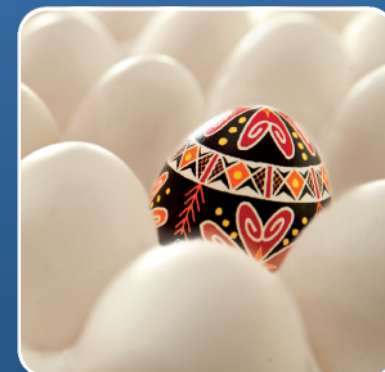


Executive Audit Summary for Prior Lake - Savage Area Schools (ISD #719)



Presented by:
LarsonAllen

Dennis Hoogeveen, Principal
Brady Hoffman, Manager

Audit Results Year Ended 6/30/11

- **Audit Opinion** – The financial statements are fairly stated. We issued what is known as a “clean” audit report.
- **Yellow Book Opinion** – No compliance issues were noted in our review of laws, regulations, contracts and grants that could have significant financial implications to the District.
- **Internal Controls** – We noted three “control deficiencies” in internal controls. One was considered to be a “material weakness” and two were considered “significant deficiencies”.



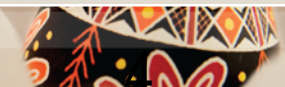
Audit Results Year Ended 6/30/11 (cont'd)

- **Single Audit** – The District complied with all requirements of the major federal program (Special Education, Child Nutrition, and ARRA-Education Jobs Fund).
- **Legal Compliance** – We noted one compliance issue with respect to Minnesota Statutes.



Audited Fund Balances – General Fund

FUND DESCRIPTION	6/30/10 AUDITED BALANCE	2010-11 AUDITED REVENUES	2010-11 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/11 AUDITED BALANCE
GENERAL FUND					
A. UNASSIGNED - OPERATING	\$1,236,693	\$55,428,296	\$54,872,346	(\$621,311)	\$1,171,332
As a percentage of current year expenditures	1.9%				1.9%
B. NONSPENDABLE FOR					
PREPAIDS	\$87,434	\$0	\$69,353		\$18,081
INVENTORY	\$219,441	\$0	\$3,281		\$216,160
TOTAL NONSPENDABLE	\$306,875	\$0	\$72,634	\$0	\$234,241
C. ASSIGNED FOR					
SPECIAL EDUCATION STIMULUS	\$701,500	\$0	\$200,000		\$501,500
REDTAIL RIDGE	\$307,380	\$0	\$100,000		\$207,380
CASHFLOW	\$0	\$2,000,000	\$0		\$2,000,000
CLASS-SIZE REDUCTION	\$350,000	\$150,000	\$0		\$500,000
STIMULUS DOLLARS	\$0	\$350,000	\$0		\$350,000
SITE CARRYOVER	\$660,563	\$0	\$19,728		\$640,835
TOTAL ASSIGNED	\$2,019,443	\$2,500,000	\$319,728	\$0	\$4,199,715
D. RESTRICTED FOR					
STAFF DEVELOPMENT	\$169,836	\$614,400	\$581,389		\$202,847
DEFERRED MAINTENANCE	\$56,398	\$255,102	\$153,544		\$157,956
AREA LEARNING CENTER	\$39,734	\$578,355	\$659,526	\$41,437	\$0
OPERATING CAPITAL	\$891,387	\$1,725,626	\$1,025,394		\$1,591,619
HEALTH & SAFETY	(\$64,692)	\$292,303	\$405,075		(\$177,464)
LEARNING AND DEVELOPMENT	\$0	\$1,537,052	\$1,537,052		\$0
GIFTED AND TALENTED	\$0	\$97,794	\$97,794		\$0
BASIC SKILLS	\$0	\$363,985	\$506,122	\$142,137	\$0
CAREER AND TECHNICAL	\$0	\$99,249	\$528,258	\$429,009	\$0
SAFE SCHOOLS	\$0	\$236,365	\$245,093	\$8,728	\$0
TOTAL RESTRICTED	\$1,092,663	\$5,800,231	\$5,739,247	\$621,311	\$1,774,958
TOTAL GENERAL FUND	\$4,655,674	\$63,728,527	\$61,003,955	\$0	\$7,380,246
BUDGET		\$63,560,908	\$63,145,538	\$0	\$5,071,044
DIFFERENCE		\$167,619	(\$2,141,583)	\$0	\$2,309,202
% VARIANCE		0.26%	-3.39%		



