



Independent School District No. 150

Executive Summary – June 30, 2025



Audit Results and Findings



Audit Opinion

- 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

Findings

- **Financial Statements:**
 1. Preparation of Financial Statements
 2. Material Journal Entries
 3. Segregation of Duties
- **Minnesota Legal Compliance:**
 1. None reported



GASB 101 Implementation

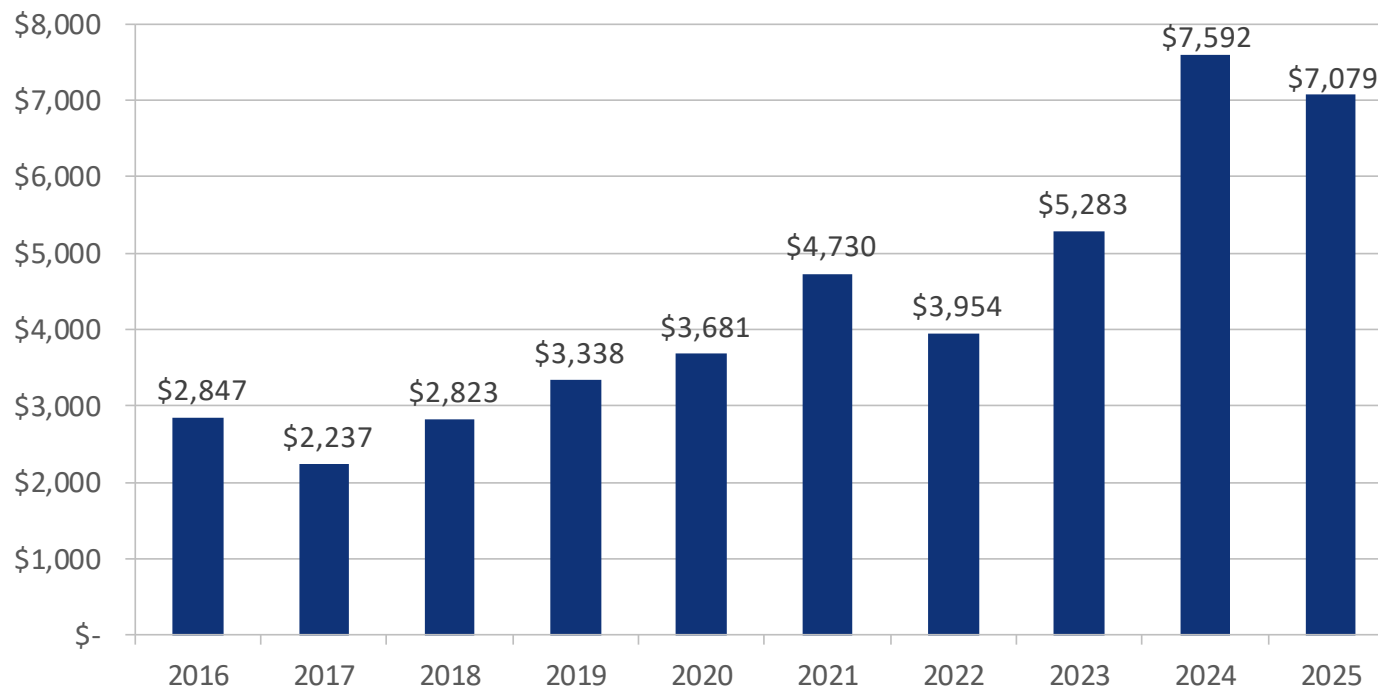
- Required for reporting periods ending June 30, 2025
- Modernizes the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability.

