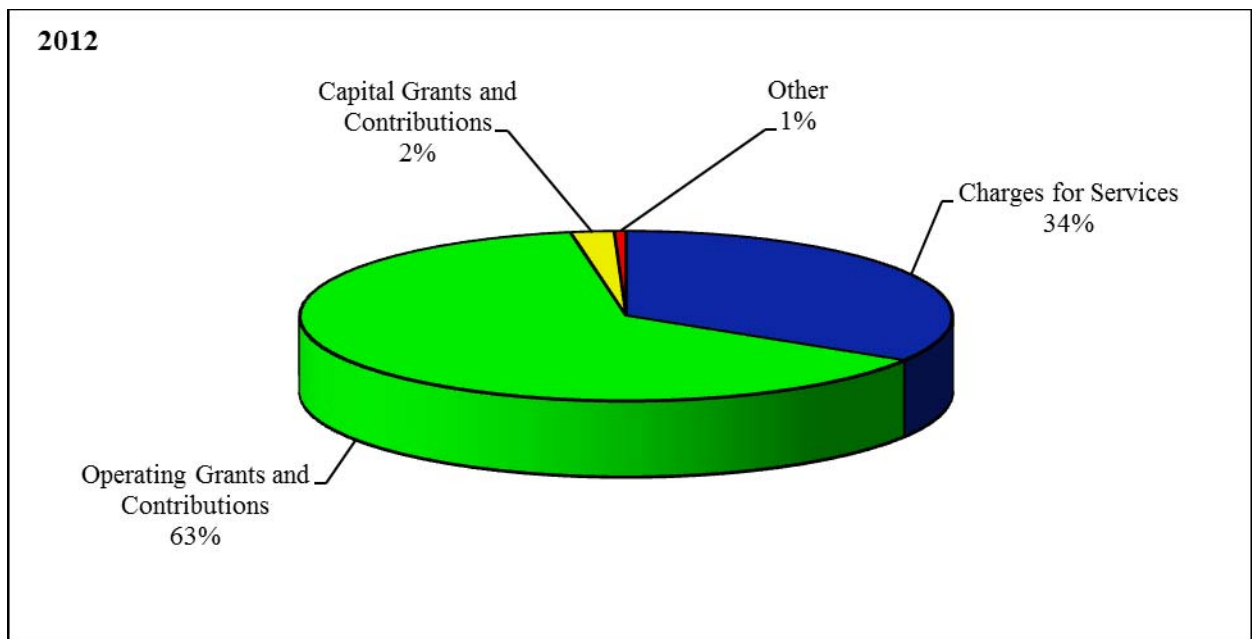
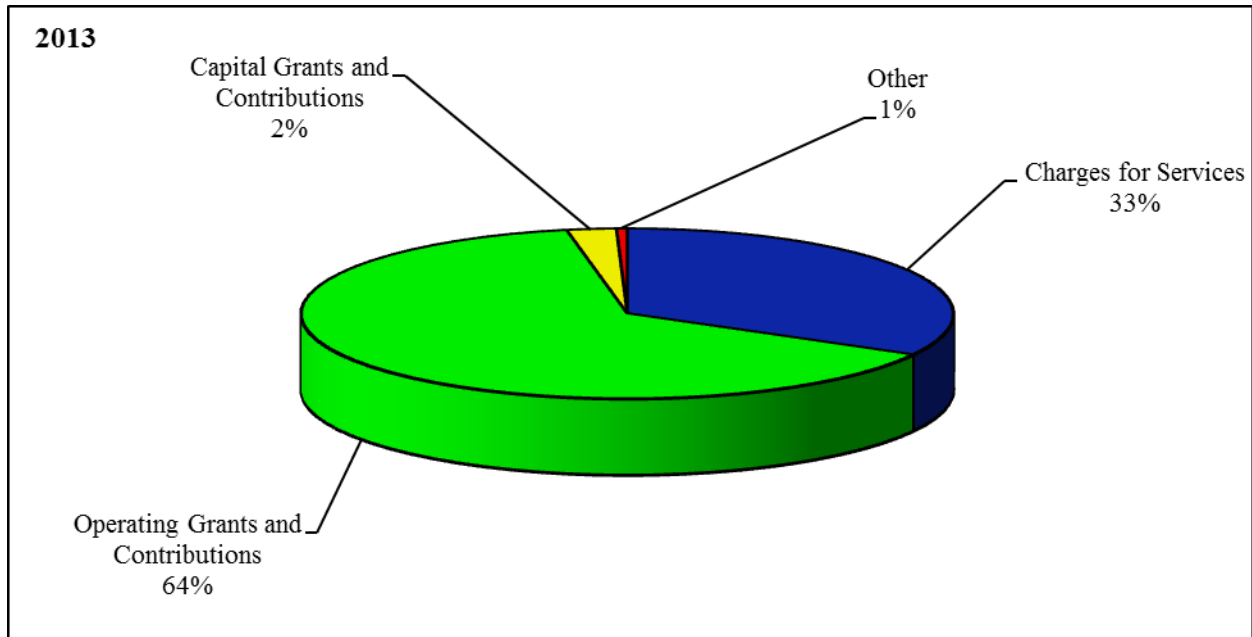
This format is similar to fund financial statements except that this is presented on an accrual basis of accounting, and it includes all of the governmental activities of the District. This statement includes depreciation expense, but excludes capital asset purchase costs, debt proceeds, and the repayment of debt principal.

The total cost of all programs and services was \$24,480,383. The District's expenses are predominantly related to educating students. In fiscal –2013, 91 percent of the District's expenses were devoted to this purpose. The administrative and support services activity of the District accounted for 8 percent of total expenses for the year. It should be noted that the District allocated \$1,295,041 in administrative and support services expenses to the secondary vocational/Dakota County Alternative Learning School (DCALS) and special education programs in fiscal 2013.



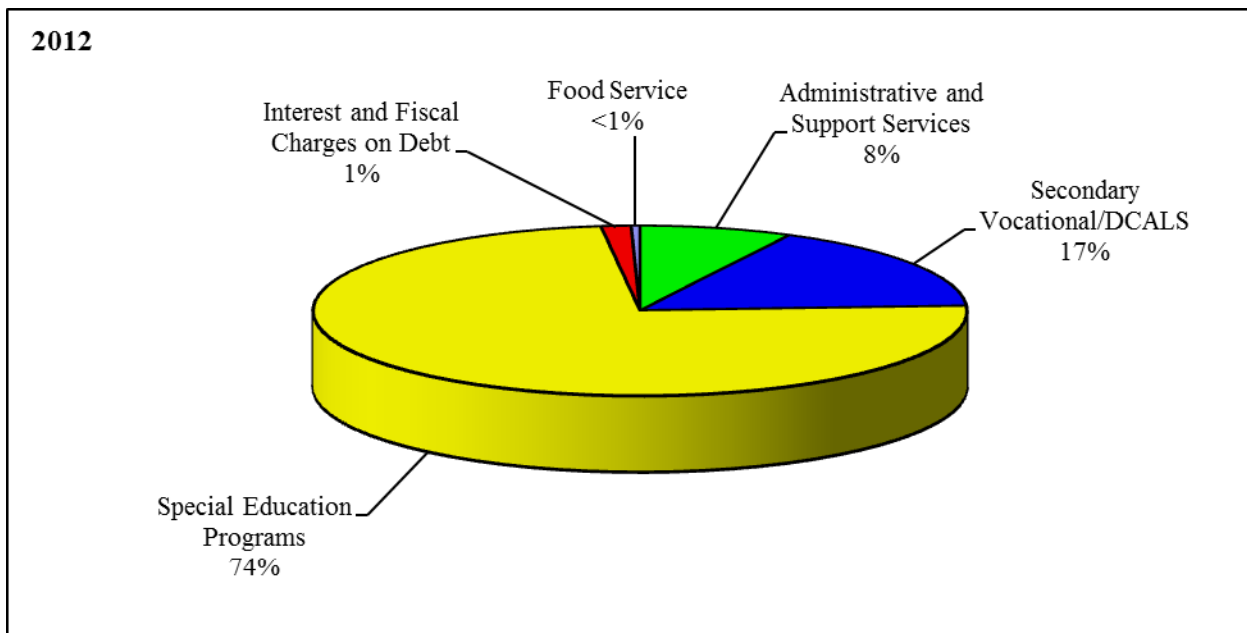
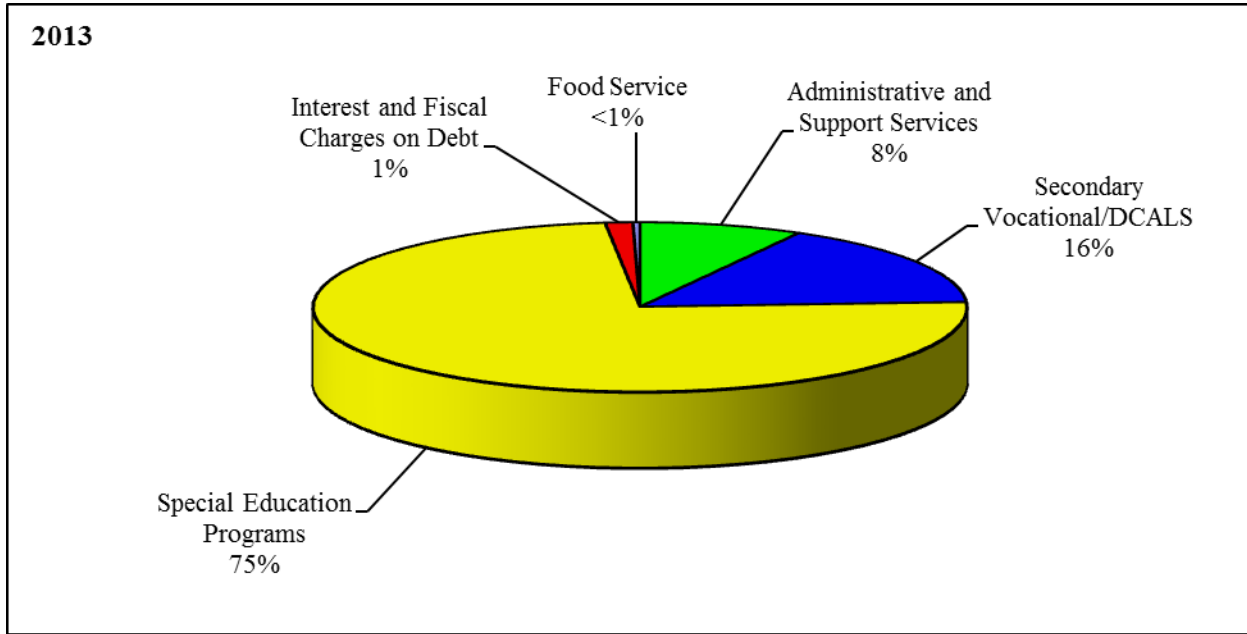
Figures A and B show further analysis of these revenue sources and expense functions:

**Figure A – Sources of Revenue for Fiscal Years 2013 and**



The largest share of the District's revenue is received from the state, including the aid formula and most of the operating grants. This significant reliance on the state for funding has placed tremendous pressure on local school districts as a result of limited funding due to the state's financial position in recent years.

**Figure B – Expenses for Fiscal Years 2013 and 2012**



The District's expenses are predominately related to educating students. Programs (or functions) such as vocational education instruction and special education instruction are directly related to classroom instruction, while the rest of the programs support instruction and other necessary costs to operate the District.

**Table 3**  
**Net Cost of Governmental Activities**  
**for the Years Ending June 30, 2013 and 2012**

	2013		2012	
	Total Cost of Services	Net (Expense) Revenue From Services	Total Cost of Services	Net (Expense) Revenue From Services
Governmental activities				
Administrative and support services	\$ 1,998,969	\$ (218,313)	\$ 1,765,768	\$ (101,874)
Secondary vocational/DCALS	3,962,647	252,714	3,875,566	648,161
Special education programs	18,097,103	(563,588)	17,292,500	(490,901)
Food service	85,779	(18,630)	101,616	(23,626)
Interest and fiscal charges	335,885	(335,885)	344,925	(344,925)
Total	<u>\$ 24,480,383</u>	<u>\$ (883,702)</u>	<u>\$ 23,380,375</u>	<u>\$ (313,165)</u>

The overall net (expense) revenue from service was \$570,537 more than fiscal 2012 as the operations of the Secondary Education Account experienced a decline in fund balance in the amount of \$311,841, which compares to an increase in fund balance in fiscal 2012 of \$257,243.

#### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Table 4 shows the change in total fund balances of each of the District's governmental funds:

<b>Table 4</b>				
<b>Governmental Fund Balances</b>				
<b>as of June 30, 2013 and 2012</b>				
	2013	2012	Increase (Decrease)	Total Percent Change
Major funds				
General	\$ 5,704,625	\$ 6,350,614	\$ (645,989)	(10.2%)
Capital Projects – Building Construction	306,437	470,621	(164,184)	(34.9%)
Food Service Special Revenue	–	–	–	–
Total governmental funds	<u>\$ 6,011,062</u>	<u>\$ 6,821,235</u>	<u>\$ (810,173)</u>	(11.9%)

As previously discussed, the focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's School Board.

## ENROLLMENT

**Table 5**  
**Average Daily Membership (ADM) Served**

	Fiscal Year				
	2008–2009	2009–2010	2010–2011	2011–2012	2012–2013
Secondary Vocational resource programs	146.32	121.05	120.33	118.72	117.37
DCALs	245.88	260.74	237.38	257.37	203.78
Special Education resource programs	417.12	425.02	424.71	354.56	361.66

Funding for Minnesota school districts is largely driven by enrollment. In the current economic environment, member districts are striving to keep their students at their sites whenever possible. Overall, enrollment has declined significantly in our Dakota County Alternative Learning (DCALs) programs, secondary vocational programs have experienced a slight decline over the last five years, and special education programs are starting to rebound after the closing of the Youth Transition Program at the end of the 2010–2011 fiscal year. Stable enrollment to maintain and fund programs will continue to be especially challenging in the Alternative Learning and Secondary Vocational Programs.

## GENERAL FUND

The General Fund is used by the District to record the primary operations of providing education services to students enrolled in intermediate school district programs. Capital and major maintenance projects are also included in the General Fund.