Audited Fund Balances – Other Funds

FUND DESCRIPTION	6/30/10 AUDITED BALANCE	2010-11 AUDITED REVENUES	2010-11 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/11 AUDITED BALANCE
FOOD SERVICE					
NONSPENDABLE FOR INVENTORY	\$38,388	\$9,680	\$0		\$48,068
NONSPENDABLE FOR PREPAID ITEMS	\$0	\$150	\$0		\$150
RESTRICTED FOR FOOD SERVICE PROG	\$351,685	\$3,191,909	\$3,200,893		\$342,701
BUDGET		\$3,258,365	\$3,293,992		\$354,446
FOOD SERVICE	\$390,073	\$3,201,739	\$3,200,893	\$0	\$390,919
DIFFERENCE		(\$56,626)	(\$93,099)		\$36,473
% VARIANCE		-1.74%	-2.83%		
COMMUNITY EDUCATION					
NONSPENDABLE FOR PREPAID ITEMS	\$1,577	\$4,113	\$0	\$0	\$5,690
A. RESTRICTED FOR					
COMMUNITY EDUCATION PROGRAMS	\$605,455	\$3,626,865	\$3,454,971	\$0	\$777,349
ECFE PROGRAMS	\$117,867	\$565,623	\$554,425		\$129,065
SCHOOL READINESS	\$33,414	\$302,463	\$254,924		\$80,953
OTHER PURPOSES	\$16,525	\$107,464	\$122,825		\$1,164
BUDGET		\$4,559,833	\$4,811,004	\$0	\$523,667
TOTAL COMMUNITY EDUCATION	\$774,838	\$4,606,528	\$4,387,145	\$0	\$994,221
DIFFERENCE		\$46,695	(\$423,859)		\$470,554
% VARIANCE		1.02%	-8.81%		



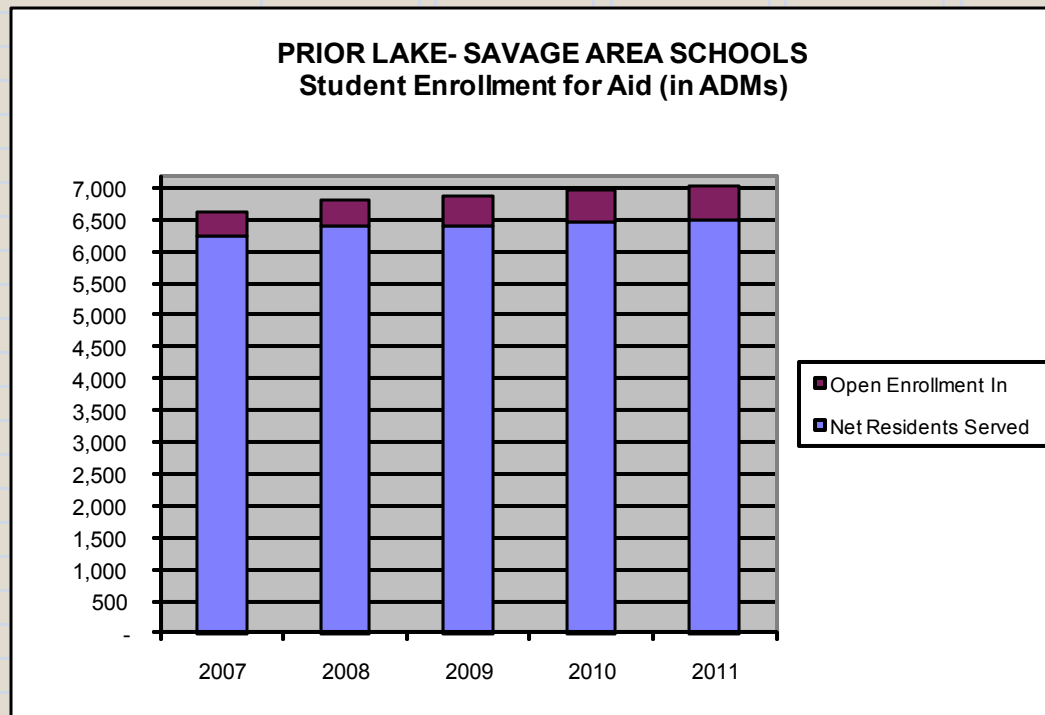
Audited Fund Balances – Other Funds (cont'd)

