

INDEPENDENT SCHOOL DISTRICT NO. 281 ROBBINSDALE, MINNESOTA

Audit Report
Year Ended June 30, 2020





AUDITOR'S ROLE

- **Opinions on Financial Statements**
 - **District Financial Statement Audit**
 - **“Single Audit” of Federal Awards Expenditures**
- **Internal Controls and Compliance**
 - **Financial Statement Audit**
 - **Federal “Single Audit”**
 - **State Laws and Regulations**



AUDIT RESULTS

FINANCIAL STATEMENT AUDIT

- **Unmodified Opinion on Financial Statements**
- **Change in Accounting Principle – GASB 84**
 - **More consistent reporting for “Fiduciary” activities**
- **Changes to District Financial Statements**
 - **Scholarship activity moved to General Fund**
 - **Employee flex benefit plan moved to General Fund**
 - **Extracurricular student activity accounts moved to General Fund**
 - **Increase of \$540,467 in beginning fund balance of the General Fund and government-wide net position**



AUDIT RESULTS

FINANCIAL STATEMENT AUDIT

- **Internal Controls over Financial Reporting**
 - No findings reported for the current year
- **Compliance over Financial Reporting**
 - No findings reported for the current year
- **Compliance with Minnesota Laws and Regulations**
 - Unclaimed property report
 - Timely submission of audited financial data and annual financial statements



AUDIT RESULTS

FEDERAL SINGLE AUDIT

- **SEFA Fairly Stated in Relation to Basic Financial Statements**
- **Significant Deficiency in Internal Controls Over Federal Compliance**
 - **Child Nutrition Cluster – Suspension and debarment:**
No documentation of vendor checks performed to verify parties to federal contracts were not suspended or debarred for three vendors tested. No ineligible parties noted.
- **Noncompliance with Federal Requirements**
 - **No findings reported for the current year**



AUDIT RESULTS

OTHER OBSERVATIONS AND RECOMMENDATIONS

- **Inaccuracy of budget recorded in finance system**
 - Reduces effectiveness of interim budget-to-actual analysis as an internal control
- **Food Service Fund Bad Debt**
 - District wrote off a substantial amount of uncollectible student lunch account receivables
 - Absorbed by the General Fund
 - Consider ways to limit future bad debt or provide alternative fund sources
- **COVID-19 Impact on Internal Controls**
 - Maintain control procedures in changing environment
 - EFTs and Cyber Security