**Table 6**  
**Financial Position – General Fund**  
**Last Five Fiscal Years**

	2009	2010	2011	2012	2013
Unassigned (formerly unreserved – undesignated) fund balance	\$ 2,946,371	\$ 4,186,226	\$ 4,909,422	\$ 4,785,805	\$ 4,082,678
Percent increase (decrease)	(5.7%)	42.1%	17.3%	(2.5%)	(14.7%)
Expenditures	\$ 20,265,523	\$ 21,782,997	\$ 22,415,586	\$ 23,279,218	\$ 24,282,947
Percent increase (decrease)	7.2%	7.5%	2.9%	3.9%	4.3%
Fund balance as a percentage of expenditures	14.5%	19.2%	21.9%	20.6%	16.8%

The District ended the year with a \$645,989 decrease in the General Fund balance. This decrease is \$135,918 more than what was anticipated in the revised budget. The District projected a decrease in the fund balance of \$510,071. Secondary program's fund balance declined \$8,274 more than anticipated due to slight decline of ADM's from estimates. The special education program's fund balance declined \$156,009 more than anticipated due to lower than anticipated final fiscal year 2012 and estimated fiscal year 2013 state aid revenue. In the General Fund Capital Expenditure Account, deferred maintenance for Alliance Education Center came in lower than anticipated, resulting in a fund balance decrease of \$62,023, which was anticipated to have decreased \$90,600.

Table 7 presents a summary of General Fund revenue:

<b>Table 7</b>			
<b>General Fund Revenue</b>			
<b>for the Years Ended June 30, 2013 and 2012</b>			
	<u>2013</u>	<u>2012</u>	<u>Amount of Increase (Decrease)</u>
Local sources			
Tuition	\$ 7,798,778	\$ 7,755,576	\$ 43,202
Investment earnings	29,459	29,406	53
Other	695,438	665,656	29,782
State sources	14,971,337	14,303,993	667,344
Federal sources	<u>155,577</u>	<u>370,441</u>	<u>(214,864)</u>
 Total General Fund revenues	 <u><u>\$ 23,650,589</u></u>	 <u><u>\$ 23,125,072</u></u>	 <u><u>\$ 525,517</u></u>

Total General Fund revenues increased \$525,517, or 2.3 percent, in fiscal 2013 as compared to the previous year. Overall, the changes in revenues can be attributed to:

- The District experienced an increase in enrollment in special education programs in combination with expenditures resulting in an increase in state revenue sources through tuition billing.
- The District's federal sources decreased from the prior year with the discontinuance of the American Recovery and Reinvestment Act funding and the District is no longer receiving the Education Jobs grant in the current year.

Table 8 presents a summary of General Fund expenditures:

	<u>2013</u>	<u>2012</u>	Amount of Increase (Decrease)
Salaries	\$ 14,547,517	\$ 13,979,499	\$ 568,018
Employee benefits	5,361,573	5,023,232	338,341
Purchased services	2,843,249	2,474,014	369,235
Supplies and materials	680,229	845,272	(165,043)
Other expenditures	25,595	21,301	4,294
Capital expenditures	266,408	378,655	(112,247)
Debt service	<u>558,376</u>	<u>557,245</u>	<u>1,131</u>
 Total General Fund expenditures	 <u>\$ 24,282,947</u>	 <u>\$ 23,279,218</u>	 <u>\$ 1,003,729</u>

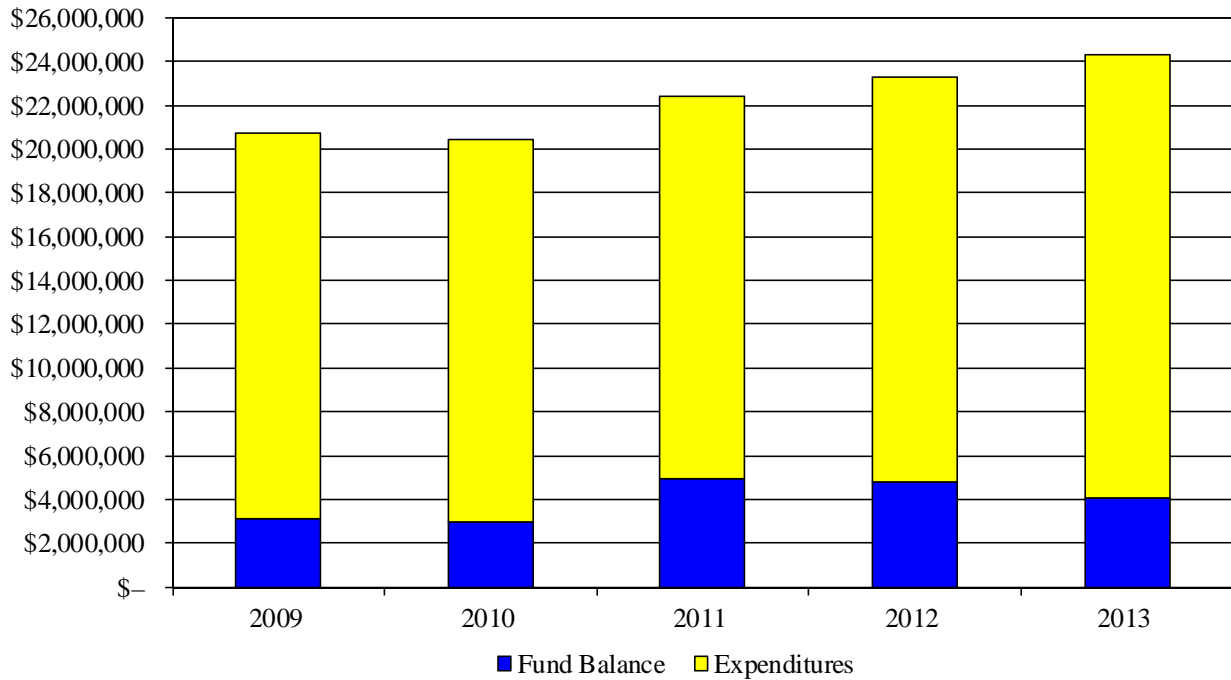
Total General Fund expenditures increased \$1,003,729, or 4.3 percent, from previous year. Overall, the changes in expenditures can be attributed to:

- The District's average salary and benefit increase in union contract settlements for fiscal 2013 were approximately 3 percent. In addition, we increased our paraprofessional compliments by 12 paraprofessionals. Teachers' Retirement Association benefits increased from 6.5 percent to 7.0 percent, and an increase in family medical coverage participation resulting in benefit expenditure increases.
- Substitutes for our special education programs changed in the middle of the fiscal year from hiring them directly to contracting substitutes through an agency resulting in a decrease in salaries and an increase in purchased services expenditures. In addition, social workers were added under a contract with an outside agency on behalf of the District's member school districts.
- Supplies and materials expenditures decreased significantly; in fiscal 2012 the special education program purchased science curriculum, additional read 180 curriculum modules, and technology to enhance the curriculum in the District.

In summary, 2012–2013 General Fund revenues and other financing sources fell short of General Fund expenditures by \$645,989. As a result, total fund balance decreased to \$5,704,625 at June 30, 2013. After deducting nonspendable, restricted, and assigned funds, the unassigned fund balance decreased from \$4,785,805 at June 30, 2012 to \$4,082,678 at June 30, 2013.

The following shows the General Fund unassigned (formerly unreserved – undesignated) fund balance as compared to expenditures:

**Figure C**  
**General Fund**  
**Unassigned (Formerly Unreserved – Undesignated)**  
**Fund Balance as Compared to Expenditures**  
**(Excludes Capital Outlay Expenditures)**  
**Last Five Fiscal Years**



The graph above is the single best measure of overall financial health. The unassigned fund balance of \$4.1 million at June 30, 2013 represents 16.8 percent of annual expenditures (excluding outlay expenditures), or over two months of school year operations. The fund balances of an intermediate school district are key to its financial success as the cash flow advance options available to intermediate school districts are more restrictive to access as an independent school district. In addition, the District maintains a healthy fund balance at a time when it is needed to maintain cash flow with unpredictable nature of when the state of Minnesota employs funding payment shifts to balance the state budget. The continued maintenance of a fund balance is essential for the District to minimize the impact that cash flow borrowing would have to member districts who would have to back any cash flow debt incurred by the Intermediate. With a metering system and limited cash flow borrowing options available, the District believes it is necessary to maintain a minimum fund balance of 15 percent of annual expenditures to assure financial stability. The District continues to monitor its fund balances closely.

## General Fund Budgetary Highlights

Table 9 summarizes the General Fund budget to actual comparison:

<b>Table 9 General Fund Budget</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue and other financing sources	<u>\$ 25,255,514</u>	<u>\$ 24,823,191</u>	<u>\$ 23,655,588</u>	<u>\$ (1,167,603)</u>
Expenditures and other financing uses	<u>\$ 25,502,516</u>	<u>\$ 25,333,262</u>	<u>\$ 24,301,577</u>	<u>\$ (1,031,685)</u>

The District is required to adopt an operating budget prior to the beginning of its fiscal year, referred to above as the original budget. During the year, the District might amend that budget for known changes in circumstances such as enrollment levels, grant funding, and employee contract settlements.

The District made revisions to the budget during the budget process in January. The District derives the majority of its revenue from tuition fees to member districts and state sources from the special education tuition billing system.

The District's revenues and other financing sources were less than budgeted amounts by 4.7 percent due to several factors. The District's anticipated revenues are determined by actual expenditures incurred, which came in under budget by about \$1.0 million resulting in revenue budgets coming in under budget. In addition, the District is conservatively anticipating that the special education tuition revenues are no longer exceeding the special education expenditure budgets like they were in fiscal years 2009 to 2011.

The District's expenditures and other financing uses were less than budgeted amounts by 4 percent due to several factors. Overall, the District's salary and benefit expenditures came in significantly lower than budget because the budget included additional staffing compliments in targeted services and special education programs to accommodate any increased student participation. In addition, the District budgeted conservatively in several areas, including maintenance and repair services, leases, utilities, mileage, and overhead expenditures incurred through shared space with Dakota County Technical College.



## **BUILDING CONSTRUCTION – CAPITAL PROJECTS FUND**

Expenditures exceeded revenues by \$164,184 for the year due to the remodeling project at Cedar School. The fund balance in this fund is restricted for capital projects.

## **FOOD SERVICE SPECIAL REVENUE FUND**

Expenditures exceeded revenues by \$18,630 for the year. In order to eliminate the potential deficit in the Food Service Special Revenue Fund, the School Board approved a transfer of \$18,630 from the General Fund.

## **CAPITAL ASSETS AND LONG-TERM LIABILITIES**

### **Capital Assets**

Table 10 shows the District's capital assets, together with changes from the previous year. The table also shows the total depreciation expense for fiscal years ending June 30, 2013 and :

	<u>2013</u>	<u>2012</u>	<u>Net Change</u>
Land	\$ 683,993	\$ 683,993	\$ -
Buildings	8,732,533	8,732,533	-
Furniture and equipment	4,133,771	4,168,070	(34,299)
Less accumulated depreciation	<u>(6,108,948)</u>	<u>(5,978,521)</u>	<u>(130,427)</u>
Total	<u>\$ 7,441,349</u>	<u>\$ 7,606,075</u>	<u>\$ (164,726)</u>
Depreciation expense	<u>\$ 270,333</u>	<u>\$ 298,431</u>	<u>\$ (28,098)</u>

## Long-Term Liabilities

Table 11 illustrates the components of the District's long-term liabilities, together with changes from the prior year:

	2013	2012	Increase (Decrease)
Capital leases payable	\$ 7,550,000	\$ 7,775,000	\$ (225,000)
Unamortized discount	(135,475)	(141,851)	6,376
Severance benefits payable	563,628	509,101	54,527
Compensated absences payable	240,080	229,419	10,661
Net OPEB obligation	700,338	578,192	122,146
<b>Total</b>	<b>\$ 8,918,571</b>	<b>\$ 8,949,861</b>	<b>\$ (31,290)</b>

Additional details on the District's capital assets and long-term debt activity can be found in the notes to basic financial statements.

## SEVERANCE AND OPEB BENEFITS INTERNAL SERVICE FUND

The District has an annual obligation to pay post-employment benefits, including severance benefits and OPEB. Accordingly, the District established an Internal Service Fund and adopted a plan to finance the payment of these benefits as earned in accordance with governmental accounting standards. The Internal Service Fund will be used to finance the post-employment severance benefits and OPEB provided by all of the departments and funds of the District on a cost-reimbursement basis.

## FACTORS BEARING ON THE DISTRICT'S FUTURE

The District is charged by Minnesota Statutes to provide low incidence special education and secondary vocational technical education services to its member districts. In addition, the statutes indicate that intermediate districts should also provide its members with such other services that they require.

The District is continually reviewing additional areas of service to provide its members, area school districts, and other area agencies.

Current examples of support services include:

- Providing a legal services option to member districts at below market rates.
- Partnering with Independent School District Nos. 197 and 199 to operate Dakota County Area Learning School – North in West St. Paul.
- Providing the needed secondary alternative learning option to qualify a targeted services program for Independent School District Nos. 192, 197, 199, and 271.
- Organize and facilitate regional networking meetings for administrator and support staff groups.

- Coordinating regional studies of potential shared services, such as transportation or utilizing revenue sources for mental health services.
- Collaborate with other intermediate districts and the Association of Metropolitan School Districts to advocate for legislation action to assist district services.

The District is also aware of a number of existing circumstances that could significantly affect its financial health in the future:

- The inability of Congress to agree on educational funding or the reauthorization of the Elementary and Secondary Education Act and the looming possibility of sequestration of federal education funding creates an uncertain revenue picture going forward for federal education revenue.
- The state of Minnesota has an improving fiscal forecast, but the funding increases for education are still less than inflation. Funding shifts for school aid have improved going to a 90–10 in 2014 instead of 86.4–13.6 in 2013 which improves cash flow for schools. Since educational funding makes up a significant portion of the state budget, schools can expect the fiscal climate for the near future to remain modest with little recovery from the pressures of inflation.
- Districts received an increase in the general education formula for fiscal year 2013 of \$50 per adjusted marginal cost pupil unit (AMCPU), along with a slight increase in some other areas of categorical revenues. In fiscal 2014, school districts will receive an additional increase of \$78 per AMCPU, or 1.5 percent, and will receive another \$504, incorporating significant adjustments in pupil units in fiscal 2015, resulting in an equivalent 1.5 percent increase over fiscal 2013.
- The District has relatively good fund balances.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our 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 you have questions about this report or need additional financial information, contact the Business Office, Intermediate School District No. 917, 1300 – 145th Street East, Rosemount, Minnesota 55068-2999.