FUND DESCRIPTION	6/30/10 AUDITED BALANCE	2010-11 AUDITED REVENUES	2010-11 AUDITED EXPENDITURES	TRANSFERS OUT OF FUNDS	6/30/11 AUDITED BALANCE
TOTAL BUILDING FUND	\$2,056,690	\$4,684	\$885,007	\$0	\$1,176,367
BUDGET DIFFERENCE		\$4,500 \$184	\$1,139,560 (\$254,553)		\$921,630 \$254,737
DEBT SERVICE					
OPERATING	\$1,910,156	\$14,112,523	\$13,953,540	\$0	\$2,069,139
TOTAL DEBT SERVICE	\$1,910,156	\$14,112,523	\$13,953,540	\$0	\$2,069,139
BUDGET DIFFERENCE		\$14,054,957 \$57,566	\$13,960,446 (\$6,906)		\$2,004,667 \$64,472
% VARIANCE		0.41%	-0.05%		
PROPRIETARY FUNDS					
OPEB REVOCABLE TRUST	\$1,333,939	\$963,924	\$406,702	\$0	\$1,891,161
HRA ACCOUNTS	\$0	\$7,056	\$0	\$0	\$7,056
TOTAL PROPRIETARY	\$1,333,939	\$970,980	\$406,702	\$0	\$1,898,217
TOTAL	\$11,121,370	\$86,624,981	\$83,837,242	\$0	\$13,909,109



Student Enrollment – Open Enrollment

	2007	2008	2009	2010	2011
Total Residents	6,601.08	6,816.67	6,930.64	7,030.05	7,101.04
Open Enrollment Out*	(373.18)	(405.48)	(525.83)	(582.40)	(622.47)
Net Residents Served	6,227.90	6,411.19	6,404.81	6,447.65	6,478.57
Open Enrollment In	391.93	407.69	471.53	528.20	542.75
Net ADM Served	6,619.83	6,818.88	6,876.34	6,975.85	7,021.32
* including charter schools					
Net Pupil Units Served	7,566.69	7,851.34	7,931.30	8,064.81	8,149.47
Percent Change	4.57%	3.01%	0.84%	1.45%	0.65%



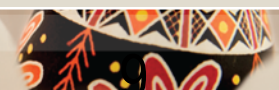
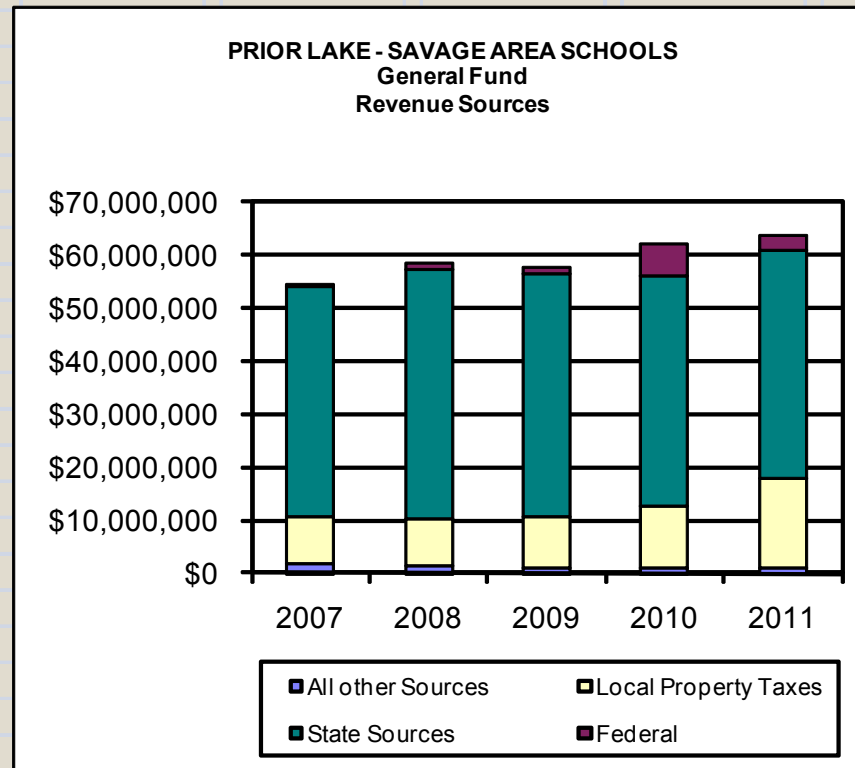
General Fund - Operations