AUDIT RESULTS

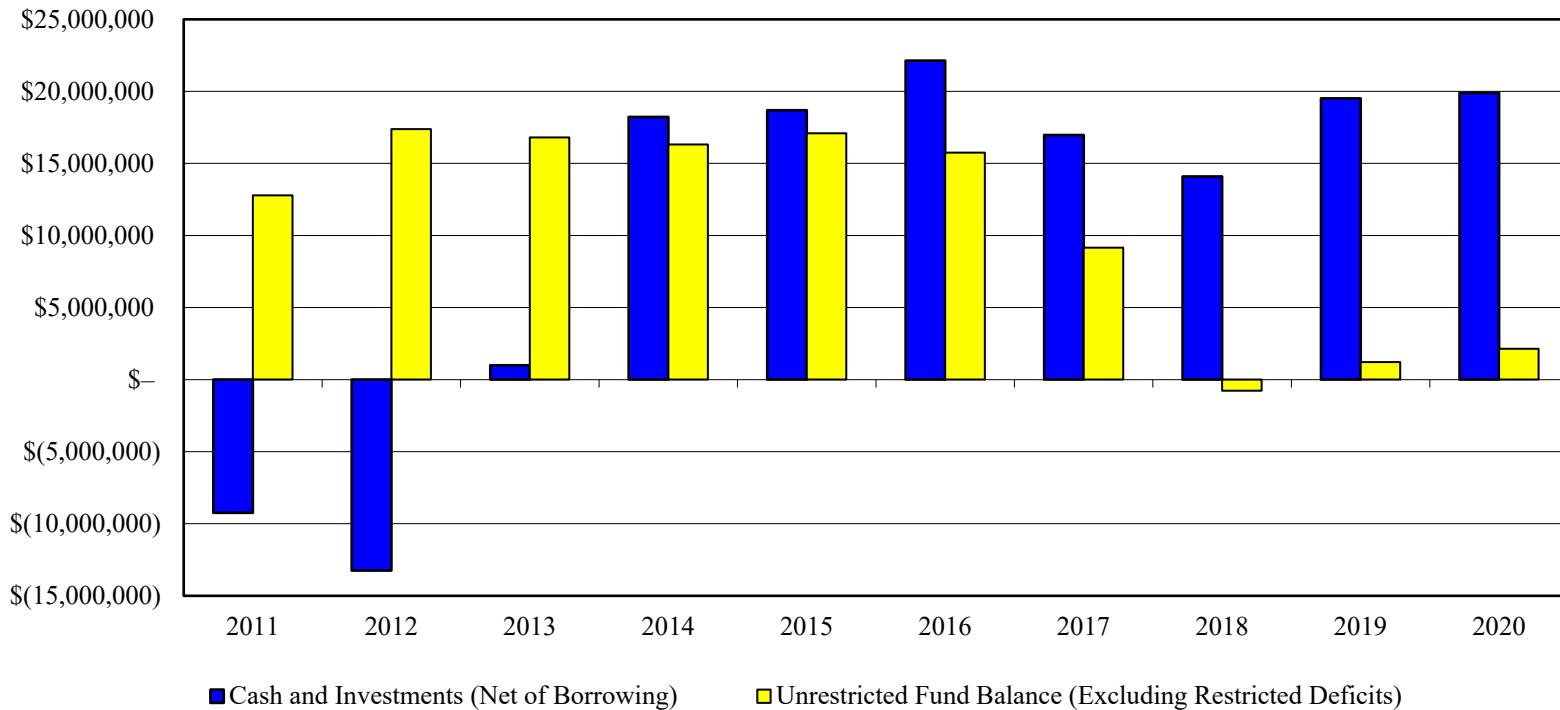
FOLLOW-UP ON 2019 FINDINGS

- **The Following Findings Resulting From The District's Fiscal 2019 Audit Were Corrected in Fiscal 2020:**
 - **Internal Control Deficiency – Timely Reconciliations**
 - Monthly cash and investment reconciliation process performed in a timely manner in fiscal 2020
 - **Federal I/C Deficiency – Time & Effort Documentation**
 - Salaries and benefits charged to federal programs tested in fiscal 2020 were supported by appropriate T&E documentation
 - **Federal I/C Deficiency – Ineligible Costs**
 - No ineligible costs noted in testing for federal program expenditures for fiscal 2020
 - **Minnesota Legal Compliance – Board Approval of Claims Paid by EFTs**
 - Subsequent Board approval was documented for claims paid by electronic funds transfers tested in fiscal 2020