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BASIC FINANCIAL STATEMENTS

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Net Position  
as of June 30, 2013  
(With Partial Comparative Information as of June 30, 2012)

	Governmental Activities	
	2013	2012
Assets		
Cash and temporary investments	\$ 4,097,838	\$ 933,534
Receivables		
Accounts and interest	46,232	24,380
Due from other governmental units	4,791,308	8,217,431
Inventory	51,154	8,205
Prepaid items	30,065	98,594
Restricted assets – temporarily restricted		
Cash and investments held by trustee	610,067	591,933
Capital assets		
Not depreciated	683,993	683,993
Depreciated, net of accumulated depreciation	6,757,356	6,922,082
Total capital assets, net of accumulated depreciation	<u>7,441,349</u>	<u>7,606,075</u>
Total assets	<u>\$ 17,068,013</u>	<u>\$ 17,480,152</u>
Liabilities		
Salaries and compensated absences payable	\$ 1,737,543	\$ 1,638,358
Accounts and contracts payable	56,358	154,460
Accrued interest payable	135,040	138,907
Due to other governmental units	894,512	542,587
Unearned revenue	164,859	137,262
Long-term liabilities		
Due within one year	423,590	360,322
Due in more than one year	8,494,981	8,589,539
Total long-term liabilities	<u>8,918,571</u>	<u>8,949,861</u>
Total liabilities	11,906,883	11,561,435
Net position		
Net investment in capital assets	636,891	425,952
Restricted for capital projects	1,092,357	1,336,698
Restricted for other purposes	34,589	–
Unrestricted	3,397,293	4,156,067
Total net position	<u>5,161,130</u>	<u>5,918,717</u>
Total liabilities and net position	<u>\$ 17,068,013</u>	<u>\$ 17,480,152</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Activities  
 Year Ended June 30, 2013  
 (With Partial Comparative Information for the Year Ended June 30, 2012)

Functions/Programs	2013					2012	
	Expenses	Indirect Expense Allocation	Charges for Services	Program Revenues		Net (Expense)	Net (Expense)
				Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position	Revenue and Changes in Net Position
						Governmental Activities	Governmental Activities
Governmental activities							
Administrative and support services	\$ 1,998,969	\$(1,295,041)	\$ 450,719	\$ 12,924	\$ 21,972	\$ (218,313)	\$ (101,874)
Secondary vocational/DCALS	3,962,647	234,507	3,663,269	228,223	558,376	252,714	648,161
Special education programs	18,097,103	1,060,534	3,710,926	14,883,123	–	(563,588)	(490,901)
Food service	85,779	–	14,146	53,003	–	(18,630)	(23,626)
Interest and fiscal charges on debt	335,885	–	–	–	–	(335,885)	(344,925)
Total governmental activities	<u>\$24,480,383</u>	<u>\$ –</u>	<u>\$7,839,060</u>	<u>\$15,177,273</u>	<u>\$ 580,348</u>	(883,702)	(313,165)
			General revenues				
			Other general revenues			96,458	106,110
			Investment earnings			29,657	30,037
			Total general revenues			<u>126,115</u>	<u>136,147</u>
			Change in net position			(757,587)	(177,018)
			Net position – beginning			<u>5,918,717</u>	<u>6,095,735</u>
			Net position – ending			<u>\$ 5,161,130</u>	<u>\$ 5,918,717</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Balance Sheet  
 Governmental Funds  
 as of June 30, 2013  
 (With Partial Comparative Information as of June 30, 2012)

	General Fund	Capital	Nonmajor	Total Governmental Funds	
		Projects – Building Construction Fund	Fund – Food Service Special Revenue Fund	2013	2012
<b>Assets</b>					
Cash and temporary investments	\$ 2,886,578	\$ 438,266	\$ –	\$ 3,324,844	\$ 475,566
Cash and investments held by trustee	610,067	–	–	610,067	591,933
<b>Receivables</b>					
Accounts and interest	45,203	–	–	45,203	24,380
Due from other governmental units	4,790,282	–	1,026	4,791,308	8,217,431
Due from other funds	1,026	–	–	1,026	–
Inventory	51,154	–	–	51,154	8,205
Prepaid items	29,556	–	–	29,556	98,594
<b>Total assets</b>	<b>\$ 8,413,866</b>	<b>\$ 438,266</b>	<b>\$ 1,026</b>	<b>\$ 8,853,158</b>	<b>\$ 9,416,109</b>
<b>Liabilities</b>					
Salaries and compensated absences payable	\$ 1,737,543	\$ –	\$ –	\$ 1,737,543	\$ 1,638,358
Accounts and contracts payable	44,156	–	–	44,156	124,654
Due to other governmental units	762,683	131,829	–	894,512	542,587
Due to other funds	–	–	1,026	1,026	152,013
Unearned revenue	164,859	–	–	164,859	137,262
<b>Total liabilities</b>	<b>2,709,241</b>	<b>131,829</b>	<b>1,026</b>	<b>2,842,096</b>	<b>2,594,874</b>
<b>Fund balances</b>					
Nonspendable	80,710	–	–	80,710	106,799
Restricted	1,430,576	306,437	–	1,737,013	1,928,631
Assigned	110,661	–	–	110,661	–
Unassigned	4,082,678	–	–	4,082,678	4,785,805
<b>Total fund balances</b>	<b>5,704,625</b>	<b>306,437</b>	<b>–</b>	<b>6,011,062</b>	<b>6,821,235</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,413,866</b>	<b>\$ 438,266</b>	<b>\$ 1,026</b>	<b>\$ 8,853,158</b>	<b>\$ 9,416,109</b>

See notes to basic financial statements



INTERMEDIATE SCHOOL DISTRICT NO. 917

Reconciliation of the Balance Sheet to the  
Statement of Net Position  
Governmental Funds  
as of June 30, 2013

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

	<u>2013</u>	<u>2012</u>
Total fund balances – governmental funds	\$ 6,011,062	\$ 6,821,235
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.		
Cost of capital assets	13,550,297	13,584,596
Accumulated depreciation	(6,108,948)	(5,978,521)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable.		
Capital lease payable	(7,550,000)	(7,775,000)
Compensated absences payable	(240,080)	(229,419)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.		
	(135,040)	(138,907)
Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses.		
	135,475	141,851
The internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
	<u>(501,636)</u>	<u>(507,118)</u>
Total net position – governmental activities	<u>\$ 5,161,130</u>	<u>\$ 5,918,717</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2013  
 (With Partial Comparative Information for the Year Ended June 30, 2012)

	General Fund	Capital Projects – Building Construction Fund	Nonmajor Fund – Food Service Special Revenue Fund	Total Governmental Funds	
				2013	2012
<b>Revenue</b>					
Local sources					
Tuition	\$ 7,798,778	\$ –	\$ –	\$ 7,798,778	\$ 7,755,576
Investment earnings	29,459	198	–	29,657	29,701
Other	695,438	–	14,146	709,584	680,356
State sources	14,971,337	–	3,058	14,974,395	14,307,649
Federal sources	155,577	–	49,945	205,522	430,075
Total revenue	<u>23,650,589</u>	<u>198</u>	<u>67,149</u>	<u>23,717,936</u>	<u>23,203,357</u>
<b>Expenditures</b>					
Current					
Administrative and support services	601,294	–	–	601,294	474,362
Secondary vocational/DCALS	4,227,288	–	–	4,227,288	4,100,921
Special education programs	18,895,989	–	–	18,895,989	18,146,690
Food service	–	–	85,779	85,779	101,616
Capital outlay	–	164,382	–	164,382	206,356
Debt service					
Principal	225,000	–	–	225,000	215,000
Interest and fiscal charges	333,376	–	–	333,376	342,245
Total expenditures	<u>24,282,947</u>	<u>164,382</u>	<u>85,779</u>	<u>24,533,108</u>	<u>23,587,190</u>
Excess (deficiency) of revenue over expenditures	(632,358)	(164,184)	(18,630)	(815,172)	(383,833)
<b>Other financing sources (uses)</b>					
Proceeds from sale of assets	4,999	–	–	4,999	9,368
Transfers in	–	–	18,630	18,630	23,626
Transfers out	(18,630)	–	–	(18,630)	(23,626)
Total other financing sources (uses)	<u>(13,631)</u>	<u>–</u>	<u>18,630</u>	<u>4,999</u>	<u>9,368</u>
Net change in fund balances	(645,989)	(164,184)	–	(810,173)	(374,465)
<b>Fund balances</b>					
Beginning of year	<u>6,350,614</u>	<u>470,621</u>	<u>–</u>	<u>6,821,235</u>	<u>7,195,700</u>
End of year	<u>\$ 5,704,625</u>	<u>\$ 306,437</u>	<u>\$ –</u>	<u>\$ 6,011,062</u>	<u>\$ 6,821,235</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Reconciliation of the Statement of  
Revenue, Expenditures, and Changes in Fund Balances  
to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2013

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

	<u>2013</u>	<u>2012</u>
Total net change in fund balances – governmental funds	\$ (810,173)	\$ (374,465)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are recorded as net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.		
Capital outlays	105,752	187,311
Depreciation expense	(270,333)	(298,431)
Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances.		
	225,000	215,000
Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.		
	3,867	3,696
Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses.		
	(6,376)	(6,376)
A gain or loss on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change in net position. However, only the sale proceeds are included in the change in fund balances.		
Loss on disposal of capital assets	(145)	(9,088)
The internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities.		
	5,482	103,412
Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.		
Compensated absences payable	<u>(10,661)</u>	<u>1,923</u>
Change in net position – governmental activities	<u>\$ (757,587)</u>	<u>\$ (177,018)</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 General Fund  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenue				
Local sources				
Tuition	\$ 8,251,519	\$ 7,841,482	\$ 7,798,778	\$ (42,704)
Investment earnings	9,500	19,300	29,459	10,159
Other	640,987	736,385	695,438	(40,947)
State sources	16,202,421	16,062,890	14,971,337	(1,091,553)
Federal sources	151,087	163,134	155,577	(7,557)
Total revenue	<u>25,255,514</u>	<u>24,823,191</u>	<u>23,650,589</u>	<u>(1,172,602)</u>
Expenditures				
Current				
Administrative and support services	552,686	625,743	601,294	(24,449)
Secondary vocational/DCALS	4,452,464	4,410,601	4,227,288	(183,313)
Special education programs	19,915,240	19,714,792	18,895,989	(818,803)
Debt service				
Principal	225,000	225,000	225,000	-
Interest and fiscal charges	333,376	333,376	333,376	-
Total expenditures	<u>25,478,766</u>	<u>25,309,512</u>	<u>24,282,947</u>	<u>(1,026,565)</u>
Excess (deficiency) of revenue over expenditures	(223,252)	(486,321)	(632,358)	(146,037)
Other financing sources (uses)				
Proceeds from sale of assets	-	-	4,999	4,999
Transfers out	(23,750)	(23,750)	(18,630)	5,120
Total other financing sources (uses)	<u>(23,750)</u>	<u>(23,750)</u>	<u>(13,631)</u>	<u>10,119</u>
Net change in fund balances	<u>\$ (247,002)</u>	<u>\$ (510,071)</u>	<u>(645,989)</u>	<u>\$ (135,918)</u>
Fund balances				
Beginning of year			<u>6,350,614</u>	
End of year			<u>\$ 5,704,625</u>	

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Net Position  
 Proprietary Funds  
 Internal Service Funds  
 as of June 30, 2013

(With Comparative Actual Amounts as of June 30, 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Cash and temporary investments	\$ 772,994	\$ 457,968
Accounts receivable	1,029	-
Due from other funds	-	152,013
Prepaid items	509	-
Total current assets	<u>774,532</u>	<u>609,981</u>
Liabilities		
Current liabilities		
Accounts and contracts payable	12,202	29,806
Severance benefits payable	98,380	20,542
Total current liabilities	<u>110,582</u>	<u>50,348</u>
Long-term liabilities		
Net OPEB obligation	700,338	578,192
Severance benefits payable	465,248	488,559
Total long-term liabilities	<u>1,165,586</u>	<u>1,066,751</u>
Total liabilities	<u>1,276,168</u>	<u>1,117,099</u>
Net position (deficit)		
Unrestricted	<u>\$ (501,636)</u>	<u>\$ (507,118)</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Revenue, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 Internal Service Funds  
 Year Ended June 30, 2013  
 (With Comparative Actual Amounts for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Operating revenue		
Local sources		
Contributions from governmental funds	\$ 525,048	\$ 553,024
Operating expenses		
Post-employment severance and health benefits	226,441	148,971
Dental benefit claims	293,463	300,977
Total operating expenses	<u>519,904</u>	<u>449,948</u>
Operating income	5,144	103,076
Nonoperating revenue		
Investment earnings	<u>338</u>	<u>336</u>
Change in net position	5,482	103,412
Net position (deficit)		
Beginning of year	<u>(507,118)</u>	<u>(610,530)</u>
End of year	<u>\$ (501,636)</u>	<u>\$ (507,118)</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Cash Flows  
 Proprietary Funds  
 Internal Service Funds  
 Year Ended June 30, 2013  
 (With Comparative Actual Amounts for the Year Ended June 30, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Contributions from other funds	\$ 525,048	\$ 553,024
Post-employment severance and health benefit payments	(42,083)	(37,185)
Payments for dental claims	(320,290)	(278,096)
Net cash used by operating activities	<u>162,675</u>	<u>237,743</u>
Cash flows from noncapital financing activities		
Cash received by (paid to) other funds	152,013	(152,013)
Cash flows from investing activities		
Investment income received	<u>338</u>	<u>336</u>
Net increase in cash and cash equivalents	315,026	86,066
Cash and temporary investments		
Beginning of year	<u>457,968</u>	<u>371,902</u>
End of year	<u>\$ 772,994</u>	<u>\$ 457,968</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 5,144	\$ 103,076
Adjustments to reconcile operating income to net cash provided by operating activities		
Changes in assets and liabilities		
Post-employment severance benefits payable	54,527	(39,523)
Net OPEB obligation	122,146	151,309
Account receivable	(1,029)	-
Prepaid items	(509)	-
Accounts payable	(17,604)	22,881
Net cash used by operating activities	<u>\$ 162,675</u>	<u>\$ 237,743</u>

See notes to basic financial statements

INTERMEDIATE SCHOOL DISTRICT NO. 917

Statement of Fiduciary Net Position  
as of June 30, 2013

	<u>Private-Purpose Trust Fund</u>
Assets	
Cash and temporary investments	<u>\$ 2,855</u>
Net position	
Held in trust for scholarships	<u>\$ 2,855</u>

Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2013

	<u>Private-Purpose Trust Fund</u>
Additions	
Gifts and bequests	\$ 2,025
Deductions	
Scholarships	<u>385</u>
Change in net position	1,640
Net position	
Beginning of year	<u>1,215</u>
End of year	<u>\$ 2,855</u>

See notes to basic financial statements



INTERMEDIATE SCHOOL DISTRICT NO. 917

Notes to Basic Financial Statements  
June 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

Intermediate School District No. 917 (the District) is an instrumentality of the state of Minnesota established to provide participating school districts with vocational, technical, and special education services. The District is governed by a joint School Board composed of appointed members from each participating school district. The District's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America 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.