	Year Ended June 30,				
	2007	2008	2009	2010	2011
Revenues	\$ 54,600,584	\$ 58,695,811	\$ 57,824,334	\$ 62,210,830	\$ 63,728,527
Expenditures	54,936,403	56,688,428	56,000,537	60,490,198	61,003,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	(335,819)	2,007,383	1,823,797	1,720,632	2,724,572
Other Financing Sources:					
Sale of Capital Assets	1,309	845	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(334,510)	2,008,228	1,823,797	1,720,632	2,724,572
Fund Balance:					
Beginning of Year	(562,473)	(896,983)	1,111,245	2,935,042	4,655,674
End of Year	\$ (896,983)	\$ 1,111,245	\$ 2,935,042	\$ 4,655,674	\$ 7,380,246
Nonspendable Fund Balance	\$ -	\$ -	\$ -	\$ 306,875	\$ 234,241
Restricted Fund Balance	96,867	577,245	1,131,115	1,157,355	1,952,422
Assigned Fund Balance	-	-	-	2,019,443	4,199,715
Unassigned Fund Balance	(993,850)	534,000	1,803,927	1,172,001	993,868
Total Fund Balance	\$ (896,983)	\$ 1,111,245	\$ 2,935,042	\$ 4,655,674	\$ 7,380,246
Unassigned Fund Balance as a Percentage of Expenditures	-1.81%	0.94%	3.22%	1.94%	1.63%