GENERAL FUND FINANCIAL POSITION

General Fund Financial Position
Year Ended June 30,



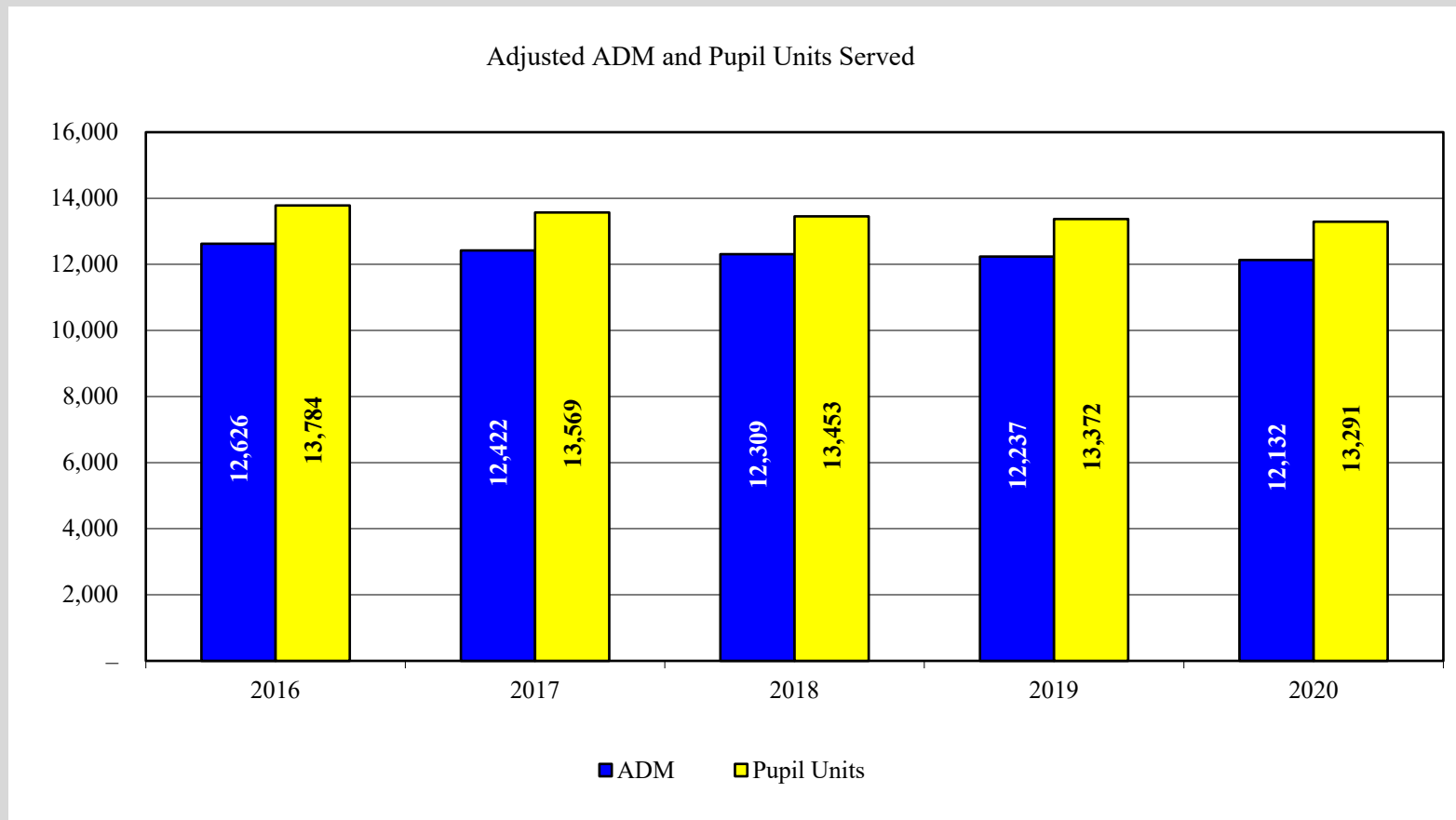


GENERAL FUND FINANCIAL POSITION – UFARS BASIS

	June 30,		
	2018	2019	2020
Nonspendable fund balances	\$ 486,096	\$ 264,546	\$ 713,515
Restricted fund balances	5,271,636	4,579,465	5,397,172
Unrestricted fund balances			
Assigned	–	1,210,419	1,507,829
Unassigned	(777,819)	–	622,412
Total fund balance	\$ 4,979,913	\$ 6,054,430	\$ 8,240,928
Unrestricted fund balances as a percentage of expenditures	<u>(0.4%)</u>	<u>0.7%</u>	<u>1.2%</u>
Unassigned fund balances as a percentage of expenditures	<u>(0.4%)</u>	<u>–</u>	<u>0.3%</u>

