



# INDEPENDENT SCHOOL DISTRICT NO. 2903

Executive Summary | June 30, 2024





# **AUDIT RESULTS AND FINDINGS**



## AUDIT OPINION

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- The District received a “clean” audit opinion
  - Unmodified opinion – financial statements are prepared using accounting principles generally accepted in the U.S. (GAAP)
  - Financial statements do not contain material misstatements and are fairly presented
- Opinion is merely the auditor’s professional opinion, based on audit work, on whether the financial statements were prepared in accordance with GAAP, free from material misstatement, and fairly presented

## AUDIT OF FEDERAL FUNDS

- All entities with federal award expenditures of \$750,000+ in a year are required to obtain an annual audit
- Single audit – considers compliance with rules and regulation of applicable federal awards
- The District received a qualified opinion on compliance for the major federal awards programs report due to the finding on the following page



During 2024, the District expended approximately \$782,000 in Federal awards.



# FINDINGS

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- **Financial Statements:**

1. Preparation of Financial Statements including Schedule of Expenditures of Federal Awards
2. Material Journal Entries
3. Segregation of Duties
4. Improper Retention of Employee Personnel Forms

- **Federal Findings:**

1. None Reported

- **Minnesota Legal Compliance:**

1. Unallowed Angel Fund Account
2. Inactive Student Activity Accounts

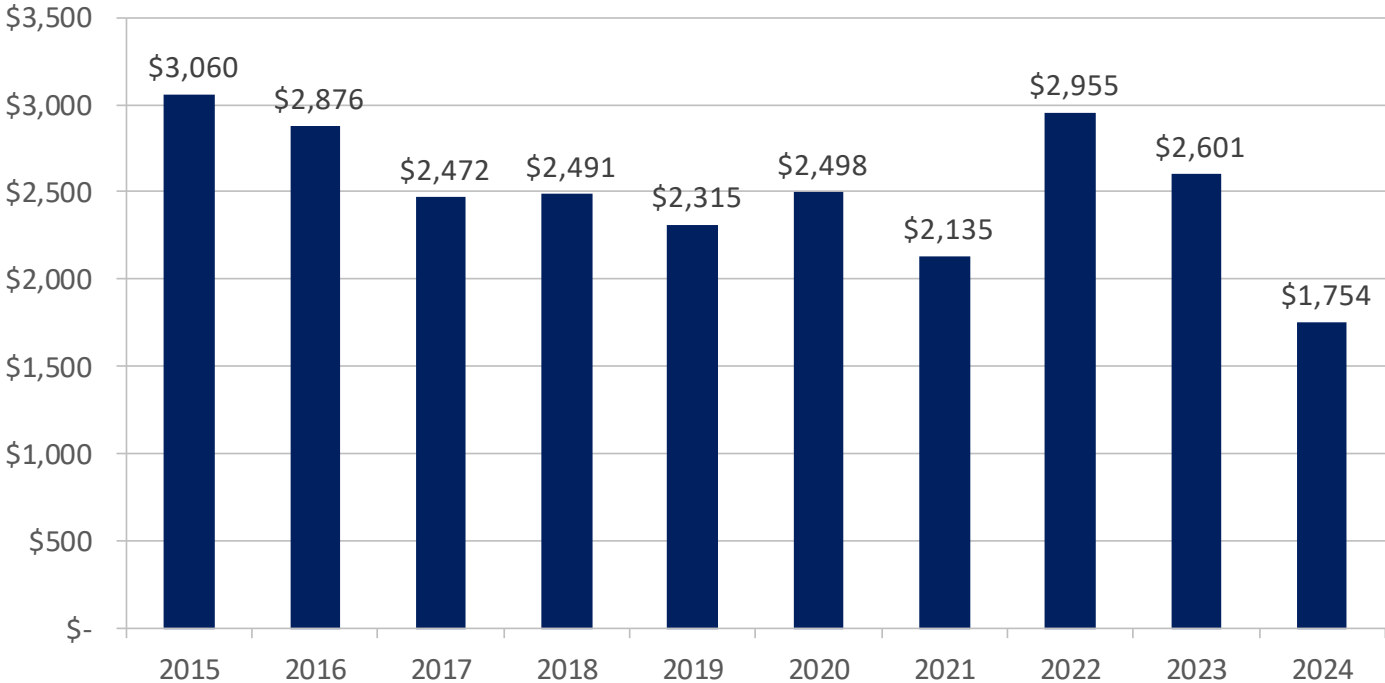




# CASH AND INVESTMENTS

# CASH/INVESTMENTS

- Most significantly affected by the state aid payments structure.
- Balances (in thousands) of the District for the past ten years:



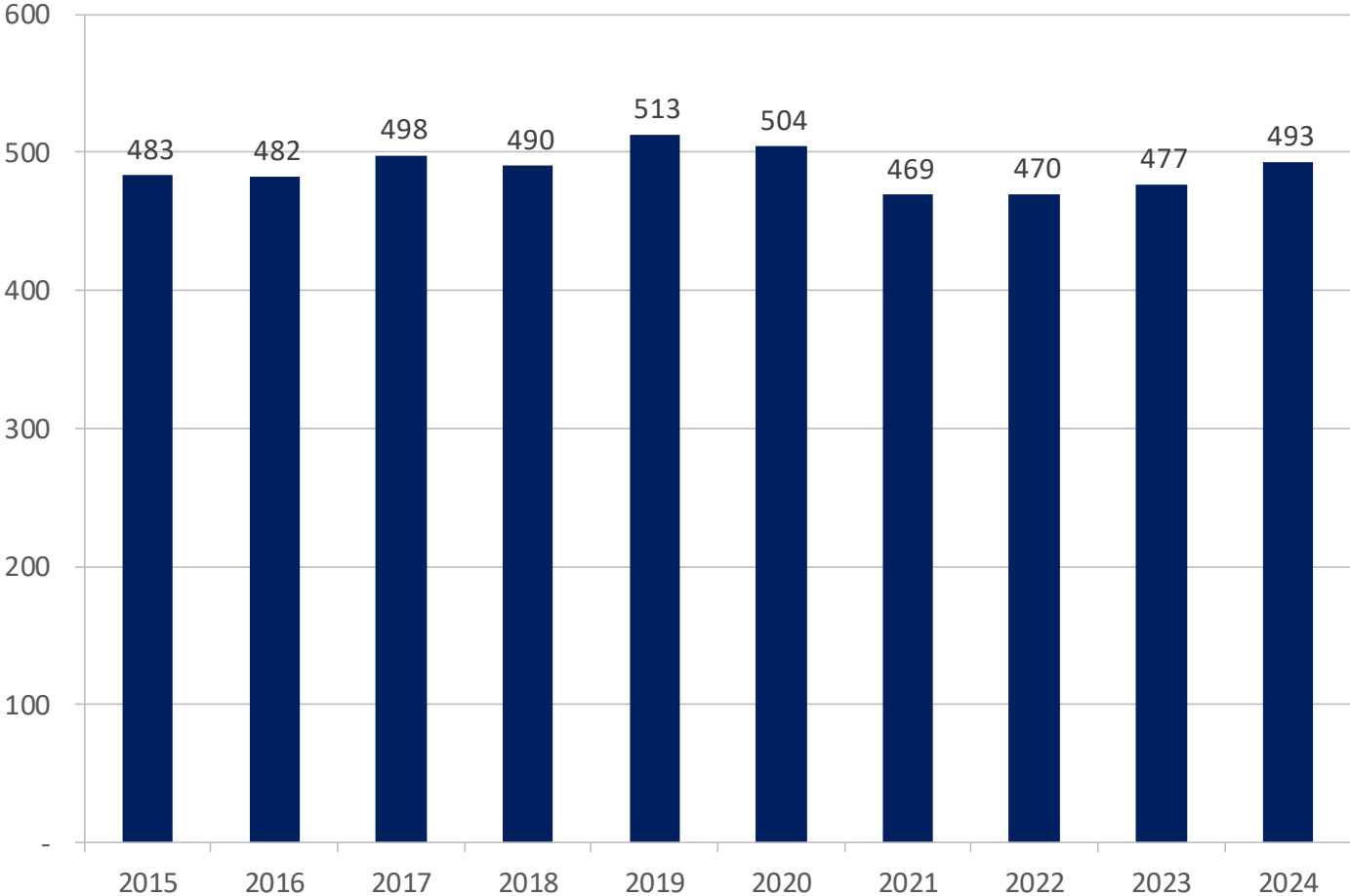
- The District paid off \$750,000 of QZAB bonds thus reducing cash during the year.