As a result of implementing this accounting standard, liabilities on July 1, 2024, increased by approximately \$1.4 million

Cash and Investments

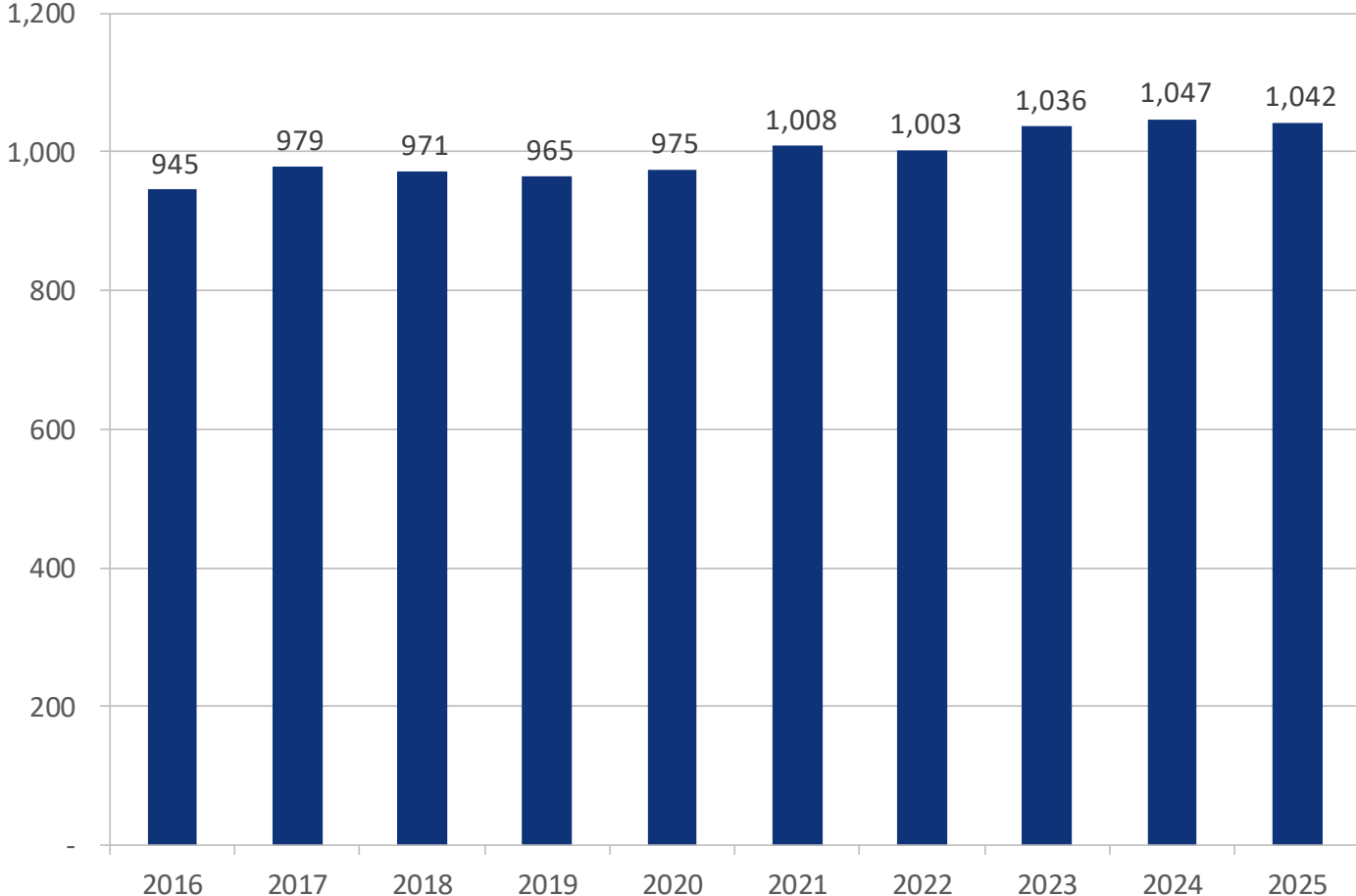
Cash/Investments

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



General Fund

ADM Served



Budget to Actual

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
State sources	\$ 11,119,370	\$ 11,091,080	\$ 11,075,312	\$ (15,768)
Local levies	1,553,424	1,541,579	1,577,523	35,944
Federal sources	97,500	97,431	103,365	5,934
Other	763,858	902,589	1,145,913	243,324
Total revenues	<u>13,534,152</u>	<u>13,632,679</u>	<u>13,902,113</u>	<u>269,434</u>
				2% Over
Expenditures				
Current				
Regular and vocational instruction	7,056,271	7,403,419	7,817,445	(414,026)
Administration and district support services	1,207,333	1,229,469	1,162,951	66,518
Special education instruction	1,587,543	1,513,650	1,552,457	(38,807)
Instructional and pupil support services	1,504,366	1,540,955	1,171,449	369,506
Sites and buildings	2,216,509	2,247,309	1,447,884	799,425
Other	177,000	199,343	113,435	85,908
Debt service	125,000	134,016	170,394	(36,378)
Capital outlay	134,423	214,013	1,361,922	(1,147,909)
Total expenditures	<u>14,008,445</u>	<u>14,482,174</u>	<u>14,797,937</u>	<u>(315,763)</u>
				2% Over
Deficiency of Revenues under Expenditures	(474,293)	(849,495)	(895,824)	(46,329)
Other Financing Sources (Uses) Leases (as lessee)	<u>-</u>	<u>-</u>	<u>254,504</u>	<u>254,504</u>
Net Change in Fund Balance	<u>\$ (474,293)</u>	<u>\$ (849,495)</u>	(641,320)	<u>\$ 208,175</u>
Fund Balance, Beginning of Year			5,086,151	
Fund Balance, End of Year			<u>\$ 4,444,831</u>	

