

Appendix A



INDEPENDENT SCHOOL DISTRICT NO. 2752

Executive Summary - June 30, 2023





AUDIT RESULTS

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



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 an unmodified opinion on compliance for the major federal awards programs report



During 2023, the District expended approximately \$3.2m in Federal awards.



AUDIT FINDINGS

FINDINGS

Financial Statements:

1. Preparation of Financial Statements

Federal Awards:

1. None

Minnesota Legal Compliance:

1. None



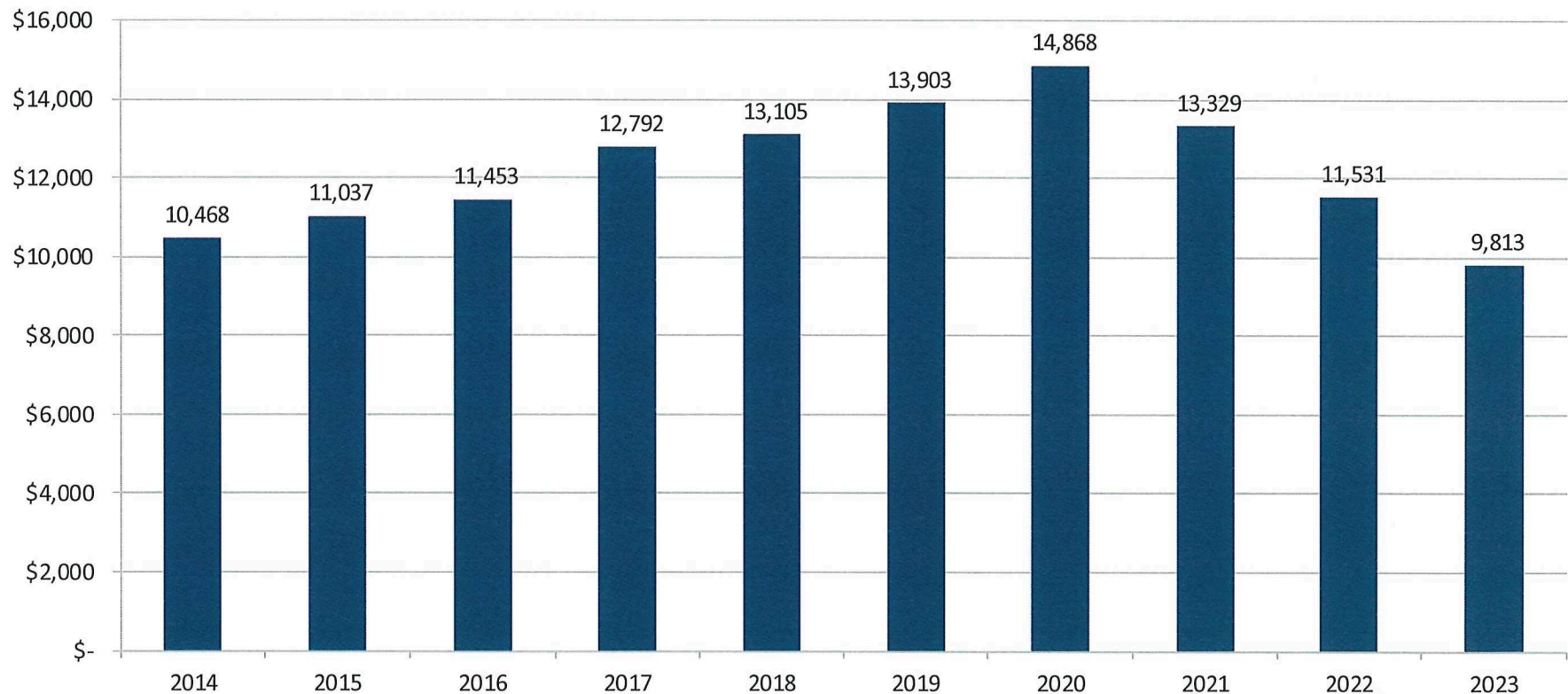


CASH AND INVESTMENTS

CASH/INVESTMENTS

Most significantly affected by the state aid payments structure.