# GENERAL FUND

# ADM SERVED

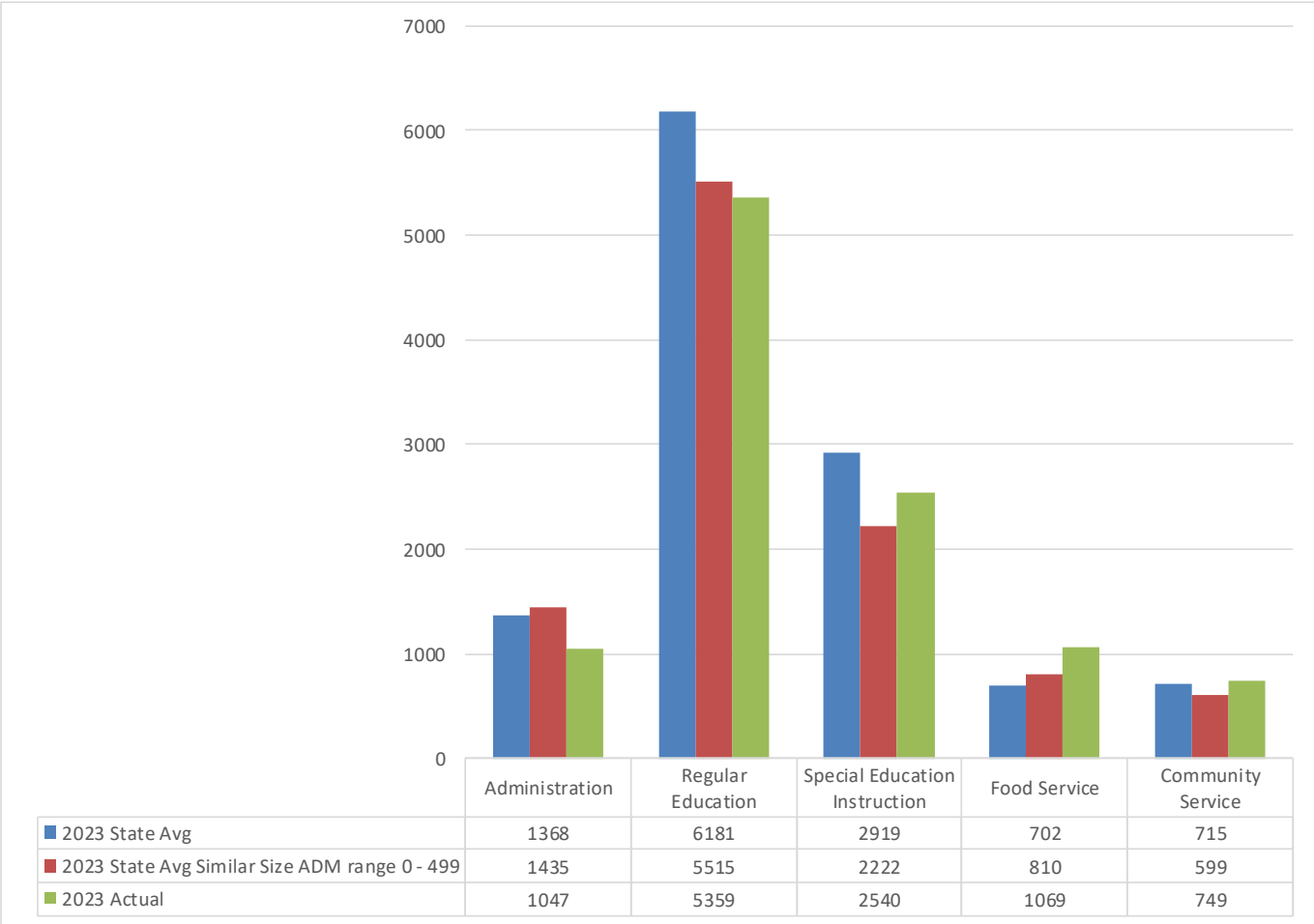


# BUDGET TO ACTUAL

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
State sources	\$ 6,389,220	\$ 6,389,220	\$ 6,623,715	\$ 234,495
Local levies	711,522	711,522	639,520	(72,002)
Federal sources	545,698	545,698	503,852	(41,846)
Other	448,139	448,139	534,429	86,290
Total revenues	<u>8,094,579</u>	<u>8,094,579</u>	<u>8,301,516</u>	<u>206,937</u>
				<b>2.56% Over</b>
<b>Expenditures</b>				
<b>Current</b>				
Regular and vocational instruction	3,399,196	3,399,196	3,476,474	(77,278)
Administration and district support services	557,672	557,672	533,748	23,924
Special education instruction	1,380,518	1,380,518	1,226,934	153,584
Instructional and pupil support services	1,252,675	1,252,675	1,049,236	203,439
Sites and buildings	902,634	902,634	1,074,537	(171,903)
Other	76,733	76,733	90,967	(14,234)
Debt service	87,224	87,224	80,346	6,878
Capital outlay	200,045	200,045	425,998	(225,953)
Total expenditures	<u>7,856,697</u>	<u>7,856,697</u>	<u>7,958,240</u>	<u>(101,543)</u>
				<b>-1% Over</b>
Excess of Revenues over Expenditures	237,882	237,882	343,276	105,394
<b>Other Financing Sources</b>				
Lease proceeds	-	-	42,850	42,850
Sale of equipment	-	-	3,372	3,372
Insurance recovery	1,000	1,000	-	(1,000)