A Positive Fund Balance

- 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

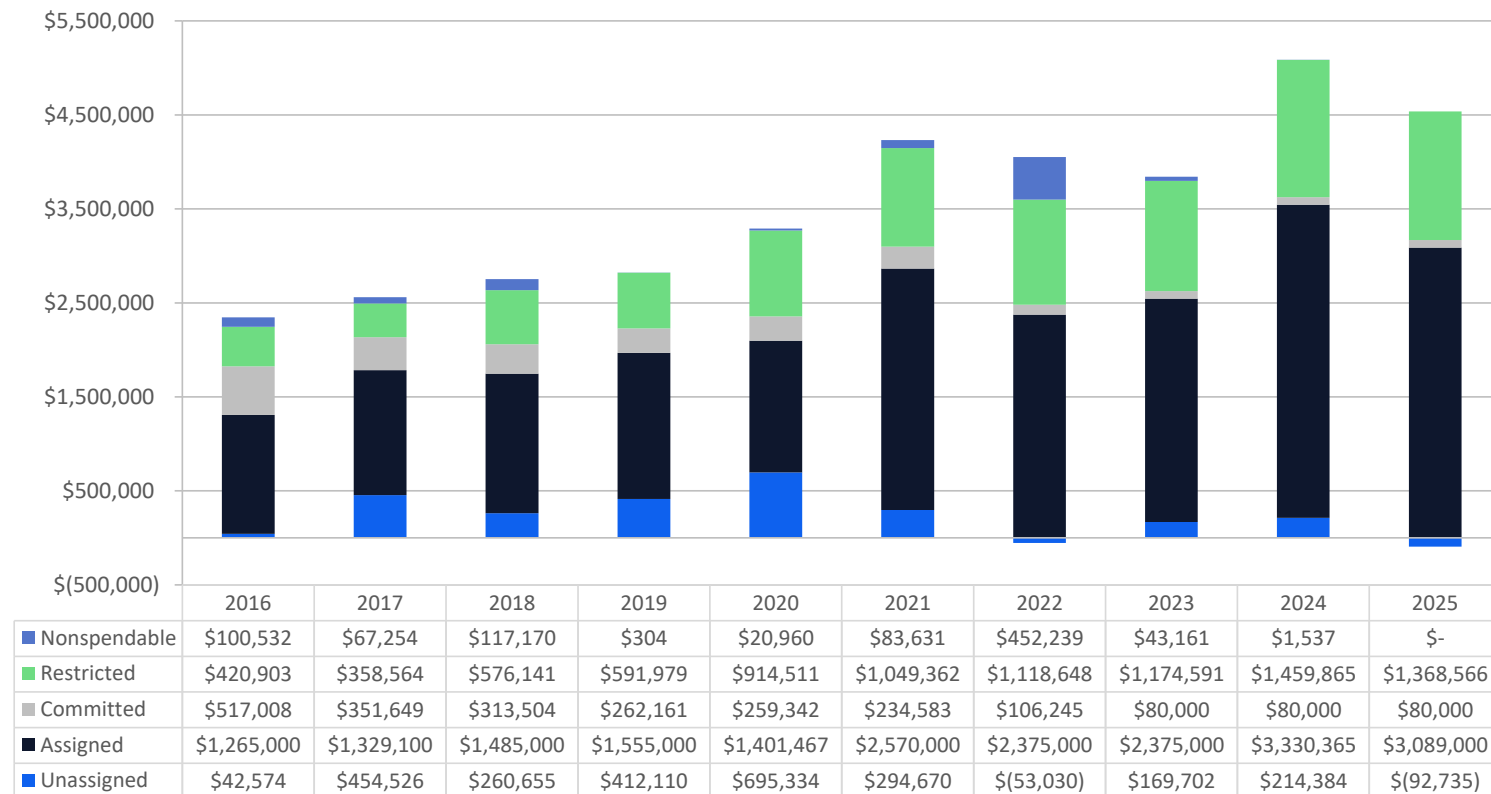
Changes in UFARS Fund Balances

- 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
Nonspendable	\$ 1,537	\$ (1,537)	\$ -
Restricted for student activities	163,133	(8,545)	154,588
Restricted for literacy incentive aid	60,222	(5,650)	54,572
Restricted for operating capital	430	(430)	-
Restricted for safe schools levy	(292,817)	-	(292,817)
Restricted for literacy aid	-	42,416	42,416
Restricted for teacher compensation READ Act	-	11,392	11,392
Restricted for long term facilities maintenance	1,391,734	(94,075)	1,297,659
Restricted for medical assistance	137,165	(36,409)	100,756
Committed for severance	80,000	-	80,000
Assigned	3,330,365	(241,365)	3,089,000
Unassigned	214,384	(307,119)	(92,735)
	<u>\$ 5,086,153</u>	<u>\$ (641,322)</u>	<u>\$ 4,444,831</u>