**B. Reporting Entity**

The District's financial statements include all funds, departments, agencies, boards, commissions, and other component units for which the District is considered to be financially accountable.

Component units are legally separate entities for which the District (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. Based on these criteria, there are no organizations considered to be component units of the District.

Extracurricular student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside of school hours. In accordance with Minnesota Statutes, the District's School Board has not elected to control or be otherwise financially accountable with respect to the underlying extracurricular activities. Accordingly, the extracurricular student activity accounts are not included in these financial statements.

**C. Minnesota State Colleges and Universities**

On July 1, 1995, Minnesota technical colleges, community colleges, and state universities were merged under the control of Minnesota State Colleges and Universities (MnSCU). Therefore, the funds and assets of the District associated with Dakota County Technical College's (DCTC) operations were remanded to the state system. The District continues to serve secondary, vocational, and kindergarten through Grade 12 special education students. Under terms of an agreement with DCTC, the District has access to certain facilities and equipment of DCTC. The District pays DCTC its share of building maintenance and costs of other services based on space, usage, personnel, and budget percentages. The District provides business office services to DCTC, and is reimbursed for related actual costs based on personnel, usage, and budget percentages.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **D. Government-Wide Financial Statement Presentation**

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position at the fund financial statement level. Generally, the effect of material interfund activity has been removed from the government-wide financial statements.

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. Other internally directed revenues are reported as general revenues.

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. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

The District applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included as a direct expense in the functional areas that utilize the related fixed assets. Interest on debt is considered an indirect expense and is reported separately on the Statement of Activities.

### **E. Fund Financial Statement Presentation**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust, private-purpose trust, and agency. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the government-wide financial statements.

The internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal service funds are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Propriety funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service funds are charges to customers for service. Operating expenses for the internal service funds include the cost of providing benefits. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District's only propriety funds are the internal service funds, which provide services to the governmental funds.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies according to funding formulas established by Minnesota Statutes. Federal revenue is recorded in the year in which the related expenditure is made. Other revenue is considered available if collected within 60 days. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.
- 2. Recording of Expenditures** – Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds. In the General Fund, capital expenditures are included within the applicable functional areas.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as described earlier in these notes.

### Description of Funds

The existence of the various district funds has been established by the Minnesota Department of Education (MDE). Each fund is accounted for as an independent entity. A description of the funds included in this report is as follows:

#### Major 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. The District maintains separate accounts within the General Fund for secondary education, secondary resale activities, special education, special education resale activities, district support services, capital expenditures, and costs to be reimbursed by others.

**Capital Projects – Building Construction Fund** – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

#### Nonmajor Governmental Funds

**Food Service Special Revenue Fund** – The Food Service Special Revenue Fund is primarily used to account for the District’s child nutrition program.

#### Proprietary Funds

**Internal Service Funds** – The internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The District has two internal service funds. The District’s internal service funds include financing for post-employment severance benefits and other post-employment benefits (OPEB) and self-insurance of the employee dental insurance program.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Fiduciary Funds**

**Private-Purpose Trust Fund** – The Private-Purpose Trust Fund is used to account for resources held in trust to be used by various third parties to award scholarships to former students.

### **F. Budgetary Information**

Each June, the School Board adopts an annual budget for the following fiscal year for all governmental funds. The budget for each fund is prepared on the same basis of accounting as the financial statements. Legal budgetary control is at the fund level. Budgeted expenditure appropriations lapse at year-end. Expenditures exceeded budgeted amounts by \$54,267 in the Capital Projects – Building Construction Fund.

### **G. Cash and Temporary Investments**

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Cash and investments held by trustee include balances held in segregated accounts that are established for specific purposes. In the General Fund, the capital lease escrow account is used to hold assets held for future debt payments. Interest earned on these investments was allocated directly to those accounts.

Investments are generally stated at fair value, except for investments in 2a7-like external investment pools, which are stated at amortized cost. Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptance, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are also reported at amortized cost. Investment income is accrued at the balance sheet date.

### **H. Receivables**

When necessary, the District utilizes an allowance for uncollectible accounts to value its receivables. However, the District considers all of its current receivables to be collectible. No allowances have been recorded.

### **I. Inventories**

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories are recorded as expenses/expenditures when items are used or sold.

### **J. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items are recorded as expenses/expenditures at the time of consumption.

### **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 \$1,250 or more for capitalizing capital assets. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives is not capitalized.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital assets are recorded in the government-wide financial statements, 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 purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for buildings, and 5 to 20 years for furniture and equipment. Land is not depreciated.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks or parking lots. Such items 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. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **M. Compensated Absences**

Under the terms of union contracts, certain employees accrue vacation at varying rates, portions of which may be carried over to future years. Employees are reimbursed for any unused, accrued vacation and related benefits upon termination. Vacation pay is accrued when incurred in the government-wide financial statements. Unused vacation pay is accrued in governmental fund financial statements only when it has matured due to employee termination or similar circumstances.

### **N. Sick Pay**

Substantially all district employees are entitled to sick leave at various rates. Unused sick leave enters into the calculation of early retirement incentive payments for some employees upon termination.

### **O. Severance Benefits**

The District provides lump sum severance pay to eligible employees in accordance with provisions in certain collectively bargained contracts. The benefits are described as follows:

Members of certain of the District's employee groups may become eligible to receive lump sum severance pay benefits. Eligibility for these benefits is based on years of service and/or minimum age requirements. The amount of the severance or retirement benefit is calculated by converting a portion of unused accumulated sick leave. No individual can receive severance benefits in excess of one year's salary. Severance payable and the District's share of related benefits are recorded as a liability in the government-wide financial statements as it is earned and it becomes probable that it will vest at some point in the future. Severance pay is accrued in the applicable Internal Service Fund as it is earned and it becomes probable it will vest at some point in the future.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### P. Risk Management

- 1. General Insurance** – The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the District's insurance coverage in fiscal 2013.
- 2. Self-Insurance** – The District established an Internal Service Fund to account for and finance its uninsured risk of loss for its employee dental plan. Under this plan, the District provides coverage to participating employees and their dependants for various dental costs as described in the plan.

The District makes premium payments to the Internal Service Fund on behalf of program participants based on provisional rates determined by insurance company estimates of monthly claims paid for each coverage class, plus the stop-loss health insurance premium costs and administrative service charges.

District claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Because actual claim liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing a claim liability does not necessarily result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of dental claim liabilities were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2012	\$ 6,925	\$ 300,977	\$ 278,096	\$ 29,806
2013	\$ 29,806	\$ 267,665	\$ 293,463	\$ 4,008

### Q. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with an original maturity from time of purchase by the District of three months or less to be cash equivalent. The proprietary fund's equity in the government-wide cash and investment management pool is considered to be cash equivalent.

### R. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, 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 revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### S. Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the government-wide financial statements. In the governmental funds, cash and investments that are restricted are reported as cash and investments held by trustee.

### T. Net Position

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted Net Position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

### U. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **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 internally imposed constraints that are established by 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 internally imposed constraints. These constraints consist 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, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to School Board resolution, the District’s Superintendent and Business Manager are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the District’s policy to first use restricted resources, then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is the District’s policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### V. Prior Period Comparative Financial Information/Reclassification

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2012, from which such partial information was derived. Also, certain amounts presented in the prior-year data have been reclassified in order to be consistent with the current year's presentation.

### W. Changes in Accounting Principles

During the year ended June 30, 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 63 created two new financial statement elements, *deferred outflows of resources* (a consumption of net position that is applicable to a future reporting period) and *deferred inflows of resources* (an acquisition of net position that is applicable to a future reporting period), which are distinct from assets and liabilities. It also defined *net position* as the residual of all other elements presented in a statement of net position (assets + deferred outflows of resources – liabilities – deferred inflows of resources = net position). GASB Statement No. 65 identified specific items previously reported as assets that will now be classified as either deferred outflows of resources or outflows (expenditures/expenses), and items previously reported as liabilities that will now be reported as either deferred inflows of resources or inflows (revenues).

## NOTE 2 – DEPOSITS AND INVESTMENTS

### A. Deposits

In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School Board, including checking accounts, savings accounts, and non-negotiable certificates of deposit.

The following is considered the most significant risk associated with deposits:

**Custodial Credit Risk** – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

The District's deposit policies do not further limit depository choices.

At year-end, the carrying amount of the District's deposits was \$394,648, while the balance on the bank records was \$575,798. At June 30, 2013, all deposits were insured or collateralized by securities held by the District's agent in the District's name.



## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### B. Investments

Investments are subject to various risks, the following of which are considered the most significant:

**Custodial Credit Risk** – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the District’s investment policies do not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

**Credit Risk** – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the District’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The District’s investment policies do not further restrict investing in specific financial instruments.

**Concentration Risk** – This is the risk associated with investing a significant portion of the District’s investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), investment pools, and mutual funds. The District’s investment policies do not address concentration risk. At June 30, 2013, the District had 13.0 percent of its portfolio invested in a guaranteed investment contract with the Bank of Calyon, New York.

**Interest Rate Risk** – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The District’s investment policies do not limit the maturities of investments; however, the District considers such things as interest rates and cash flow needs when purchasing investments.

## NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

### C. Summary

The following table presents the District’s deposit and investment balances at June 30, 2013, and information relating to potential investment risks:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years				Total
	Rating	Agency	Less Than 1	1 to 5	5 to 10	More Than 10	
Investment pools/mutual funds							
Minnesota School District Liquid Asset Fund	AAA	S&P	N/A	N/A	N/A	N/A	\$ 3,706,045
First American Treasury Obligations Fund Class D	AAA	S&P	N/A	N/A	N/A	N/A	50,666
Guaranteed investment contract							
Calyon Bank, New York Branch	N/A	N/A	N/A	N/A	N/A	\$ 559,401	<u>559,401</u>
							4,316,112
Deposits							<u>394,648</u>
Total cash and investments							<u>\$ 4,710,760</u>

N/A – Not Applicable

Cash and investments are included on the basic financial statements as follows:

Cash and temporary investments – Statement of Net Position	\$ 4,097,838
Cash and temporary investments held by trustee – Statement of Net Position	610,067
Cash and temporary investments – Statement of Fiduciary Net Position – Private-Purpose Trust Fund	<u>2,855</u>
Total cash and investments	<u>\$ 4,710,760</u>

The Minnesota School District Liquid Asset Fund (MSDLAF) is regulated by Minnesota Statutes and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The District’s investment in the MSDLAF is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

### NOTE 3 – CAPITAL ASSETS

Capital assets and accumulated depreciation activity for the year ended June 30, 2013 is as follows:

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 683,993	\$ –	\$ –	\$ 683,993
Capital assets, depreciated				
Buildings	8,732,533	–	–	8,732,533
Furniture and equipment	4,168,070	105,752	140,051	4,133,771
Total capital assets, depreciated	12,900,603	105,752	140,051	12,866,304
Less accumulated depreciation for				
Buildings	(2,549,249)	(134,731)	–	(2,683,980)
Furniture and equipment	(3,429,272)	(135,602)	(139,906)	(3,424,968)
Total accumulated depreciation	(5,978,521)	(270,333)	(139,906)	(6,108,948)
Net capital assets, depreciated	6,922,082	(164,581)	145	6,757,356
Total capital assets, net	<u>\$ 7,606,075</u>	<u>\$ (164,581)</u>	<u>\$ 145</u>	<u>\$ 7,441,349</u>

Depreciation expense for the year ended June 30, 2013 was charged to the following governmental functions:

Administrative and support services	\$ 34,345
Secondary vocational/DCALS	18,176
Special education instruction	217,812
Total depreciation expense	<u>\$ 270,333</u>

### NOTE 4 – LONG-TERM LIABILITIES

#### A. Components and Changes in Long-Term Liabilities

The following table describes the changes in long-term liabilities, including amounts due within one year:

	June 30, 2012	Additions	Retirements	June 30, 2013	Due Within One Year
Capital leases payable	\$ 7,775,000	\$ –	\$ 225,000	\$ 7,550,000	\$ 235,000
Unamortized discount	(141,851)	–	(6,376)	(135,475)	–
Severance benefits payable	509,101	98,380	43,853	563,628	98,380
Compensated absences payable	229,419	100,871	90,210	240,080	90,210
Net OPEB obligation (see Note 7)	578,192	232,146	110,000	700,338	–
	<u>\$ 8,949,861</u>	<u>\$ 431,397</u>	<u>\$ 462,687</u>	<u>\$ 8,918,571</u>	<u>\$ 423,590</u>

## NOTE 4 – LONG-TERM LIABILITIES (CONTINUED)

### B. Description of Long-Term Liabilities

- **Capital Leases Payable** – In September 2007, the District entered into a capital lease agreement with the Dakota County Community Development Agency (DCCDA) to finance building construction. The DCCDA issued \$8,480,000 of lease revenue bonds to pay for these costs. The revenue bonds bear interest rates that range from 3.875 percent to 4.500 percent and have a final maturity of February 2034. The lease-purchase agreement requires the District to make semiannual payments beginning August 1, 2008 equal to the principal and interest due on the revenue bonds. Annual principal and interest payments on this lease will be paid by the General Fund. Tuition revenue in the Capital Expenditure General Fund Account from member districts specifically for this debt obligation for the duration of the debt obligation are pledged for the payment of principal and interest on this lease payable. As of June 30, 2013, the net book value of the capital lease was \$6,048,553.
- **Severance Benefits Payable** – Severance benefits are paid by the applicable Internal Service Fund. Annual payments to retire severance benefit liabilities have not been determined and will depend on actual employee turnover.
- **Compensated Absences Payable** – Compensated absences payable represent accrued vacation payable at year-end. Compensated absences are paid by the General Fund. These benefits are not funded until the year of payment. Annual payments to retire compensated absences payable will depend on employee turnover and actual employee absences.