Total other financing sources	<u>1,000</u>	<u>1,000</u>	<u>46,222</u>	<u>45,222</u>
Net Change in Fund Balance	<u>\$ 238,882</u>	<u>\$ 238,882</u>	389,498	<u>\$ 150,616</u>
Fund Balance, Beginning of Year			<u>1,344,338</u>	
Fund Balance, End of Year			<u>\$ 1,733,836</u>	



# COST PER ADM





## A POSITIVE FUND BALANCE

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- 1** Contributes to a favorable bond rating
- 2** Produces investment income and provides a source of working capital to meet cash flow needs
- 3** Offers a cushion for unexpected expenditures or revenue shortfalls

# FUND BALANCE CATEGORIES

## Nonspendable

Represents amounts that cannot be spent

Not in spendable form

Inventory, prepaid expenses

## Restricted

Legally restricted by outside parties

Cannot be appropriated for other spending

## Committed

Intended for a specific activity

Imposed by formal action of the school board but is not legally restricted

## Assigned

Intended for a specific activity by school board or designated individuals

Not legally restricted

## Unassigned

Reserves

“Rainy day” fund

# CHANGES IN UFARS FUND BALANCES

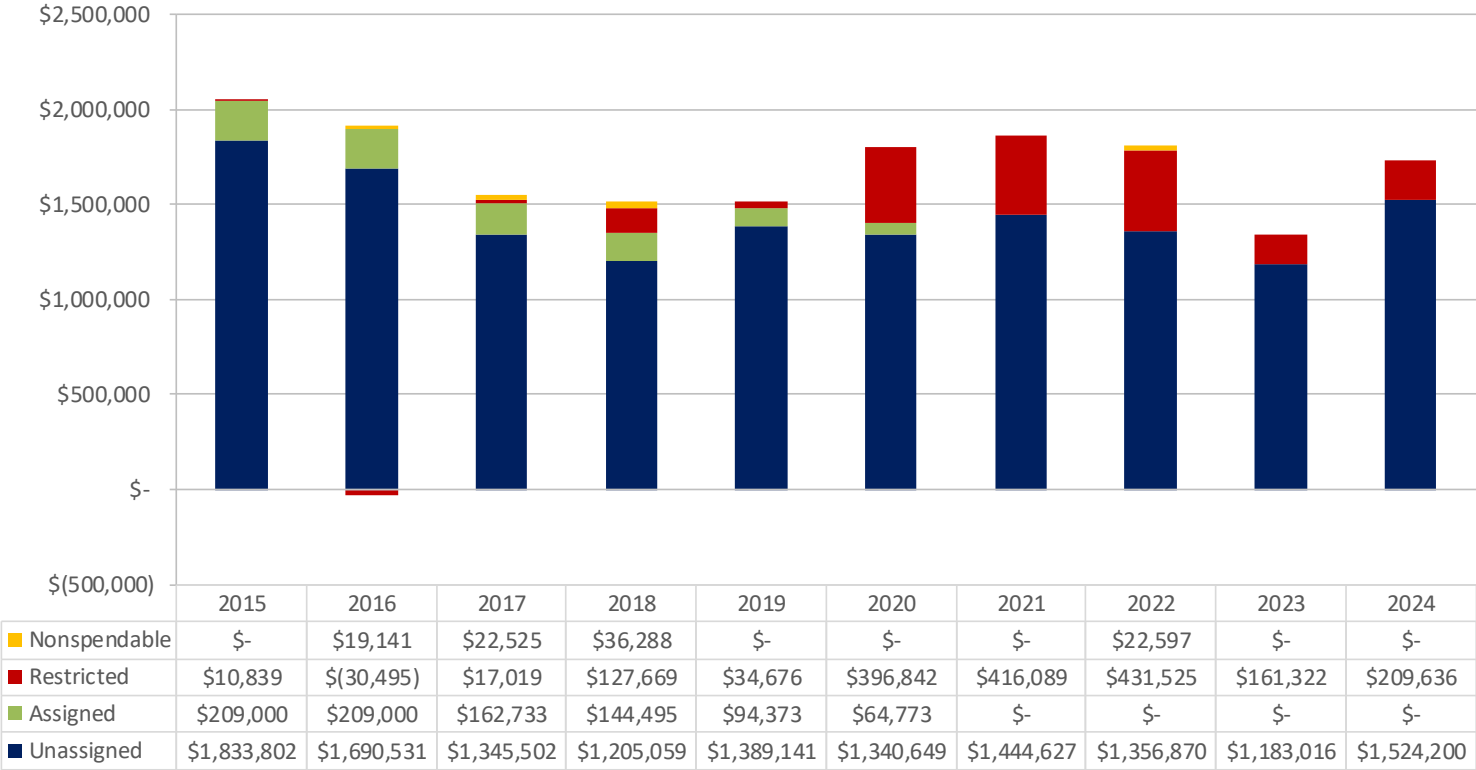
- Fund Balance: cumulative difference between fund assets and fund liabilities