Total Fund Balances

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

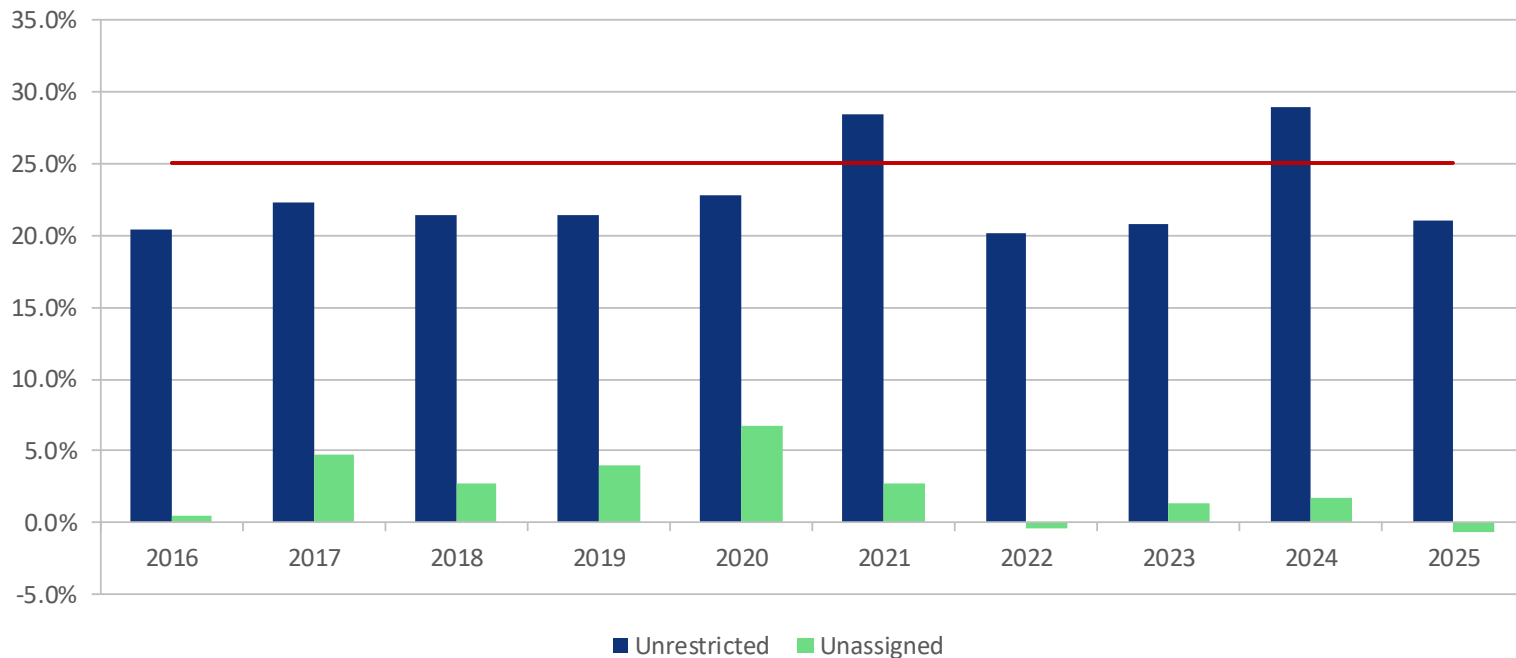


Recommendations Regarding Fund Balances

- **The District's Policy:** strive to maintain a minimum unassigned fund balance of three months of operating expenditures (25% of annual expenditures). For the current year that target amount is approximately \$3.7 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 \$2.5 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:

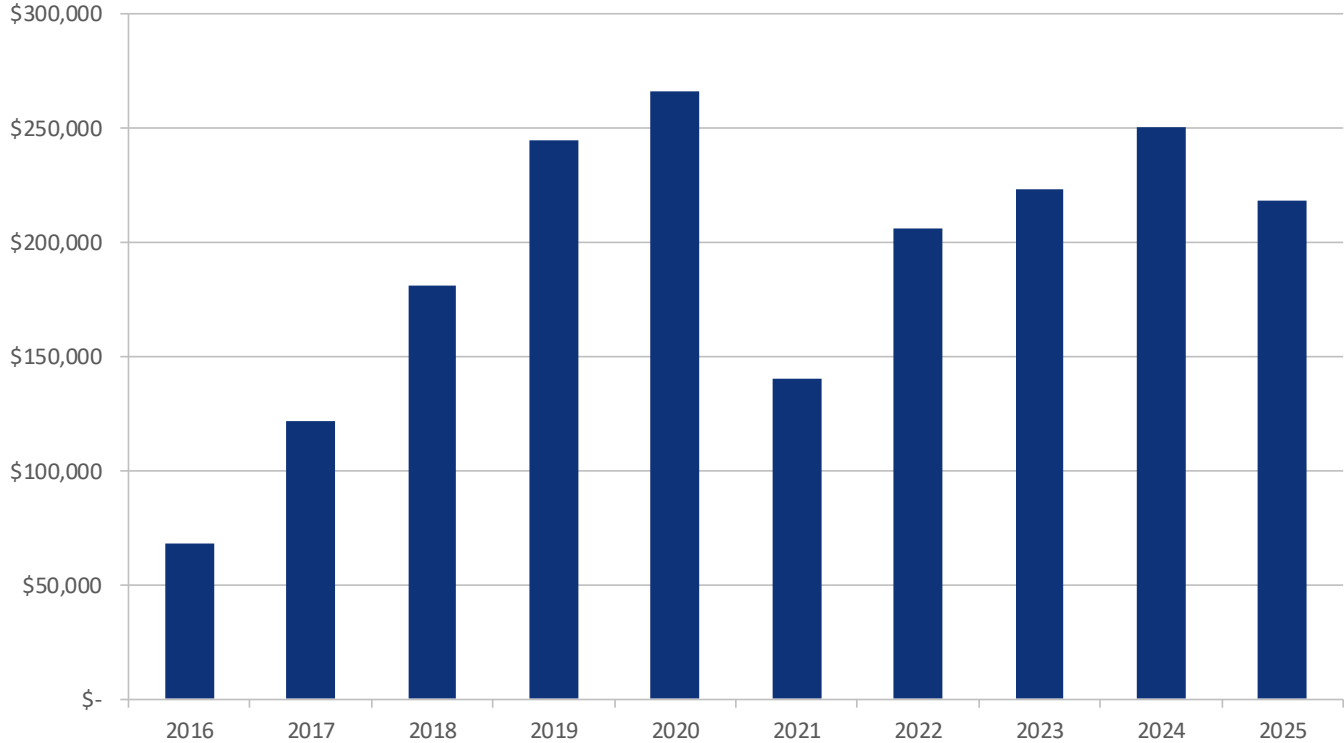


The red line indicate the District's fund balance policy of maintaining an unassigned fund