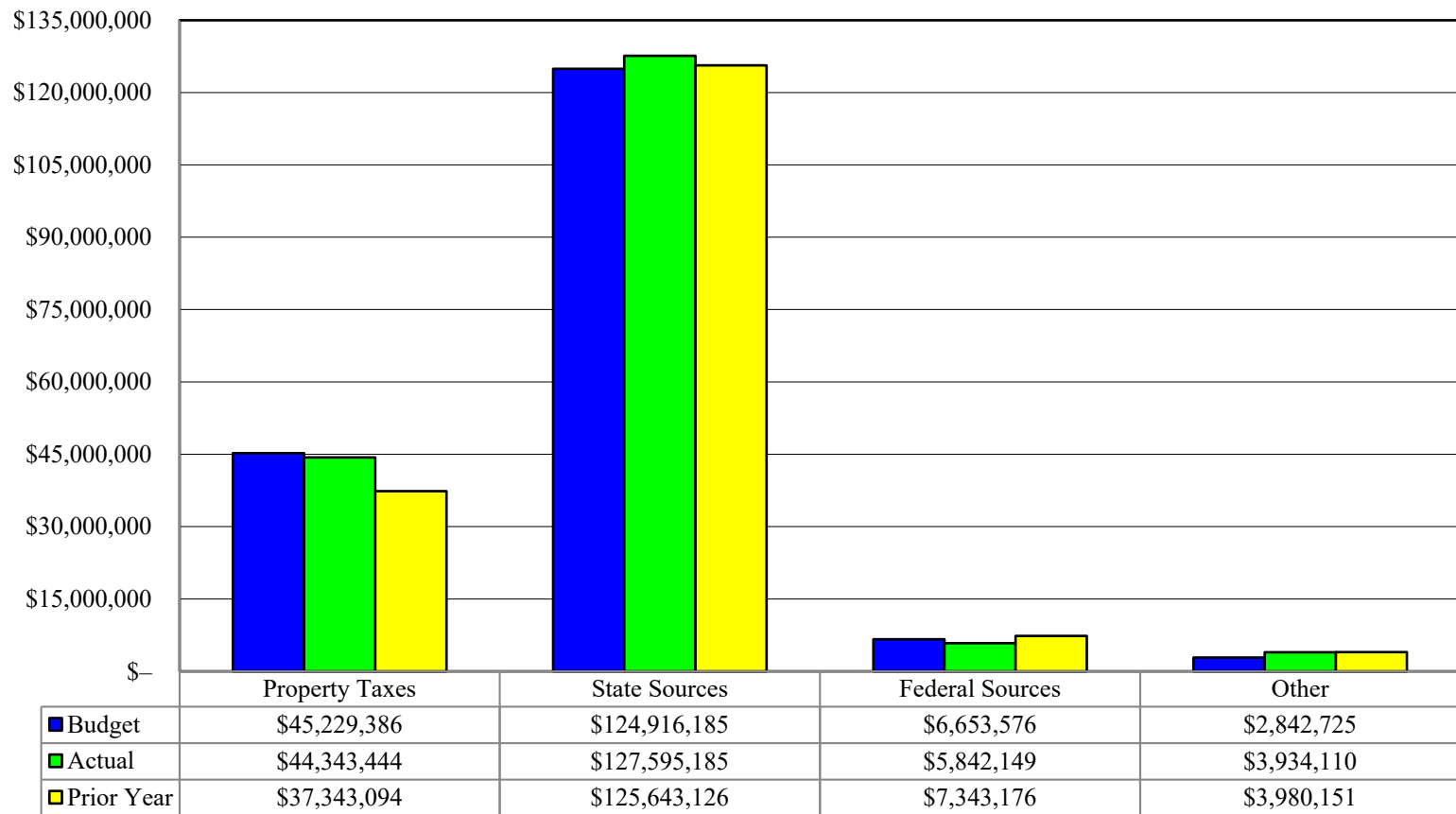


ADJUSTED ADM AND PUPIL UNITS SERVED



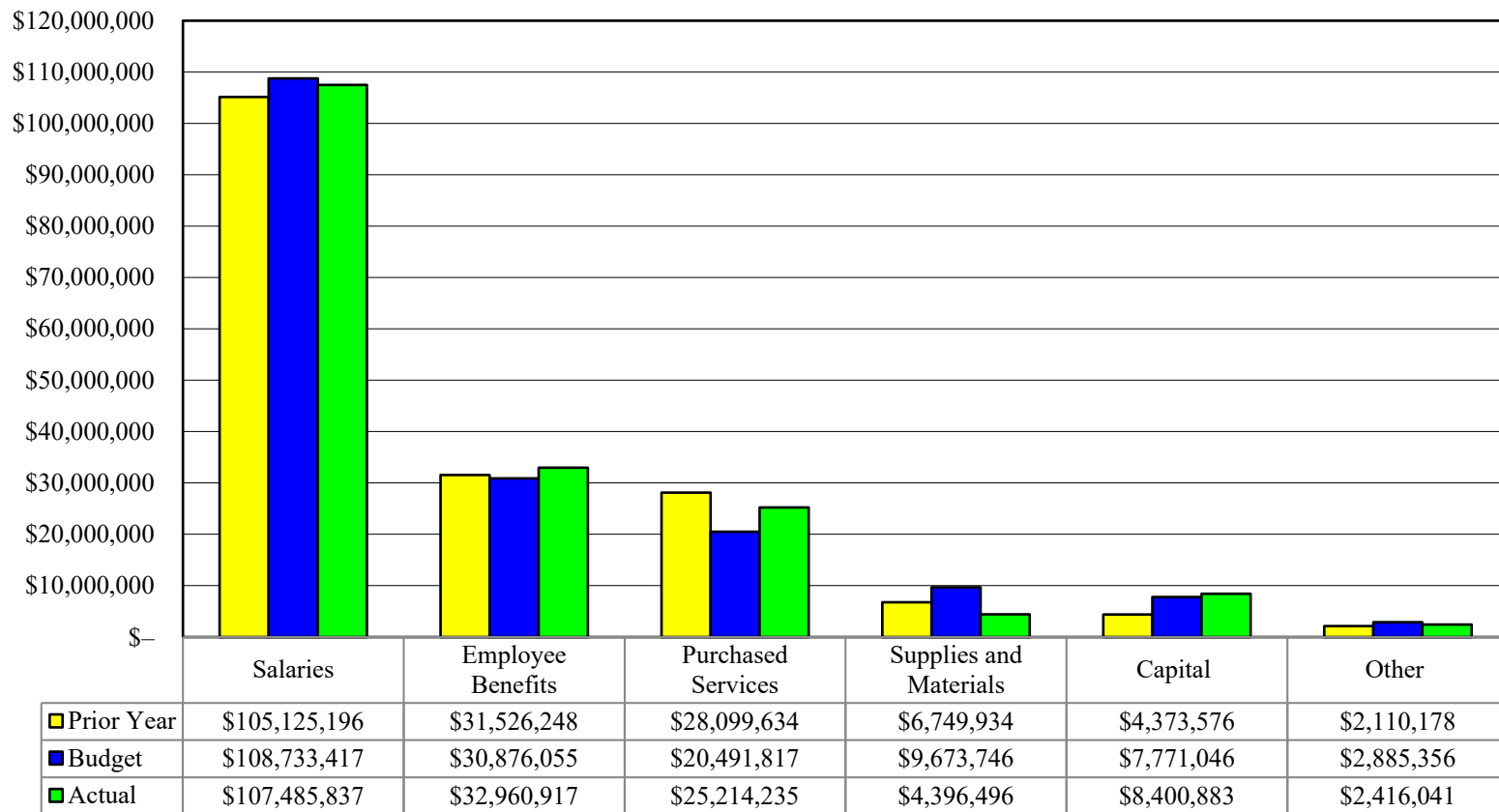


GENERAL FUND REVENUE





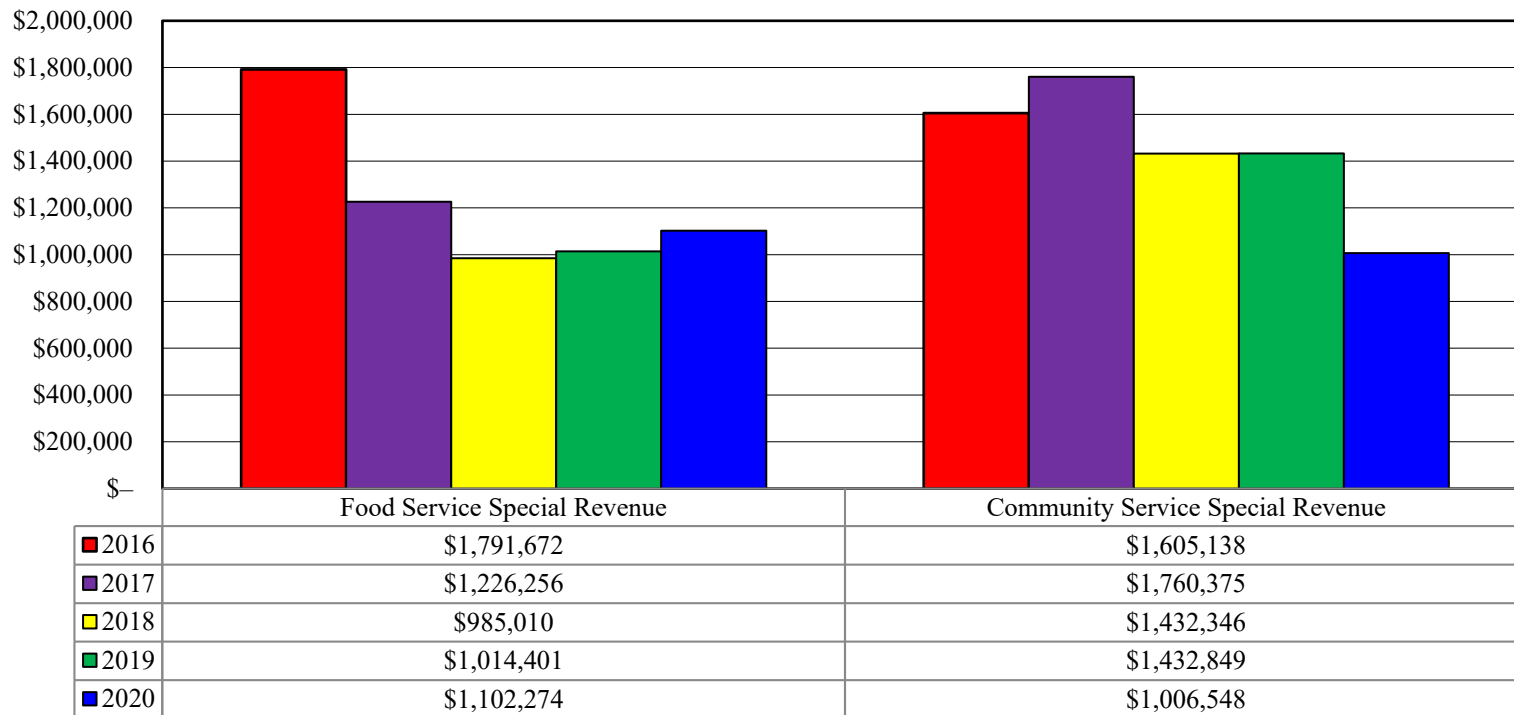
GENERAL FUND EXPENDITURES





OTHER OPERATING FUNDS FUND BALANCES

Other Operating Funds
Total Fund Balances





SELF-INSURANCE INTERNAL SERVICE FUNDS

	<u>Self-Insured Dental Benefits</u>	<u>Self-Insured Health Benefits</u>
Change in net position		
Operating revenue – contributions	\$ 1,316,412	\$ 17,506,524
Operating expenses – benefits	1,161,937	16,512,587
Operating income (loss)	154,475	993,937