### C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire capital leases payable are as follows:

Year Ending June 30,	Principal	Interest
2014	\$ 235,000	\$ 324,095
2015	245,000	314,401
2016	250,000	304,908
2017	260,000	295,220
2018	270,000	285,145
2019–2023	1,535,000	1,251,665
2024–2028	1,880,000	900,375
2029–2033	2,340,000	445,500
2034	535,000	12,038
	<u>\$ 7,550,000</u>	<u>\$ 4,133,347</u>

**NOTE 5 – FUND BALANCES**

The following is a breakdown of equity components of governmental funds which are defined earlier in the report.

**A. Classifications**

At June 30, 2013, a summary of the District’s governmental fund balance classifications are as follows:

	<u>General Fund</u>	<u>Capital Projects – Building Construction Fund</u>	<u>Food Service Special Revenue Fund</u>	<u>Total</u>
Nonspendable				
Prepaid items	\$ 29,556	\$ –	\$ –	\$ 29,556
Inventory	51,154	–	–	51,154
Total nonspendable	<u>80,710</u>	<u>–</u>	<u>–</u>	<u>80,710</u>
Restricted for				
Basic skills	34,589	–	–	34,589
Debt service	610,067	–	–	610,067
Capital purposes	785,920	306,437	–	1,092,357
Total restricted	<u>1,430,576</u>	<u>306,437</u>	<u>–</u>	<u>1,737,013</u>
Assigned for				
Subsequent year’s budgeted deficit	<u>110,661</u>	<u>–</u>	<u>–</u>	<u>110,661</u>
Unassigned				
	<u>4,082,678</u>	<u>–</u>	<u>–</u>	<u>4,082,678</u>
Total	<u>\$ 5,704,625</u>	<u>\$ 306,437</u>	<u>\$ –</u>	<u>\$ 6,011,062</u>

**B. Minimum Unassigned Fund Balance Policy**

The School Board has formally adopted a fund balance policy regarding maintaining a minimum unassigned fund balance for the General Fund. The policy states the District will strive to maintain a minimum unassigned General Fund balance of 15 percent of the annual budget. At June 30, 2013, the unassigned fund balance of the General Fund was 16.3 percent of fiscal 2014 budgeted expenditures.

## NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Substantially all employees of the District are required by state law to belong to defined benefit, multi-employer, cost-sharing pension plans administered by the Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a state-wide basis. Disclosures relating to these plans are as follows:

### Teachers' Retirement Association (TRA)

#### A. Plan Description

All teachers employed by the District are covered by defined benefit plans administered by the TRA. TRA members belong to either the Coordinated or 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.

The 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 Statutes 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 the 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 below:

#### Tier I

	Step Rate Formula	Percentage per Year
<b>Basic Plan</b>		
	First 10 years	2.2 percent
	All years after	2.7 percent
<b>Coordinated Plan</b>		
	First 10 years if service years are prior to July 1, 2006	1.2 percent
	First 10 years if service years are July 1, 2006 or after	1.4 percent
	All other years of service if service years are prior to July 1, 2006	1.7 percent
	All other years of service if service years are July 1, 2006 or after	1.9 percent

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- Three percent per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

### **Tier II**

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for Coordinated Plan members and 2.7 percent for Basic Plan 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 4–5.4 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 that 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 receiving them are bound by the provisions in effect at the time they last terminated their public service.

The TRA publicly issues a comprehensive annual financial report presenting financial statements, supplemental information on funding levels, investment performance, and further information on benefits provisions. The report may be accessed at the TRA website at [www.minnesotatra.org](http://www.minnesotatra.org). Alternatively, a copy of the report may be obtained by writing the TRA at Teachers' Retirement Association, 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-4000 or by calling (651) 296-2409 or (800) 657-3669.

### **B. Funding Policy**

Minnesota Statutes, Chapter 354 sets the rates for employee and employer contributions. These statutes are established and amended by the State Legislature. Coordinated and Basic Plan members are required to contribute 6.5 percent and 10.0 percent, respectively, of their annual covered salary during fiscal year 2013 as employee contributions. The TRA employer contribution rates are 6.5 percent for Coordinated Plan members and 10.5 percent for Basic Plan members during fiscal year 2013. Total covered payroll salaries for all TRA members state-wide during the fiscal years June 30, 2012, 2011, and 2010 were approximately \$3.87 billion, \$3.84 billion, and \$3.79 billion, respectively.

The District's contributions for the years ended June 30, 2013, 2012, and 2011 were \$597,607, \$536,038, and \$486,766, respectively, equal to the contractually required contributions for each year as set by state statutes.

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 Plan employee and employer contribution rates will each be 7.5 percent.

## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

### **Public Employees' Retirement Association (PERA)**

#### **A. Plan Description**

All non-teacher full-time and certain part-time employees of the District are covered by defined benefit plans administered by the PERA. The 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.

The 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 statutes, 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 the 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 all 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.

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



## **NOTE 6 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

### **B. 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. The GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in fiscal 2013. In fiscal 2013, the District was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members and 7.25 percent for Coordinated Plan members.

The District's contributions to the GERP for the years ended June 30, 2013, 2012, and 2011 were \$368,169, \$346,433, and \$307,426, respectively. The District's contributions were equal to the contractually required contributions for each year as set by state statutes.

## **NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN**

### **A. Plan Description**

The District provides post-employment benefits to certain eligible employees through the District's OPEB Plan, a single-employer defined benefit plan administered by the District. All post-employment benefits are based on contractual agreements with employee groups. As of July 1, 2012, the plan had 340 active participants and 11 retired participants. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. These benefits are summarized as follows:

**Post-Employment Insurance Benefits** – All retirees of the District have the option under state law to continue their medical insurance coverage through the District from the time of retirement until the employee reaches the age of eligibility for Medicare. Under the terms of certain collectively bargained employment contracts, the District is required to pay health and dental insurance premiums for eligible retirees until they reach age 65 or 70 as specified in their contract. Employees must meet certain age and/or length of service requirements to be eligible. The monthly district contribution per retiree for post-employment health and dental insurance is equal to the premiums covered for current employees in the retiree's bargaining group. Benefits paid by the District differ by bargaining unit and date of hire, with some contracts specifying a certain dollar amount per month, and some covering premium costs as defined within each collective bargaining agreement. Retirees not eligible for these district-paid premium benefits must pay the full district premium rate for their coverage.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

### **B. Funding Policy**

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the District. There are no invested plan assets accumulated for payment of future benefits.

## NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

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

The District's annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the District, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs 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 the year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the plan:

ARC	\$ 241,692
Interest on net OPEB obligation	26,019
Adjustment to ARC	(35,565)
Annual OPEB cost (expense)	<u>232,146</u>
Contributions made	<u>110,000</u>
Increase in net OPEB obligation	122,146
Net OPEB obligation – beginning of year	<u>578,192</u>
Net OPEB obligation – end of year	<u>\$ 700,338</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 211,642	\$ 51,626	24.4%	\$ 426,883
June 30, 2012	\$ 215,953	\$ 64,644	29.9%	\$ 578,192
June 30, 2013	\$ 232,146	\$ 110,000	47.4%	\$ 700,338

### D. Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,500,479, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,500,479. The covered payroll (annual payroll of active employees covered by the plan) was \$13,212,704, and the ratio of the UAAL to the covered payroll was 11.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC 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 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.

## **NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

### **E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, 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 included: a 4.5 percent investment rate of return (net of administrative expenses) based on the District's own investments; a 2.5 percent rate of projected salary increases; an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after seven years, and a dental cost trend rate of 4.0 percent. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period on July 1, 2012 for the various amortization layers ranged from 26 to 30 years.

## **NOTE 8 – FLEXIBLE BENEFIT PLAN**

The District offers its employees a flexible benefit plan, a cafeteria plan (the Plan) created in accordance with Internal Revenue Code § 125. All employee groups of the District are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Plan for healthcare and dependant care benefits.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At June 30, the District is contingently liable for claims against the total amount of participants' annual contributions to the medical reimbursement portion of the Plan, whether or not such contributions have been made.

Payments of insurance premiums (health and dental) are made by the District directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the General Fund.

Amounts withheld for medical reimbursement and dependant care are held in the District's cash account. Payments are made by a third party administrator to participating employees upon submitting a request for reimbursement of eligible expenses incurred by the employee. The medical reimbursement and dependant care activity is accounted for in the financial statements in the General Fund.

All property of the Plan and income attributable to that property is solely the property of the District, subject to the claims of the District's general creditors. Participants' rights under the Plan are equal to those of general creditors of the District in an amount equal to eligible healthcare and dependant care expenses incurred by the participants. The District believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

## NOTE 9 – COMMITMENTS AND CONTINGENCIES

### A. Operating Leases

The District is leasing buildings and space in several locations. The District incurred expenditures of \$604,989 for operating leases during the year ended June 30, 2013. These leases are scheduled to expire on various dates through 2022. The following is a summary of minimum lease payments for all operating leases:

Year Ending June 30,	Amount
2014	\$ 341,052
2015	296,714
2016	262,288
2017	201,150
2018	204,394
Thereafter	850,020
	<u>\$ 2,155,618</u>

### B. Federal and State Revenues

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

### C. Legal Contingencies

The District has the usual and customary legal claims pending at year-end, mostly of a minor nature and/or covered by insurance. Although the outcomes of these claims are not presently determinable, the District believes that the resolution of these matters will not have a material effect on its financial position.

## NOTE 10 – LINE OF CREDIT

In May 2012, the District entered into a line of credit agreement with a national bank pursuant to Minnesota Statute § 123B.12(b). This agreement allows the District to borrow up to \$1,250,000. Principal and interest with respect to each advance under this line of credit shall be repaid within 45 days. Interest accrues at an annual rate equal to the prime rate plus 1.05 percent with a floor of 5 percent. This line of credit agreement expires June 30, 2013. No advances were made against this line of credit during the year ended June 30, 2013. In fiscal 2014, this line of credit was renewed for \$1,000,000.

## NOTE 11 – INTERFUND TRANSACTIONS AND TRANSFERS

The General Fund made an interfund transfer of \$18,630 to the Food Service Special Revenue Fund to eliminate a fund balance deficit at year-end.

At June 30, 2013, the General Fund had an interfund receivable of \$1,026 due from the Food Service Special Revenue Fund. This interfund receivable was completed to assist with cash flow.

Such interfund balances and transfers reported in the fund financial statements are eliminated in the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

Required Supplementary Information  
 Schedule of Funding Progress  
 June 30, 2013

**Other Post-Employment Benefits Plan**

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
July 1, 2008	\$ 1,462,608	\$ -	\$ 1,462,608	- %	\$ 11,154,270	13.10 %
July 1, 2010	\$ 1,373,077	\$ -	\$ 1,373,077	- %	\$ 11,861,681	11.60 %
July 1, 2012	\$ 1,500,479	\$ -	\$ 1,500,479	- %	\$ 13,212,704	11.40 %

SUPPLEMENTAL INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund  
Comparative Balance Sheet  
as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash and temporary investments	\$ 2,886,578	\$ -
Cash and investments held by trustee	610,067	591,933
Receivables		
Accounts and interest	45,203	24,380
Due from other school districts	1,232,116	1,958,476
Due from Minnesota Department of Education	3,461,782	6,135,218
Due from other governmental units	96,384	122,410
Due from other funds	1,026	-
Inventory	51,154	8,205
Prepaid items	29,556	98,594
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 8,413,866</u>	<u>\$ 8,939,216</u>
<b>Liabilities</b>		
Salaries and compensated absences payable	\$ 1,737,543	\$ 1,638,359
Accounts and contracts payable	44,156	119,664
Due to other school districts	342,252	382,760
Due to other governmental units	420,431	159,827
Due to other fund	-	150,730
Unearned revenue	164,859	137,262
	<u>                    </u>	<u>                    </u>
Total liabilities	2,709,241	2,588,602
<b>Fund balances</b>		
Nonspendable for prepaid items	29,556	98,594
Nonspendable for inventory	51,154	8,205
Restricted for debt service	610,067	591,933
Restricted for basic skills	34,589	-
Restricted for capital purposes	785,920	866,077
Assigned for subsequent year's budgeted deficit	110,661	-
Unassigned	4,082,678	4,785,805
	<u>                    </u>	<u>                    </u>
Total fund balances	5,704,625	6,350,614
	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 8,413,866</u>	<u>\$ 8,939,216</u>



INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013  
 (With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
<b>Revenue</b>				
Local sources				
Tuition	\$ 7,841,482	\$ 7,798,778	\$ (42,704)	\$ 7,755,576
Investment earnings	19,300	29,459	10,159	29,406
Other	736,385	695,438	(40,947)	665,656
State sources	16,062,890	14,971,337	(1,091,553)	14,303,993
Federal sources	163,134	155,577	(7,557)	370,441
Total revenue	<u>24,823,191</u>	<u>23,650,589</u>	<u>(1,172,602)</u>	<u>23,125,072</u>
<b>Expenditures</b>				
Current				
Administrative and support services	625,743	601,294	(24,449)	474,362
Secondary vocational/DCALS	4,410,601	4,227,288	(183,313)	4,100,921
Special education programs	19,714,792	18,895,989	(818,803)	18,146,690
Debt service				
Principal	225,000	225,000	-	215,000
Interest and fiscal charges	333,376	333,376	-	342,245
Total expenditures	<u>25,309,512</u>	<u>24,282,947</u>	<u>(1,026,565)</u>	<u>23,279,218</u>
Excess (deficiency) of revenue over expenditures	(486,321)	(632,358)	(146,037)	(154,146)
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	-	4,999	4,999	9,368
Transfers out	(23,750)	(18,630)	5,120	(23,626)
Total other financing sources (uses)	<u>(23,750)</u>	<u>(13,631)</u>	<u>10,119</u>	<u>(14,258)</u>
Net change in fund balances	<u>\$ (510,071)</u>	<u>(645,989)</u>	<u>\$ (135,918)</u>	<u>(168,404)</u>
<b>Fund balances</b>				
Beginning of year		<u>6,350,614</u>		<u>6,519,018</u>
End of year		<u>\$ 5,704,625</u>		<u>\$ 6,350,614</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund  
 Combining Balance Sheet by Account  
 as of June 30, 2013

	<u>Secondary Education</u>	<u>Special Education</u>	<u>Services Allocation</u>
<b>Assets</b>			
Cash and temporary investments (deficit)	\$ 2,120,253	\$ (54,872)	\$ 14,603
Cash and investments held by trustee	-	-	-
Receivables			
Accounts and interest	2,697	29,510	12,996
Due from other school districts	323,818	883,344	21,972
Due from Minnesota Department of Education	-	3,461,782	-
Due from other governmental units	96,326	58	-
Due from other funds	1,026	-	-
Inventory	-	-	-
Prepaid items	3,771	24,710	1,075
	<u>3,771</u>	<u>24,710</u>	<u>1,075</u>
Total assets	<u>\$ 2,547,891</u>	<u>\$ 4,344,532</u>	<u>\$ 50,646</u>
<b>Liabilities</b>			
Salaries and compensated absences payable	\$ 249,107	\$ 1,465,973	\$ 22,463
Accounts and contracts payable	11,426	21,857	10,683
Due to other school districts	181,917	159,337	-
Due to other governmental units	192,602	215,674	9,332
Unearned revenue	-	156,691	8,168
Total liabilities	<u>635,052</u>	<u>2,019,532</u>	<u>50,646</u>
<b>Fund balances (deficit)</b>			
Nonspendable for prepaid items	3,771	24,710	1,075
Nonspendable for inventory	-	-	-
Restricted for debt service	-	-	-
Restricted for basic skills programs	-	34,589	-
Restricted for capital purposes	-	-	-
Assigned for subsequent year's budgeted deficit	110,661	-	-
Unassigned	1,798,407	2,265,701	(1,075)
Total fund balances	<u>1,912,839</u>	<u>2,325,000</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,547,891</u>	<u>\$ 4,344,532</u>	<u>\$ 50,646</u>

<u>District Support Services</u>	<u>Capital Expenditure</u>	<u>Secondary Resale</u>	<u>Special Education Resale</u>	<u>Total</u>
\$ 17,065	\$ 785,920	\$ (6,521)	\$ 10,130	\$ 2,886,578
-	610,067	-	-	610,067
-	-	-	-	45,203
2,982	-	-	-	1,232,116
-	-	-	-	3,461,782
-	-	-	-	96,384
-	-	-	-	1,026
-	-	47,232	3,922	51,154
-	-	-	-	29,556
<u>\$ 20,047</u>	<u>\$ 1,395,987</u>	<u>\$ 40,711</u>	<u>\$ 14,052</u>	<u>\$ 8,413,866</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,737,543
-	-	190	-	44,156
998	-	-	-	342,252
-	-	2,685	138	420,431
-	-	-	-	164,859
<u>998</u>	<u>-</u>	<u>2,875</u>	<u>138</u>	<u>2,709,241</u>
-	-	-	-	29,556
-	-	47,232	3,922	51,154
-	610,067	-	-	610,067
-	-	-	-	34,589
-	785,920	-	-	785,920
-	-	-	-	110,661
<u>19,049</u>	<u>-</u>	<u>(9,396)</u>	<u>9,992</u>	<u>4,082,678</u>
<u>19,049</u>	<u>1,395,987</u>	<u>37,836</u>	<u>13,914</u>	<u>5,704,625</u>
<u>\$ 20,047</u>	<u>\$ 1,395,987</u>	<u>\$ 40,711</u>	<u>\$ 14,052</u>	<u>\$ 8,413,866</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund

Combining Schedule of Revenue, Expenditures, and Changes in Fund Balances by Account  
Year Ended June 30, 2013

	<u>Secondary Education</u>	<u>Special Education</u>	<u>Services Allocation</u>
Revenue			
Local sources			
Tuition	\$ 3,587,494	\$ 3,202,954	\$ 449,954
Investment earnings	855	44	-
Other	8,645	546,076	8,474
State sources	75,408	14,861,033	34,896
Federal sources	150,577	5,000	-
Total revenue	<u>3,822,979</u>	<u>18,615,107</u>	<u>493,324</u>
Expenditures			
Current			
Administrative and support services	-	-	493,324
Secondary vocational/DCALS	4,135,016	-	-
Special education programs	-	18,876,743	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>4,135,016</u>	<u>18,876,743</u>	<u>493,324</u>
Excess (deficiency) of revenue over expenditures	(312,037)	(261,636)	-
Other financing sources (uses)			
Proceeds from sale of assets	196	853	-
Transfers out	-	(18,630)	-
Total other financing sources (uses)	<u>196</u>	<u>(17,777)</u>	<u>-</u>
Net change in fund balances	(311,841)	(279,413)	-
Fund balances			
Beginning of year	<u>2,224,680</u>	<u>2,604,413</u>	<u>-</u>
End of year	<u>\$ 1,912,839</u>	<u>\$ 2,325,000</u>	<u>\$ -</u>

<u>District Support Services</u>	<u>Capital Expenditure</u>	<u>Secondary Resale</u>	<u>Special Education Resale</u>	<u>Total</u>
\$ -	\$ 558,376	\$ -	\$ -	\$ 7,798,778
-	28,560	-	-	29,459
44,058	-	70,329	17,856	695,438
-	-	-	-	14,971,337
-	-	-	-	155,577
<u>44,058</u>	<u>586,936</u>	<u>70,329</u>	<u>17,856</u>	<u>23,650,589</u>
44,060	63,910	-	-	601,294
-	26,673	65,599	-	4,227,288
-	-	-	19,246	18,895,989
-	225,000	-	-	225,000
-	333,376	-	-	333,376
<u>44,060</u>	<u>648,959</u>	<u>65,599</u>	<u>19,246</u>	<u>24,282,947</u>
(2)	(62,023)	4,730	(1,390)	(632,358)
-	-	3,950	-	4,999
-	-	-	-	(18,630)
<u>-</u>	<u>-</u>	<u>3,950</u>	<u>-</u>	<u>(13,631)</u>
(2)	(62,023)	8,680	(1,390)	(645,989)
<u>19,051</u>	<u>1,458,010</u>	<u>29,156</u>	<u>15,304</u>	<u>6,350,614</u>
<u>\$ 19,049</u>	<u>\$ 1,395,987</u>	<u>\$ 37,836</u>	<u>\$ 13,914</u>	<u>\$ 5,704,625</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Secondary Education Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual

Year Ended June 30, 2013

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

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 3,713,790	\$ 3,587,494	\$ (126,296)	\$ 3,938,532
Investment earnings	1,000	855	(145)	920
Other	8,750	8,645	(105)	21,437
State sources	75,440	75,408	(32)	61,110
Federal sources	158,134	150,577	(7,557)	197,689
Total revenue	<u>3,957,114</u>	<u>3,822,979</u>	<u>(134,135)</u>	<u>4,219,688</u>
Expenditures				
Current				
Secondary vocational/DCALS				
Salaries	2,495,706	2,449,860	(45,846)	2,365,115
Employee benefits	815,717	795,235	(20,482)	732,814
Purchased services	565,453	535,087	(30,366)	515,206
Supplies and materials	125,169	102,664	(22,505)	96,622
Other expenditures	3,789	3,611	(178)	1,691
Capital expenditures	18,819	14,052	(4,767)	35,427
Allocated overhead	236,028	234,507	(1,521)	220,927
Total expenditures	<u>4,260,681</u>	<u>4,135,016</u>	<u>(125,665)</u>	<u>3,967,802</u>
Excess (deficiency) of revenue over expenditures	(303,567)	(312,037)	(8,470)	251,886
Other financing sources				
Proceeds from sale of assets	<u>–</u>	<u>196</u>	<u>196</u>	<u>5,357</u>
Net change in fund balances	<u>\$ (303,567)</u>	<u>(311,841)</u>	<u>\$ (8,274)</u>	<u>257,243</u>
Fund balances				
Beginning of year		<u>2,224,680</u>		<u>1,967,437</u>
End of year		<u>\$ 1,912,839</u>		<u>\$ 2,224,680</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Special Education Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual

Year Ended June 30, 2013

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

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
<b>Revenue</b>				
Local sources				
Tuition	\$ 3,108,602	\$ 3,202,954	\$ 94,352	\$ 2,962,399
Investment earnings (charges)	300	44	(256)	(341)
Other	531,158	546,076	14,918	529,239
State sources	15,952,478	14,861,033	(1,091,445)	14,199,467
Federal sources	5,000	5,000	–	172,752
Total revenue	<u>19,597,538</u>	<u>18,615,107</u>	<u>(982,431)</u>	<u>17,863,516</u>
<b>Expenditures</b>				
Current				
Special education programs				
Salaries	11,812,726	11,308,037	(504,689)	10,813,236
Employee benefits	4,553,558	4,313,213	(240,345)	4,049,078
Purchased services	1,469,464	1,516,683	47,219	1,277,070
Supplies and materials	579,242	484,941	(94,301)	644,913
Other expenditures	8,018	6,696	(1,322)	5,657
Capital expenditures	214,860	186,639	(28,221)	317,516
Allocated overhead	1,059,324	1,060,534	1,210	1,021,841
Total expenditures	<u>19,697,192</u>	<u>18,876,743</u>	<u>(820,449)</u>	<u>18,129,311</u>
Excess (deficiency) of revenue over expenditures	(99,654)	(261,636)	(161,982)	(265,795)
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	–	853	853	4,011
Transfers out	(23,750)	(18,630)	5,120	(23,626)
Total other financing sources (uses)	<u>(23,750)</u>	<u>(17,777)</u>	<u>5,973</u>	<u>(19,615)</u>
Net change in fund balances	<u>\$ (123,404)</u>	<u>(279,413)</u>	<u>\$ (156,009)</u>	<u>(285,410)</u>
<b>Fund balances</b>				
Beginning of year		<u>2,604,413</u>		<u>2,889,823</u>
End of year		<u>\$ 2,325,000</u>		<u>\$ 2,604,413</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Services Allocation Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013  
 (With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 460,714	\$ 449,954	\$ (10,760)	\$ 352,800
Other	16,457	8,474	(7,983)	8,402
State sources	34,972	34,896	(76)	43,416
Total revenue	<u>512,143</u>	<u>493,324</u>	<u>(18,819)</u>	<u>404,618</u>
Expenditures				
Current				
Administrative and support services				
Salaries	792,742	789,620	(3,122)	786,232
Employee benefits	252,990	253,125	135	237,644
Purchased services	714,396	707,647	(6,749)	569,416
Supplies and materials	28,813	23,593	(5,220)	27,344
Other expenditures	14,666	13,404	(1,262)	13,659
Capital expenditures	2,005	974	(1,031)	13,091
Allocated overhead	(1,293,469)	(1,295,039)	(1,570)	(1,242,768)
Total expenditures	<u>512,143</u>	<u>493,324</u>	<u>(18,819)</u>	<u>404,618</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balances				
Beginning of year		<u>-</u>		<u>-</u>
End of year		<u>\$ -</u>		<u>\$ -</u>



INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – District Support Services Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013  
 (With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Tuition	\$ -	\$ -	\$ -	\$ 24,600
Other	50,000	44,058	(5,942)	26,485
Total revenue	<u>50,000</u>	<u>44,058</u>	<u>(5,942)</u>	<u>51,085</u>
Expenditures				
Current				
Administrative and support services				
Salaries	-	-	-	14,916
Employee benefits	-	-	-	3,696
Purchased services	50,000	44,060	(5,940)	26,936
Supplies and materials	-	-	-	2,764
Capital expenditures	-	-	-	3,830
Total expenditures	<u>50,000</u>	<u>44,060</u>	<u>(5,940)</u>	<u>52,142</u>
Net change in fund balances	<u>\$ -</u>	(2)	<u>\$ (2)</u>	(1,057)
Fund balances				
Beginning of year		<u>19,051</u>		<u>20,108</u>
End of year		<u>\$ 19,049</u>		<u>\$ 19,051</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Capital Expenditure Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual

Year Ended June 30, 2013

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

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Tuition	\$ 558,376	\$ 558,376	\$ –	\$ 477,245
Investment earnings	18,000	28,560	10,560	28,827
Total revenue	<u>576,376</u>	<u>586,936</u>	<u>10,560</u>	<u>506,072</u>
Expenditures				
Current				
Administrative and support services				
Supplies and materials	–	367	367	17,602
Capital expenditures	63,600	63,543	(57)	–
Secondary vocational/DCALS				
Purchased services	45,000	26,673	(18,327)	73,093
Debt service				
Principal	225,000	225,000	–	215,000
Interest and fiscal charges	333,376	333,376	–	342,245
Total expenditures	<u>666,976</u>	<u>648,959</u>	<u>(18,017)</u>	<u>647,940</u>
Net change in fund balances	<u>\$ (90,600)</u>	<u>(62,023)</u>	<u>\$ 28,577</u>	<u>(141,868)</u>
Fund balances				
Beginning of year		<u>1,458,010</u>		<u>1,599,878</u>
End of year		<u>\$ 1,395,987</u>		<u>\$ 1,458,010</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Secondary Resale Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013  
 (With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Other	\$ 105,520	\$ 70,329	\$ (35,191)	\$ 60,687
Expenditures				
Current				
Secondary vocational/DCALS				
Purchased services	9,400	13,099	3,699	12,293
Supplies and materials	95,350	50,962	(44,388)	38,648
Capital expenditures	–	1,200	1,200	8,791
Other expenditures	170	338	168	294
Total expenditures	<u>104,920</u>	<u>65,599</u>	<u>(39,321)</u>	<u>60,026</u>
Excess (deficiency) of revenue over expenditures	600	4,730	4,130	661
Other financing sources				
Proceeds from sale of assets	<u>–</u>	<u>3,950</u>	<u>3,950</u>	<u>–</u>
Net change in fund balances	<u>\$ 600</u>	<u>8,680</u>	<u>\$ 8,080</u>	<u>661</u>
Fund balances				
Beginning of year		<u>29,156</u>		<u>28,495</u>
End of year		<u>\$ 37,836</u>		<u>\$ 29,156</u>

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INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund – Special Education Resale Account  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual

Year Ended June 30, 2013

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

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other	\$ 24,500	\$ 17,856	\$ (6,644)	\$ 19,406
Expenditures				
Current				
Special education programs				
Purchased services	–	–	–	60
Resale of equipment	–	1,544	1,544	–
Supplies and materials	17,600	17,702	102	17,319
Total expenditures	<u>17,600</u>	<u>19,246</u>	<u>1,646</u>	<u>17,379</u>
Net change in fund balances	<u>\$ 6,900</u>	(1,390)	<u>\$ (8,290)</u>	2,027
Fund balances				
Beginning of year		<u>15,304</u>		<u>13,277</u>
End of year		<u>\$ 13,914</u>		<u>\$ 15,304</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Capital Projects – Building Construction Fund  
 Comparative Balance Sheet  
 as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash and temporary investments	<u>\$ 438,266</u>	<u>\$ 475,566</u>
Liabilities		
Accounts and contracts payable	\$ -	\$ 4,945
Due to other governmental units	131,829	-
Total liabilities	<u>131,829</u>	<u>4,945</u>
Fund balances		
Restricted for capital purposes	<u>306,437</u>	<u>470,621</u>
Total liabilities and fund balances	<u>\$ 438,266</u>	<u>\$ 475,566</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Capital Projects – Building Construction Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual

Year Ended June 30, 2013

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

	2013		Over (Under) Budget	2012
	Budget	Actual		Actual
Revenue				
Local sources				
Investment earnings	\$ 500	\$ 198	\$ (302)	\$ 295
Expenditures				
Capital outlay	<u>110,115</u>	<u>164,382</u>	<u>54,267</u>	<u>206,356</u>
Net change in fund balances	<u><u>\$ (109,615)</u></u>	<u>(164,184)</u>	<u><u>\$ (54,569)</u></u>	<u>(206,061)</u>
Fund balances				
Beginning of year		<u>470,621</u>		<u>676,682</u>
End of year		<u><u>\$ 306,437</u></u>		<u><u>\$ 470,621</u></u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Food Service Special Revenue Fund  
 Comparative Balance Sheet  
 as of June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Receivables		
Due from other governmental units	<u>\$ 1,026</u>	<u>\$ 1,327</u>
Liabilities		
Accounts and contracts payable	\$ -	\$ 44
Due to other funds	<u>1,026</u>	<u>1,283</u>
Total liabilities	<u>\$ 1,026</u>	<u>\$ 1,327</u>



INTERMEDIATE SCHOOL DISTRICT NO. 917

Food Service Special Revenue Fund  
 Schedule of Revenue, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 Year Ended June 30, 2013  
 (With Comparative Actual Amounts for the Year Ended June 30, 2012)

	2013			2012
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Local sources				
Other – primarily meal sales	\$ 17,900	\$ 14,146	\$ (3,754)	\$ 14,700
State sources	3,700	3,058	(642)	3,656
Federal sources	55,650	49,945	(5,705)	59,634
Total revenue	<u>77,250</u>	<u>67,149</u>	<u>(10,101)</u>	<u>77,990</u>
Expenditures				
Purchased services	5,000	3,491	(1,509)	6,543
Supplies and materials	96,000	82,288	(13,712)	95,073
Total expenditures	<u>101,000</u>	<u>85,779</u>	<u>(15,221)</u>	<u>101,616</u>
Excess (deficiency) of revenue over expenditures	(23,750)	(18,630)	5,120	(23,626)
Other financing sources				
Transfers in	<u>23,750</u>	<u>18,630</u>	<u>(5,120)</u>	<u>23,626</u>
Net change in fund balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund balances				
Beginning of year		<u>-</u>		<u>-</u>
End of year		<u>\$ -</u>		<u>\$ -</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds  
 Combining Statement of Net Position  
 as of June 30, 2013  
 (With Comparative Totals as of June 30, 2012)

	Dental Self-Insurance	Post-Employment Employee Benefits	Totals	
			2013	2012
<b>Assets</b>				
Cash and temporary investments	\$ 248,976	\$ 524,018	\$ 772,994	\$ 457,968
Accounts receivable	1,029	–	1,029	–
Due from other funds	–	–	–	152,013
Prepaid items	–	509	509	–
Total assets	<u>250,005</u>	<u>524,527</u>	<u>774,532</u>	<u>609,981</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts and contracts payable	4,008	8,194	12,202	29,806
Severance benefits payable	–	98,380	98,380	20,542
Total current liabilities	<u>4,008</u>	<u>106,574</u>	<u>110,582</u>	<u>50,348</u>
<b>Long-term liabilities</b>				
Net other post-employment benefit obligation	–	700,338	700,338	578,192
Severance benefits payable	–	465,248	465,248	488,559
Total long-term liabilities	<u>–</u>	<u>1,165,586</u>	<u>1,165,586</u>	<u>1,066,751</u>
Total liabilities	<u>4,008</u>	<u>1,272,160</u>	<u>1,276,168</u>	<u>1,117,099</u>
<b>Net position (deficit)</b>				
Unrestricted	<u>\$ 245,997</u>	<u>\$ (747,633)</u>	<u>\$ (501,636)</u>	<u>\$ (507,118)</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds  
 Combining Statement of Revenue, Expenses, and Changes in Fund Net Position  
 Year Ended June 30, 2013  
 (With Comparative Totals for the Year Ended June 30, 2012)

	Dental	Post-Employment	Totals	
	Self-Insurance	Employee Benefits	2013	2012
Operating revenue				
Local sources				
Contributions from governmental funds	\$ 331,048	\$ 194,000	\$ 525,048	\$ 553,024
Operating expenses				
Post-employment severance and health benefits	–	226,441	226,441	148,971
Dental benefit claims	293,463	–	293,463	300,977
Total operating expenses	<u>293,463</u>	<u>226,441</u>	<u>519,904</u>	<u>449,948</u>
Operating income	37,585	(32,441)	5,144	103,076
Nonoperating revenue				
Investment earnings	<u>101</u>	<u>237</u>	<u>338</u>	<u>336</u>
Change in net position	37,686	(32,204)	5,482	103,412
Net position (deficit)				
Beginning of year	<u>208,311</u>	<u>(715,429)</u>	<u>(507,118)</u>	<u>(610,530)</u>
End of year	<u>\$ 245,997</u>	<u>\$ (747,633)</u>	<u>\$ (501,636)</u>	<u>\$ (507,118)</u>

INTERMEDIATE SCHOOL DISTRICT NO. 917

Internal Service Funds  
 Combining Statement of Cash Flows  
 Year Ended June 30, 2013  
 (With Comparative Totals for the Year Ended June 30, 2012)

	Dental	Post-Employment	Totals	
	Self-Insurance	Employee Benefits	2013	2012
Cash flows from operating activities				
Contributions from governmental funds	\$ 331,048	\$ 194,000	\$ 525,048	\$ 553,024
Post-employment severance and health benefit payments	–	(42,083)	(42,083)	(37,185)
Payments for dental claims	(320,290)	–	(320,290)	(278,096)
Net cash provided by operating activities	10,758	151,917	162,675	237,743
Cash flows from noncapital financing activities				
Cash paid to other funds	–	152,013	152,013	(152,013)
Cash flows from investing activities				
Investment income received	101	237	338	336
Net change in cash and cash equivalents	10,859	304,167	315,026	86,066
Cash and temporary investments				
Beginning of year	238,117	219,851	457,968	371,902
End of year	\$ 248,976	\$ 524,018	\$ 772,994	\$ 457,968
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 37,585	\$ (32,441)	\$ 5,144	\$ 103,076
Adjustments to reconcile operating income to net cash provided by operating activities				
Changes in assets and liabilities				
Post-employment severance benefits payable	–	54,527	54,527	(39,523)
Net other post-employment benefit obligation	–	122,146	122,146	151,309
Accounts receivable	(1,029)	–	(1,029)	–
Prepaid items	–	(509)	(509)	–
Accounts payable	(25,798)	8,194	(17,604)	22,881
Net cash provided by operating activities	\$ 10,758	\$ 151,917	\$ 162,675	\$ 237,743

OTHER INFORMATION

INTERMEDIATE SCHOOL DISTRICT NO. 917

Government-Wide Revenue by Type  
Last Ten Fiscal Years

Year Ended June 30,	Program Revenues			General Revenues	Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Investment Earnings and Other	
2004	\$ 13,748,514 93%	\$ 858,557 6%	\$ 36,463 -	\$ 89,667 1%	\$ 14,733,201 100%
2005	14,646,565 94%	845,216 5%	19,867 -	107,332 1%	15,618,980 100%
2006	15,285,571 94%	750,792 5%	14,796 -	234,665 1%	16,285,824 100%
2007	16,426,457 93%	837,561 5%	21,621 -	270,425 2%	17,556,064 100%
2008	18,090,478 94%	884,092 5%	23,469 -	281,238 1%	19,279,277 100%
2009	6,592,339 33%	12,759,841 63%	734,740 3%	133,252 1%	20,220,172 100%
2010	7,782,625 33%	14,567,950 62%	617,930 3%	599,235 2%	23,567,740 100%
2011	7,484,976 32%	15,265,005 65%	567,175 2%	224,526 1%	23,541,682 100%
2012	7,848,114 34%	14,720,483 63%	498,613 2%	136,147 1%	23,203,357 100%
2013	7,839,060 33%	15,177,273 64%	580,348 2%	126,115 1%	23,722,796 100%

Note: In fiscal 2009, the state of Minnesota converted special education to a state-wide system. This caused the charges for services to be converted to operating grants and contributions.

INTERMEDIATE SCHOOL DISTRICT NO. 917

Government-Wide Expenses by Program  
Last Ten Fiscal Years

Year Ended June 30,	Administrative and Support Services	Secondary Vocational/ DCALS	Special Education Programs	Food Service	Interest and Fiscal Charges on Debt	Total
2004	\$ 1,051,279 7%	\$ 3,138,694 21%	\$ 11,072,294 73%	\$ - -	\$ - -	\$ 15,262,267 100%
2005	1,073,594 7%	3,492,142 22%	11,493,554 71%	- -	- -	16,059,290 100%
2006	1,112,460 7%	3,269,581 20%	11,708,188 73%	- -	- -	16,090,229 100%
2007	1,309,198 7%	3,239,749 19%	12,838,805 74%	- -	- -	17,387,752 100%
2008	1,143,629 6%	3,629,059 19%	14,148,809 74%	- -	223,767 1%	19,145,264 100%
2009	1,484,759 7%	3,698,703 18%	15,126,240 73%	- -	410,161 2%	20,719,863 100%
2010	1,279,128 6%	3,778,602 17%	16,753,538 75%	71,375 -	361,888 2%	22,244,531 100%
2011	1,614,185 7%	3,855,919 17%	16,699,413 74%	74,423 -	353,553 2%	22,597,493 100%
2012	1,765,768 8%	3,875,566 17%	17,292,500 74%	101,616 -	344,925 1%	23,380,375 100%
2013	1,998,969 8%	3,962,647 16%	18,097,103 74%	85,779 1%	335,885 1%	24,480,383 100%

Note: The Food Service Special Revenue Fund was established in fiscal year 2010.