balance of 25% of expenditures.

Other Funds

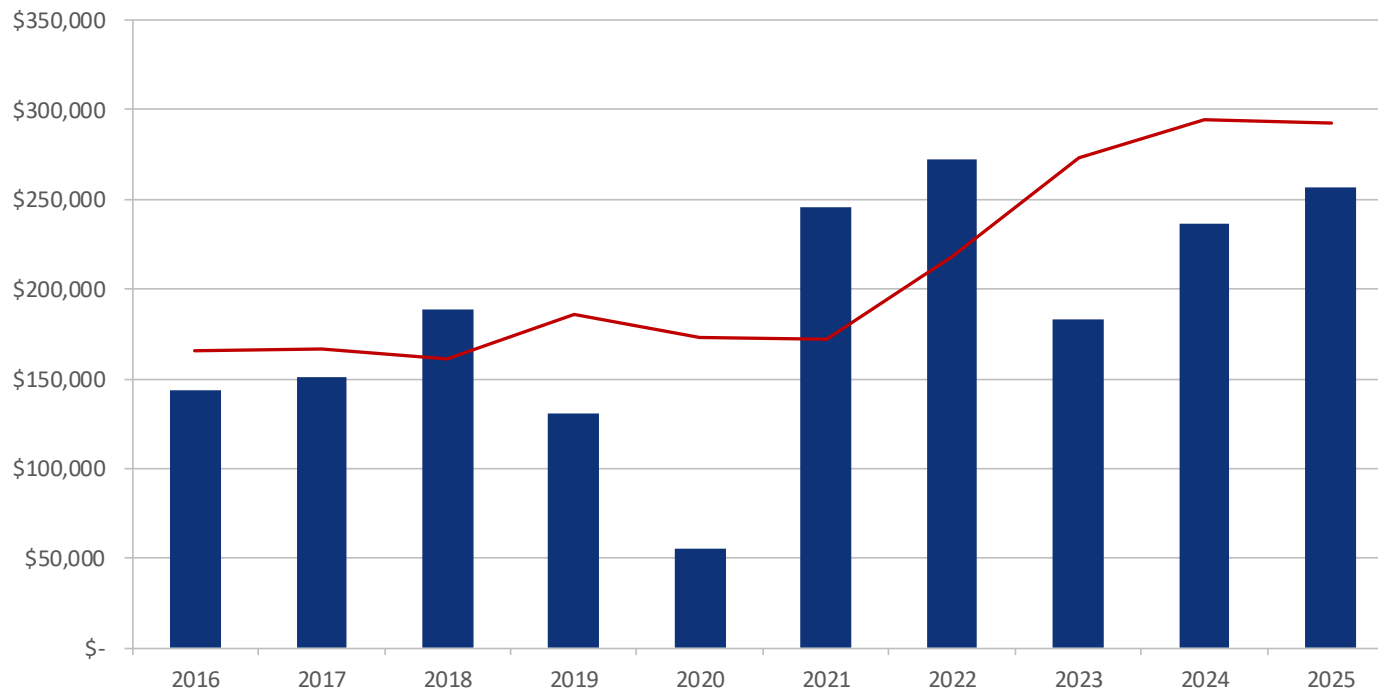
Year-End Fund Balance – Community Service Fund