	Fund Balance (Deficit) Beginning of Year	Net Change in Fund Balance	Fund Balance (Deficit) End of Year
Restricted for student activities	\$ 70,577	\$ (3,074)	\$ 67,503
Restricted for scholarships	154,150	(8,481)	145,669
Restricted for staff development	28,645	37,051	65,696
Restricted for literacy incentive aid	-	26,520	26,520
Restricted for learning and development	-	2,937	2,937
Restricted for gifted and talented	346	349	695
Restricted for basic skills programs	-	56,790	56,790
Restricted for school library aid	-	40,000	40,000
Restricted for safe schools levy	26,978	(27,668)	(690)
Restricted for long term facilities maintenance	(170,665)	(126,016)	(296,681)
Restricted for student support personnel	-	35,364	35,364
Restricted for medical assistance	51,291	14,542	65,833
Unassigned	<u>1,183,016</u>	<u>341,184</u>	<u>1,524,200</u>
	<u>\$ 1,344,338</u>	<u>\$ 389,498</u>	<u>\$ 1,733,836</u>



# TOTAL FUND BALANCES

- Total fund balances of the General Fund for the past 10 years:

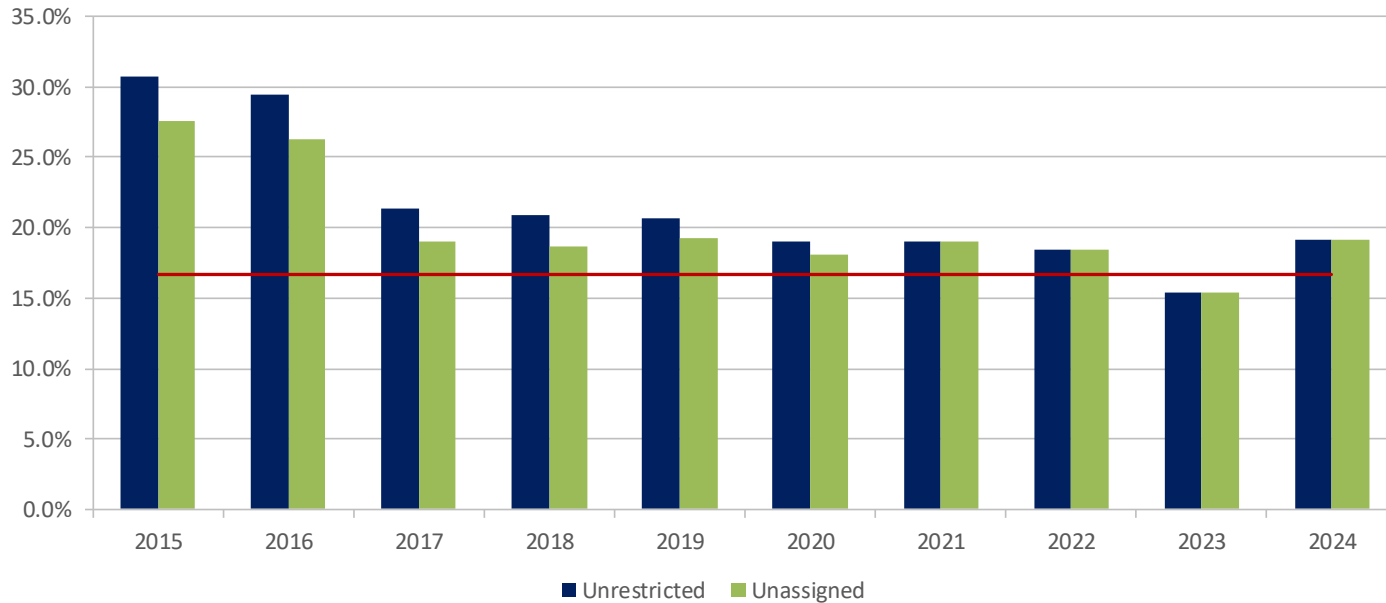


# RECOMMENDATIONS REGARDING FUND BALANCES

- **The District's Policy:** strive to maintain a minimum unassigned fund balance in an amount that shall be no less than 2 months of operating expenses based on prior year's audit (17%). For the current year that target amount is \$1.35 million.
- **Government Finance Officers Association (GFOA):** recommends, at a minimum, that governments maintain unrestricted fund balances in their general fund of no less than two months (16.67%) of regular general fund expenditures. For the current year that target amount is approximately \$1.3 million.

# UNRESTRICTED AND UNASSIGNED FUND BALANCE

- The District's unrestricted fund balance and unassigned fund balance as a percentage of expenditures in the General Fund for the last 10 years:



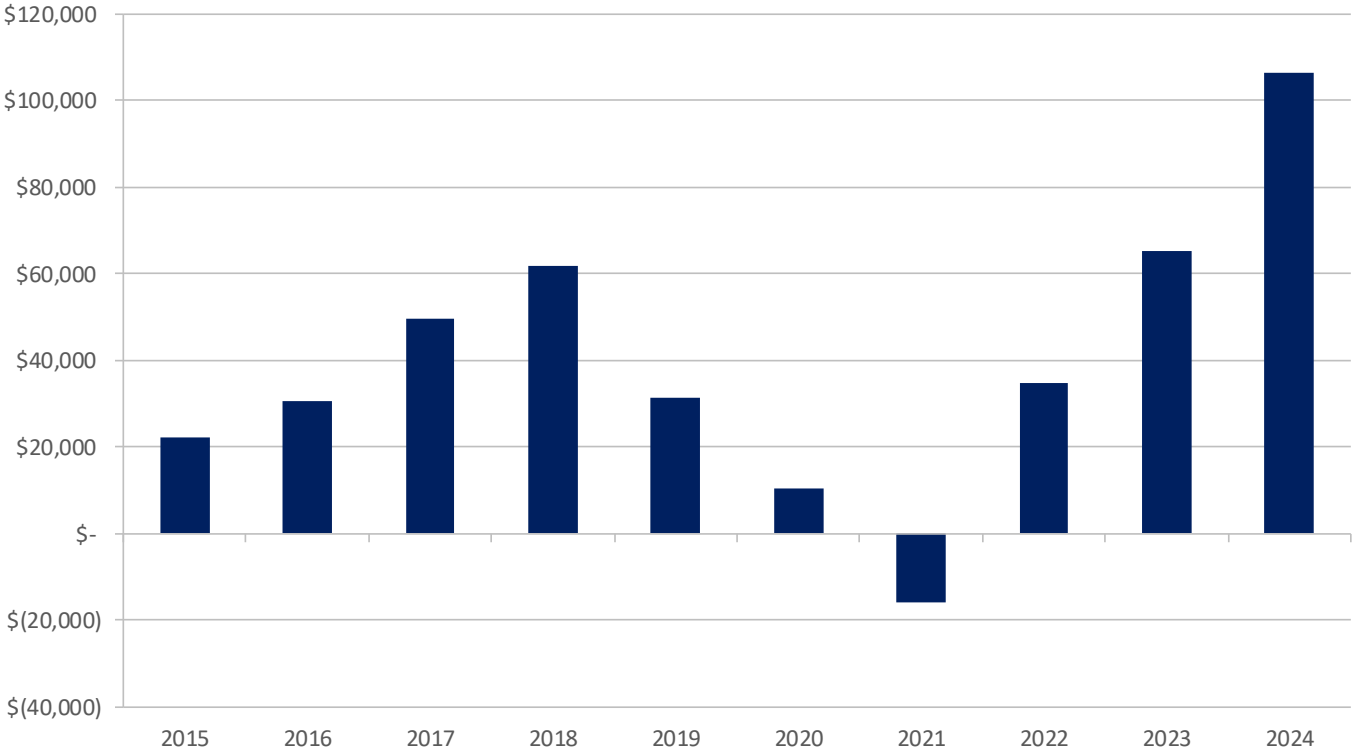
- The maroon line indicates the District's fund balance policy of maintaining an unassigned fund balance of 17% of expenditures.