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Revenue by Source  
Last Ten Fiscal Years

	Year Ended June 30,	Tuition Revenue	Investment Earnings (Charges)	Other Revenue	State Revenue	Federal Revenue	Total
Secondary education	2004	\$ 2,675,474	\$ 11,830	\$ 62,787	\$ -	\$ 241,980	\$ 2,992,071
	2005	3,000,884	19,424	54,720	-	253,175	3,328,203
	2006	3,055,645	40,955	77,678	-	288,346	3,462,624
	2007	3,103,608	54,287	3,198	-	292,365	3,453,458
	2008	3,534,488	60,762	25,461	-	341,820	3,962,531
	2009	3,349,713	11,583	26,599	-	186,813	3,574,708
	2010	3,715,685	2,663	13,587	10,195	150,108	3,892,238
	2011	3,656,422	927	8,787	49,708	172,435	3,888,279
	2012	3,938,532	920	21,437	61,110	197,689	4,219,688
	2013	3,587,494	855	8,645	75,408	150,577	3,822,979
Special education	2004	10,919,002	(1,287)	202,505	-	540,209	11,660,429
	2005	11,468,180	(6,682)	134,097	-	560,570	12,156,165
	2006	11,950,232	(7,457)	208,229	1,000	446,384	12,598,388
	2007	13,082,524	(19,682)	208,659	-	450,424	13,721,925
	2008	14,331,589	(4,875)	177,538	-	455,666	14,959,918
	2009	3,004,086	4,242	202,077	12,035,354	464,375	15,710,134
	2010	3,332,630	221	603,186	13,721,390	561,110	18,218,537
	2011	3,087,411	(392)	390,143	14,210,549	735,457	18,423,168
	2012	2,962,399	(341)	529,239	14,199,467	172,752	17,863,516
	2013	3,202,954	44	546,076	14,861,033	5,000	18,615,107
Services allocation	2004	-	-	18,150	41,318	-	59,468
	2005	-	-	-	25,485	-	25,485
	2006	-	-	-	22,482	-	22,482
	2007	-	-	-	30,904	-	30,904
	2008	-	-	-	53,764	-	53,764
	2009	-	-	-	190,765	-	190,765
	2010	-	-	-	38,155	-	38,155
	2011	305,475	-	1,559	56,381	-	363,415
	2012	352,800	-	8,402	43,416	-	404,618
	2013	449,954	-	8,474	34,896	-	493,324
District support services	2004	-	-	2,376	-	-	2,376
	2005	-	-	99,698	-	-	99,698
	2006	-	(4,141)	185,532	-	-	181,391
	2007	-	-	179,943	-	-	179,943
	2008	-	-	155,710	-	-	155,710
	2009	-	-	64,729	-	-	64,729
	2010	44,033	-	51,691	-	-	95,724
	2011	39,670	-	31,831	-	-	71,501
	2012	24,600	-	26,485	-	-	51,085
	2013	-	-	44,058	-	-	44,058

(continued)



INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Revenue by Source (continued)  
Last Ten Fiscal Years

	Year Ended June 30,	Tuition Revenue	Investment Earnings (Charges)	Other Revenue	State Revenue	Federal Revenue	Total
Capital expenditure	2004	-	78	-	-	-	78
	2005	-	44	-	-	-	44
	2006	-	97	-	-	-	97
	2007	-	115	-	-	-	115
	2008	-	452	-	-	-	452
	2009	565,508	17,854	-	-	-	583,362
	2010	562,451	2,517	253,572	-	-	818,540
	2011	552,201	28,941	1,707	-	-	582,849
	2012	477,245	28,827	-	-	-	506,072
	2013	558,376	28,560	-	-	-	586,936
Secondary resale	2004	-	-	-	-	-	-
	2005	-	-	-	-	-	-
	2006	-	-	-	-	-	-
	2007	-	-	125,497	-	-	125,497
	2008	-	-	117,092	-	-	117,092
	2009	-	-	67,919	-	-	67,919
	2010	-	-	167,075	-	-	167,075
	2011	-	-	137,627	-	-	137,627
	2012	-	-	60,687	-	-	60,687
	2013	-	-	70,329	-	-	70,329
Special education resale	2004	-	-	-	-	-	-
	2005	-	-	-	-	-	-
	2006	-	-	-	-	-	-
	2007	-	-	17,368	-	-	17,368
	2008	-	-	19,349	-	-	19,349
	2009	-	-	22,886	-	-	22,886
	2010	-	-	22,620	-	-	22,620
	2011	-	-	21,279	-	-	21,279
	2012	-	-	19,406	-	-	19,406
	2013	-	-	17,856	-	-	17,856

Note 1: The Secondary Resale Account was established in fiscal year 2007.

Note 2: The Special Education Resale Account was established in fiscal year 2007.

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Expenditures by Object  
Last Ten Fiscal Years

	Year Ended June 30,	Salary Expenditures	Employee Benefits Expenditures	Purchased Services Expenditures	Other Expenditures	Allocated Overhead	Total
Secondary education	2004	\$ 1,892,392	\$ 460,814	\$ 482,018	\$ 188,981	\$ 200,419	\$ 3,224,624
	2005	1,889,985	487,743	496,042	197,639	195,183	3,266,592
	2006	1,990,866	546,367	565,985	260,036	189,815	3,553,069
	2007	1,871,490	545,270	564,066	112,876	203,055	3,296,757
	2008	2,009,066	607,325	727,957	149,561	201,426	3,695,335
	2009	2,063,886	655,558	552,483	115,595	197,555	3,585,077
	2010	2,268,974	679,673	533,333	105,992	219,410	3,807,382
	2011	2,253,662	680,947	563,196	164,868	209,572	3,872,245
	2012	2,365,115	732,814	515,206	133,740	220,927	3,967,802
	2013	2,449,860	795,235	535,087	120,327	234,507	4,135,016
Special education	2004	7,399,074	1,807,684	1,458,179	317,152	736,785	11,718,874
	2005	7,573,709	1,997,793	1,405,226	414,445	753,184	12,144,357
	2006	7,718,588	2,143,520	1,403,163	395,922	764,969	12,426,162
	2007	8,395,050	2,441,463	1,496,680	383,206	881,392	13,597,791
	2008	9,194,539	2,804,869	1,561,057	475,149	864,291	14,899,905
	2009	9,656,932	3,149,781	1,629,135	353,336	920,575	15,709,759
	2010	10,298,835	3,538,306	1,787,311	691,957	937,527	17,253,936
	2011	10,405,760	3,800,881	1,914,616	553,662	998,333	17,673,252
	2012	10,813,236	4,049,078	1,277,070	968,086	1,021,841	18,129,311
	2013	11,308,037	4,313,213	1,516,683	678,276	1,060,534	18,876,743
Services allocation	2004	587,797	163,151	188,176	57,548	(937,204)	59,468
	2005	563,366	168,404	158,183	83,899	(948,367)	25,485
	2006	611,029	167,821	146,551	51,865	(954,784)	22,482
	2007	665,717	170,325	221,124	58,185	(1,084,447)	30,904
	2008	711,026	185,819	147,102	75,534	(1,065,717)	53,764
	2009	733,346	194,078	318,981	62,490	(1,118,130)	190,765
	2010	749,966	204,226	179,556	61,344	(1,156,937)	38,155
	2011	786,795	214,980	490,893	78,652	(1,207,905)	363,415
	2012	786,232	237,644	569,416	54,094	(1,242,768)	404,618
	2013	789,620	253,125	707,647	37,971	(1,295,039)	493,324
District support services	2004	1,003	126	14,023	8,698	–	23,850
	2005	63,625	15,555	101,453	(16,301)	–	164,332
	2006	50,055	14,146	162,234	(8,906)	–	217,529
	2007	66,830	22,666	84,585	–	–	174,081
	2008	–	–	135,085	–	–	135,085
	2009	3,518	451	67,754	–	–	71,723
	2010	17,851	2,310	59,937	6,575	–	86,673
	2011	18,715	2,419	34,564	20,043	–	75,741
	2012	14,916	3,696	26,936	6,594	–	52,142
	2013	–	–	44,060	–	–	44,060

(continued)

INTERMEDIATE SCHOOL DISTRICT NO. 917

General Fund Expenditures by Object (continued)  
Last Ten Fiscal Years

	Year Ended June 30,	Salary Expenditures	Employee Benefits Expenditures	Purchased Services Expenditures	Other Expenditures	Allocated Overhead	Total
Capital expenditure	2004	—	—	25,485	19,140	—	44,625
	2005	—	—	—	—	—	—
	2006	—	—	—	—	—	—
	2007	—	—	—	—	—	—
	2008	—	—	—	6,802,482	—	6,802,482
	2009	2,802	238	210,640	558,208	—	771,888
	2010	—	—	15,512	578,439	—	593,951
	2011	—	—	70,060	557,978	—	628,038
	2012	—	—	73,093	574,847	—	647,940
	2013	—	—	26,673	622,286	—	648,959
Secondary resale	2004	—	—	—	—	—	—
	2005	—	—	—	—	—	—
	2006	—	—	—	—	—	—
	2007	29,140	6,449	53,112	59,080	—	147,781
	2008	16,588	2,687	24,423	50,785	—	94,483
	2009	18,063	2,914	23,520	18,036	—	62,533
	2010	17,225	2,863	32,560	104,851	—	157,499
	2011	18,760	3,133	29,480	75,164	—	126,537
	2012	—	—	12,293	47,733	—	60,026
	2013	—	—	13,099	52,500	—	65,599
Special education resale	2004	—	—	—	—	—	—
	2005	—	—	—	—	—	—
	2006	—	—	—	—	—	—
	2007	—	—	296	11,416	—	11,712
	2008	—	—	—	18,316	—	18,316
	2009	—	—	705	18,754	—	19,459
	2010	—	—	—	20,729	—	20,729
	2011	—	—	—	20,009	—	20,009
	2012	—	—	60	17,319	—	17,379
	2013	—	—	—	19,246	—	19,246

Note 1: The Secondary Resale Account was established in fiscal year 2007.

Note 2: The Special Education Resale Account was established in fiscal year 2007.

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OTHER REQUIRED REPORTS

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PRINCIPALS

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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

To the School Board and Management of  
Intermediate School District No. 917  
Rosemount, 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 Intermediate School District No. 917 (the District) 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, and have issued our report thereon dated October 29, 2013.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

## 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 results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
October 29, 2013



INDEPENDENT AUDITOR'S REPORT  
ON MINNESOTA LEGAL COMPLIANCE

To the School Board and Management of  
Intermediate School District No. 917  
Rosemount, 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 Intermediate School District No. 917 (the District) 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, and have issued our report thereon dated October 29, 2013.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the Office of the State Auditor pursuant to Minnesota Statute § 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 included all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the District 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 the District's noncompliance with 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 report is not suitable for any other purpose.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
October 29, 2013

INTERMEDIATE SCHOOL DISTRICT NO. 917

Uniform Financial Accounting and Reporting Standards  
Compliance Table  
June 30, 2013

		Audit	UFARS	Audit – UFARS
<b>General Fund</b>				
Total revenue		\$ 23,650,589	\$ 23,650,587	\$ 2
Total expenditures		\$ 24,282,947	\$ 24,282,947	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ 80,710	\$ 80,710	\$ –
Restricted/reserve				
403	Staff development	\$ –	\$ –	\$ –
405	Deferred maintenance	\$ –	\$ –	\$ –
406	Health and safety	\$ –	\$ –	\$ –
407	Capital projects levy	\$ –	\$ –	\$ –
408	Cooperative revenue	\$ –	\$ –	\$ –
411	Severance pay	\$ –	\$ –	\$ –
414	Operating debt	\$ –	\$ –	\$ –
416	Levy reduction	\$ –	\$ –	\$ –
417	Taconite building maintenance	\$ –	\$ –	\$ –
423	Certain teacher programs	\$ –	\$ –	\$ –
424	Operating capital	\$ –	\$ –	\$ –
426	\$25 taconite	\$ –	\$ –	\$ –
427	Disabled accessibility	\$ –	\$ –	\$ –
428	Learning and development	\$ –	\$ –	\$ –
434	Area learning center	\$ –	\$ –	\$ –
435	Contracted alternative programs	\$ –	\$ –	\$ –
436	State approved alternative program	\$ –	\$ –	\$ –
438	Gifted and talented	\$ –	\$ –	\$ –
441	Basic skills programs	\$ 34,589	\$ 34,589	\$ –
445	Career and technical programs	\$ –	\$ –	\$ –
446	First grade preparedness	\$ –	\$ –	\$ –
449	Safe schools levy	\$ –	\$ –	\$ –
450	Pre-kindergarten	\$ –	\$ –	\$ –
451	QZAB payments	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
453	Unfunded severance and retirement levy	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ 1,395,987	\$ 1,395,987	\$ –
Committed				
418	Committed for separation	\$ –	\$ –	\$ –
461	Committed fund balance	\$ –	\$ –	\$ –
Assigned				
462	Assigned fund balance	\$ 110,661	\$ 110,661	\$ –
Unassigned				
422	Unassigned fund balance	\$ 4,082,678	\$ 4,082,677	\$ 1
<b>Food Service</b>				
Total revenue		\$ 67,149	\$ 67,150	\$ (1)
Total expenditures		\$ 85,779	\$ 85,779	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted				
452	OPEB liability not in trust	\$ –	\$ –	\$ –
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –
<b>Community Service</b>				
Total revenue		\$ –	\$ –	\$ –
Total expenditures		\$ –	\$ –	\$ –
Nonspendable				
460	Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve				
426	\$25 taconite	\$ –	\$ –	\$ –
431	Community education	\$ –	\$ –	\$ –
432	ECFE	\$ –	\$ –	\$ –
444	School readiness	\$ –	\$ –	\$ –
447	Adult basic education	\$ –	\$ –	\$ –
452	OPEB liability not in trust	\$ –	\$ –	\$ –
Restricted				
464	Restricted fund balance	\$ –	\$ –	\$ –
Unassigned				
463	Unassigned fund balance	\$ –	\$ –	\$ –

INTERMEDIATE SCHOOL DISTRICT NO. 917

Uniform Financial Accounting and Reporting Standards  
Compliance Table (continued)  
June 30, 2013

	Audit	UFARS	Audit – UFARS
<b>Building Construction</b>			
Total revenue	\$ 198	\$ 198	\$ –
Total expenditures	\$ 164,382	\$ 164,382	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
407 Capital projects levy	\$ –	\$ –	\$ –
409 Alternative facility program	\$ –	\$ –	\$ –
413 Project funded by COP	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ 306,437	\$ 306,437	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
<b>Debt Service</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted/reserve			
425 Bond refundings	\$ –	\$ –	\$ –
451 QZAB payments	\$ –	\$ –	\$ –
Restricted			
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –
<b>Trust</b>			
Total revenue	\$ 2,025	\$ 2,026	\$ (1)
Total expenditures	\$ 385	\$ 385	\$ –
422 Net position	\$ 2,855	\$ 2,855	\$ –
<b>Internal Service</b>			
Total revenue	\$ 525,386	\$ 525,386	\$ –
Total expenditures	\$ 519,904	\$ 519,904	\$ –
422 Net position	\$ (501,636)	\$ (501,636)	\$ –
<b>OPEB Revocable Trust Fund</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
<b>OPEB Irrevocable Trust Fund</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
422 Net position	\$ –	\$ –	\$ –
<b>OPEB Debt Service Fund</b>			
Total revenue	\$ –	\$ –	\$ –
Total expenditures	\$ –	\$ –	\$ –
Nonspendable			
460 Nonspendable fund balance	\$ –	\$ –	\$ –
Restricted			
425 Bond refundings	\$ –	\$ –	\$ –
464 Restricted fund balance	\$ –	\$ –	\$ –
Unassigned			
463 Unassigned fund balance	\$ –	\$ –	\$ –

Note: Statutory restricted deficits, if any, are reported in unassigned fund balances in the financial statements in accordance with accounting principles generally accepted in the United States of America.

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