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

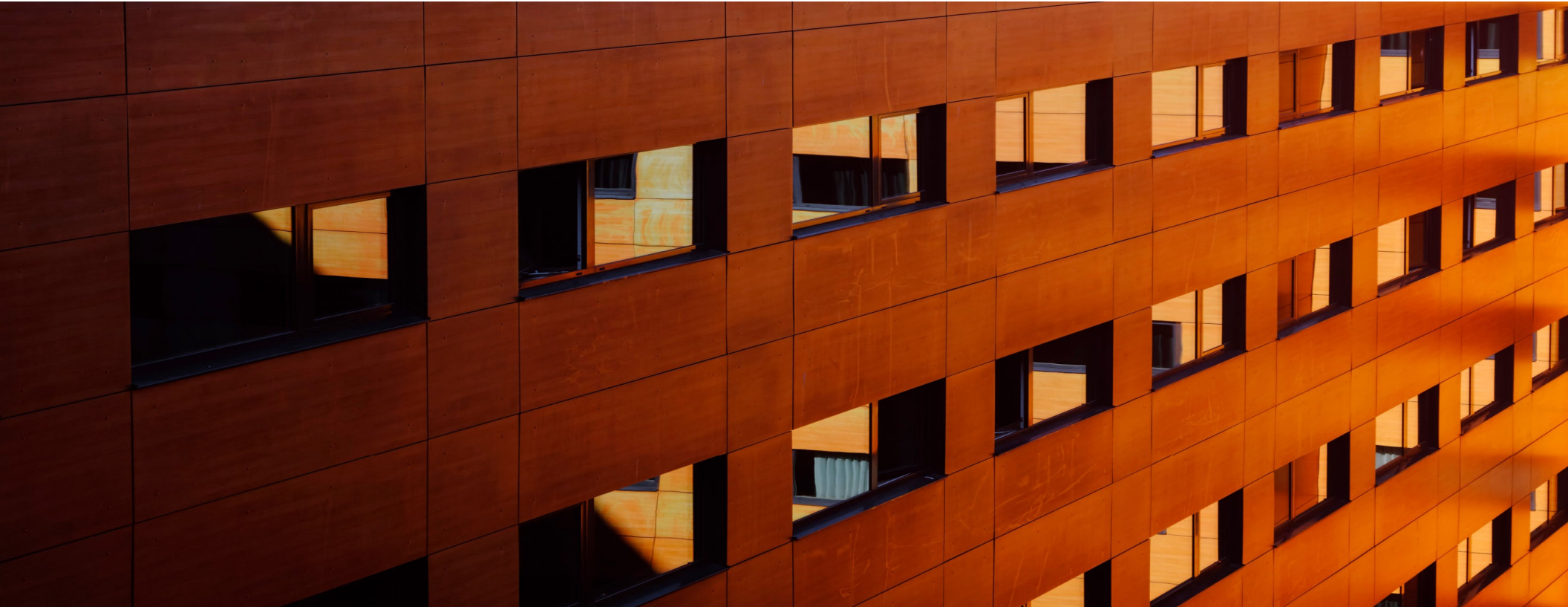


Year-End Fund Balance – Food Service Fund

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



The red line indicates the maximum allowable fund balance of three months expenditures



Questions?

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Thank You!

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