# OTHER FUNDS

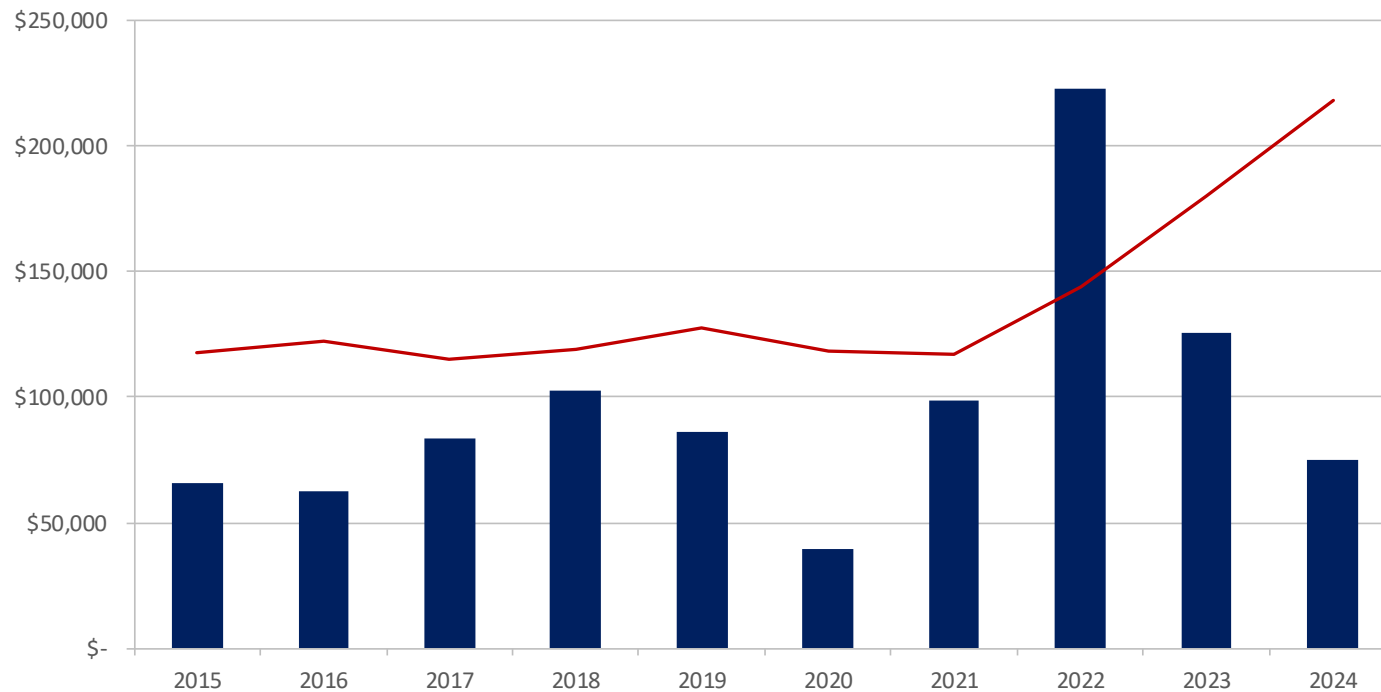
# YEAR-END FUND BALANCE – COMMUNITY SERVICE FUND

- Positive fund balance indicates that revenues of the community service programs are sufficient to cover the expenditures of the programs.



# YEAR-END FUND BALANCE – FOOD SERVICE FUND

- Positive fund balance indicates that revenues of the food service program are sufficient to cover the expenditures of the program.



*The maroon line indicates the maximum allowable fund balance of three months expenditures.*



# QUESTIONS?

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**THANK YOU**

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