Nonoperating income	10,983	13,210
Change in net position	165,458	1,007,147
Net position – Beginning of Year	1,169,438	(1,698,571)
Net position – End of Year	<u>\$ 1,334,896</u>	<u>\$ (691,424)</u>



DISTRICT-WIDE STATEMENT OF NET POSITION

	June 30,		Change
	2020	2019	
Net position – governmental activities			
Total fund balances – governmental funds	\$ 14,382,801	\$ 14,573,087	\$ (190,286)
Total capital assets, net of depreciation	306,431,953	298,428,170	8,003,783
OPEB asset, net of deferments	4,392,813	3,897,719	495,094
Bonds, certificates of participation, and capital leases	(195,044,987)	(192,403,400)	(2,641,587)
PERA and TRA pensions, net of deferments	(165,617,560)	(154,991,224)	(10,626,336)
Other adjustments	(6,564,934)	(7,142,946)	578,012
Total net position – governmental activities	<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</u>	<u>\$ (4,381,320)</u>
Net position			
Net investment in capital assets	\$ 121,514,170	\$ 116,151,974	\$ 5,362,196
Restricted	8,831,552	11,057,047	(2,225,495)
Unrestricted	(172,365,636)	(164,847,615)	(7,518,021)
Total net position	<u>\$ (42,019,914)</u>	<u>\$ (37,638,594)</u>	<u>\$ (4,381,320)</u>