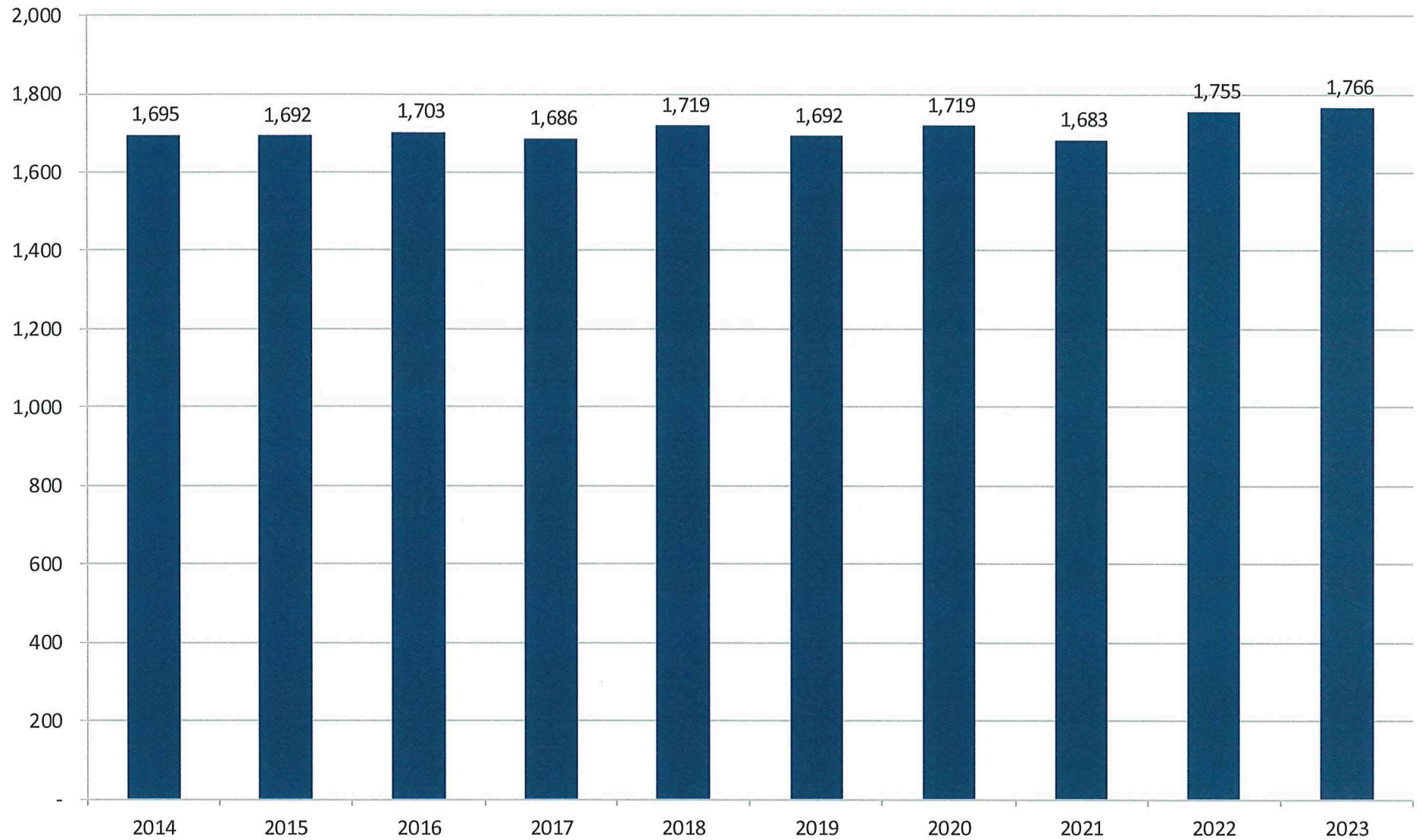
Balances (in thousands) of the District (excluding capital projects cash) for the past ten years:





GENERAL FUND

ADM SERVED

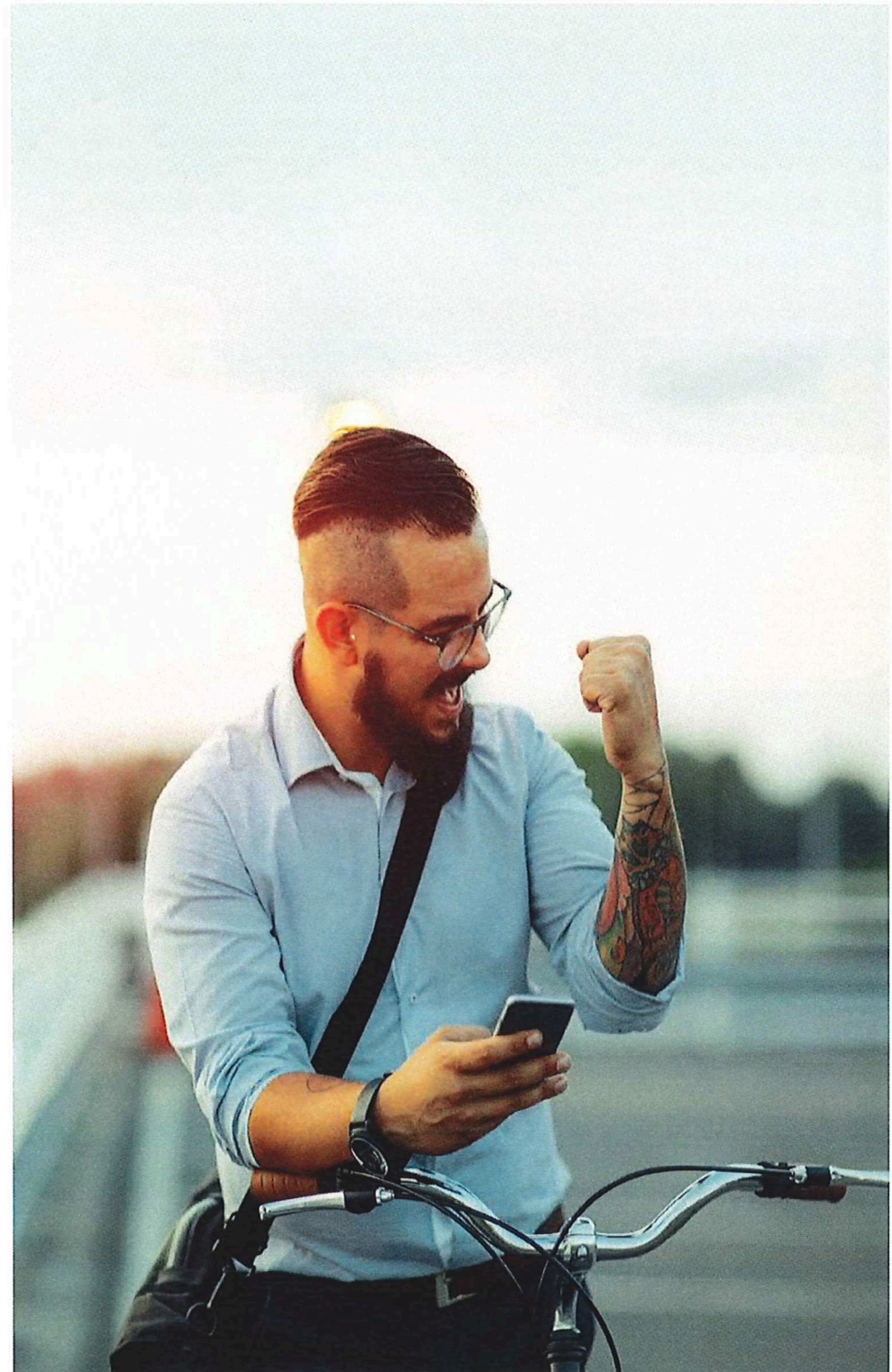


BUDGET TO ACTUAL

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Local levies	\$ 3,187,721	\$ 3,187,721	\$ 3,107,418	\$ (80,303)
State sources	18,545,980	18,545,980	19,409,947	863,967
Federal sources	2,281,192	2,743,073	2,176,417	(566,656)
Other local and county sources	739,086	759,586	993,298	233,712
Total revenues	<u>24,753,979</u>	<u>25,236,360</u>	<u>25,687,080</u>	<u>450,720</u>
				1.8%
				Positive
Expenditures				
Current				
Administration	1,764,234	1,793,634	1,807,572	(13,938)
District support services	583,153	604,637	588,038	16,599
Regular instruction	11,275,101	11,302,594	11,556,281	(253,687)
Vocational education instruction	610,288	610,288	723,636	(113,348)
Special education instruction	3,516,769	3,516,889	3,332,056	184,833
Instructional support services	839,245	1,041,302	1,468,676	(427,374)
Pupil support services	2,528,739	2,530,189	2,535,647	(5,458)
Sites and buildings	2,275,458	2,711,778	2,946,906	(235,128)
Fiscal and other fixed cost programs	132,000	132,000	139,115	(7,115)
Debt Service				
Principal	-	-	15,861	(15,861)
Interest and fiscal charges	-	-	4,074	(4,074)
Capital outlay				
District support services	45,428	45,428	148,507	(103,079)
Regular instruction	609,518	609,518	456,299	153,219
Vocational education instruction	15,000	70,000	74,255	(4,255)
Special education instruction	300,569	300,569	307,505	(6,936)
Instructional support services	15,000	15,000	14,385	615
Pupil support services	-	-	8,115	(8,115)
Sites and buildings	275,747	436,747	371,593	65,154
Total expenditures	<u>24,786,249</u>	<u>25,720,573</u>	<u>26,498,521</u>	<u>(777,948)</u>
				-3.0%
				Negative
Revenues Over (Under) Expenditures	(32,270)	(484,213)	(811,441)	(327,228)
Other Financing Sources	-	-	108,999	108,999
Net Change in Fund Balance	<u>\$ (32,270)</u>	<u>\$ (484,213)</u>	<u>(702,442)</u>	<u>\$ (218,229)</u>
Fund Balance, Beginning of Year			<u>7,761,730</u>	
Fund Balance, End of Year			<u>\$ 7,059,288</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