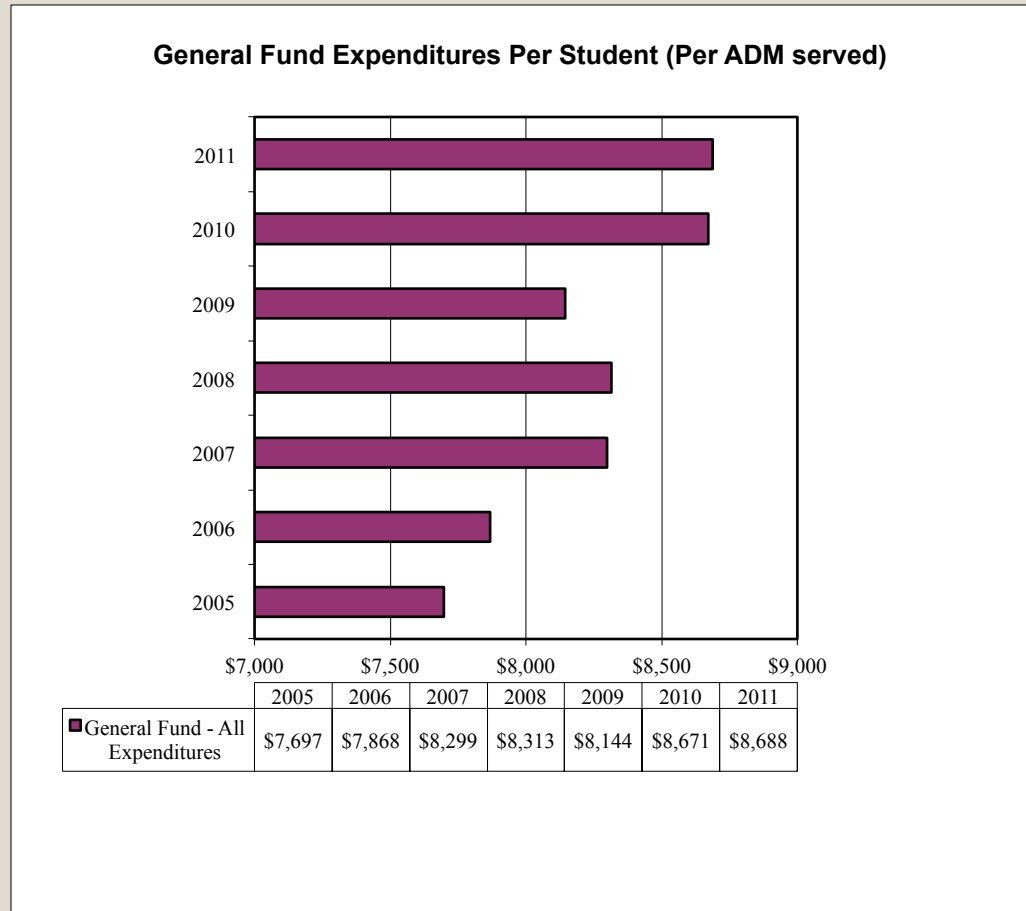


General Fund – Revenue Sources

	2007	2008	2009	2010	2011
Local Property Taxes	\$ 8,591,126	\$ 9,140,351	\$ 9,481,278	\$ 11,541,847 *	\$ 16,845,508
State Sources	43,701,668	47,050,307	45,864,786	43,572,121	43,122,773
Federal Sources	354,667	1,285,662	1,369,312	6,012,928	2,800,308
All Other Sources	1,953,123	1,219,491	1,108,958	1,083,934	959,938
Total Revenues	\$54,600,584	\$58,695,811	\$57,824,334	\$62,210,830	\$63,728,527



General Fund – Expenditures per Student



The District expended just \$17 more per student served in fiscal 2011 than it had for fiscal 2010. This is the result of significant cost containment measures that were undertaken by the District for fiscal 2011.



General Fund – Expenditures by Object

	2011				2010
	Final		Over		
	Amended		(Under)		
	Budget	Actual	Budget	%	Actual
Salaries	\$ 36,939,869	\$ 36,073,407	\$ (866,462)	-2.3%	\$ 36,575,861
Employee Benefits	14,853,808	15,057,337	203,529	1.4%	13,714,214
Purchased Services	6,881,688	6,472,002	(409,686)	-6.0%	6,501,815
Supplies and Materials	2,491,517	1,775,243	(716,274)	-28.7%	2,085,488
Capital Expenditures	1,840,015	1,490,151	(349,864)	-19.0%	1,507,335
Other Expenditures	138,641	135,831	(2,810)	-2.0%	105,485
Total Expenditures	\$ 63,145,538	\$ 61,003,971	\$ (2,141,567)	-3.4%	\$ 60,490,198

On a net basis, total expenditures were 3.4% lower than reflected in the final amended budget amount.



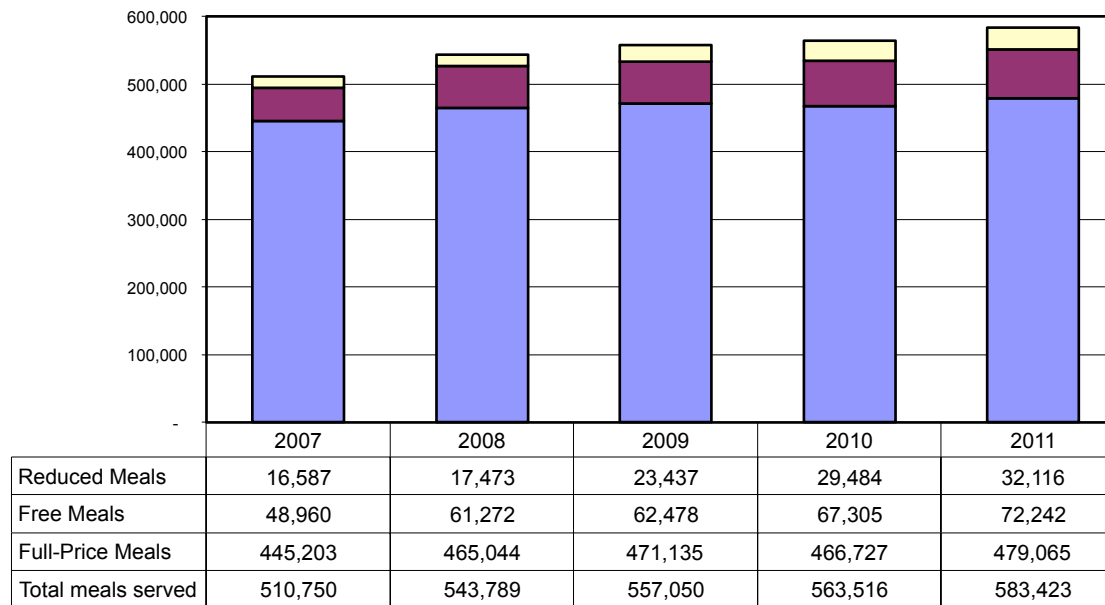
Food Service Fund - Operations

	Year Ended June 30,				
	2007	2008	2009	2010	2011
Revenues	\$ 2,739,279	\$ 2,972,145	\$ 3,070,285	\$ 3,183,682	\$ 3,201,739
Expenditures	2,748,019	2,953,601	3,007,713	3,242,145	3,200,893
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,740)	18,544	62,572	(58,463)	846
Fund Balance:					
Beginning of Year	376,160	367,420	385,964	448,536	390,073
End of Year	\$ 367,420	\$ 385,964	\$ 448,536	\$ 390,073	\$ 390,919
Lunches Served to Students	510,750	543,789	557,050	563,516	583,423
Revenue per Lunch Served	\$ 5.36	\$ 5.47	\$ 5.51	\$ 5.65	\$ 5.49



Food Service Fund – Meals Served

MEALS SERVED TO STUDENTS



■ Full-Price Meals
 ■ Free Meals
 ■ Reduced Meals



Community Service Fund - Operations

	Year Ended June 30,				
	2007	2008	2009	2010	2011
Revenues	\$3,530,019	\$ 3,939,560	\$ 3,899,357	\$4,262,174	\$4,606,528
Expenditures	3,634,898	3,713,547	4,020,207	4,243,135	4,387,145
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,879)	226,013	(120,850)	19,039	219,383
Fund Balance:					
Beginning of Year	755,515	650,636	876,649	755,799	774,838
End of Year	<u>\$ 650,636</u>	<u>\$ 876,649</u>	<u>\$ 755,799</u>	<u>\$ 774,838</u>	<u>\$ 994,221</u>
Fund Balance:					
Nonspendable	\$ -	\$ -	\$ -	\$ 1,577	\$ 5,690
Restricted for Community Ed	594,600	795,179	683,725	605,455	777,349
Restricted for ECFE	22,550	39,543	38,226	117,867	129,065
Restricted for School Readiness	13,396	8,624	17,666	33,414	80,953
Restricted for Other Purposes	-	-	-	16,525	1,164
Unreserved / Undesignated	20,090	33,303	16,182	-	-
Total Fund Balance	<u>\$ 650,636</u>	<u>\$ 876,649</u>	<u>\$ 755,799</u>	<u>\$ 774,838</u>	<u>\$ 994,221</u>



Questions and Feedback

- We welcome any questions pertaining to the audit, SAS 114 Communication Letter, Internal Control Communication or other matters related to the engagement.
- We appreciate the opportunity to serve as the auditors for Prior Lake-Savage Area Schools and welcome any feedback relative to our performance.



Thank You!

Dennis Hoogeveen

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