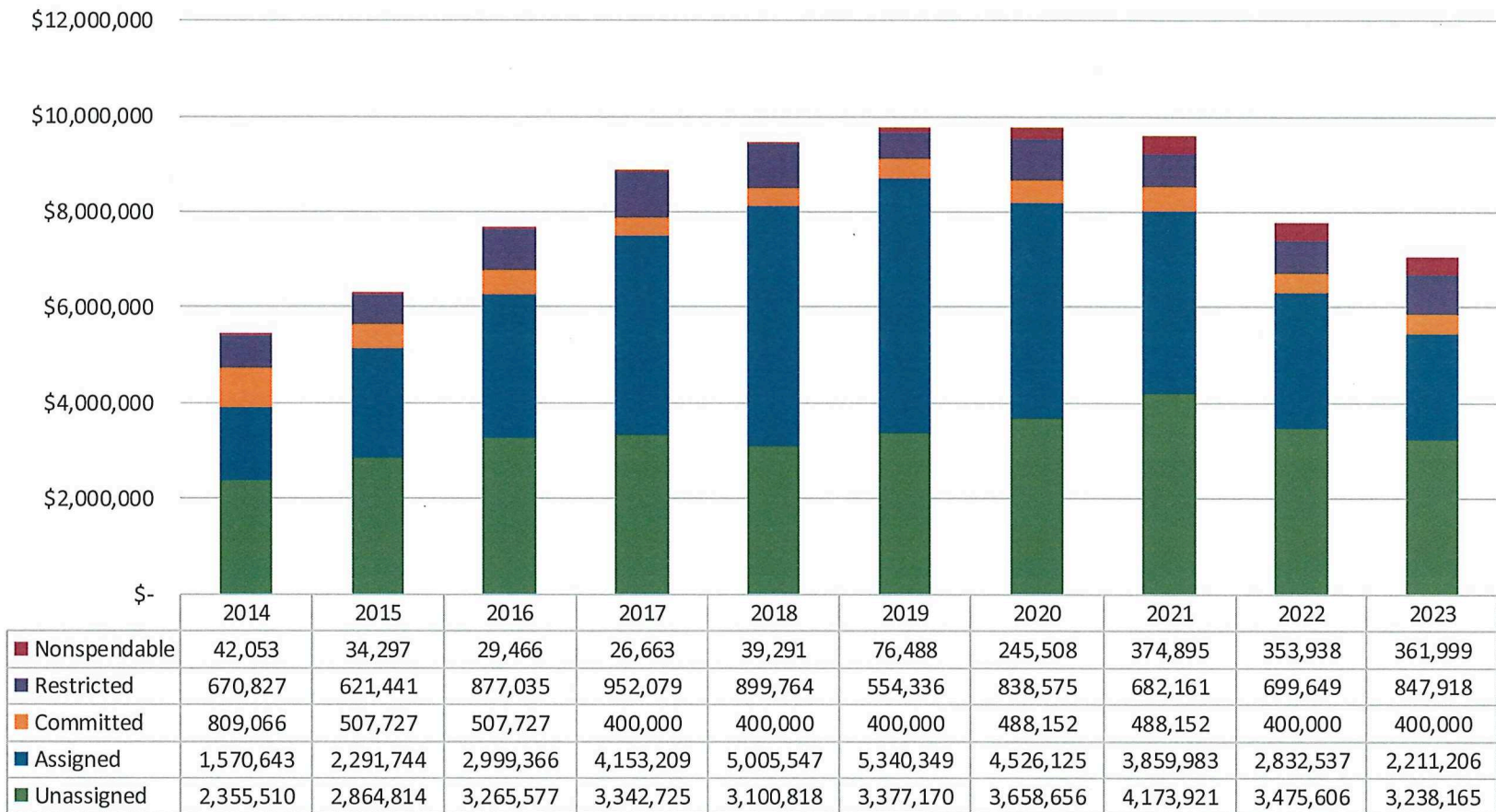
CHANGES IN FUND BALANCES

UFARS General Fund Balance: cumulative difference between fund assets and fund liabilities

	Fund Balance Beginning of Year	Net Change in Fund Balance	Fund Balance End of Year
Nonspendable	\$ 353,938	\$ 8,061	\$ 361,999
Restricted for student activities	103,763	3,378	107,141
Restricted for operating capital	315,896	(159,375)	156,521
Restricted for basic skills	18,901	(18,901)	-
Restricted for safe schools	23,279	(17,106)	6,173
Restricted for long term facilities maintenance	237,810	89,296	327,106
Restricted for medical assistance	-	250,977	250,977
Committed for retirement / separation benefits	400,000	-	400,000
Assigned for literacy	101,940	(16,797)	85,143
Assigned for classroom technology	367,321	(45,358)	321,963
Assigned for curriculum	513,012	(322,781)	190,231
Assigned for wellness	19,874	(3,242)	16,632
Assigned for Q-Comp	48,790	52,097	100,887
Assigned for staff development	200,598	-	200,598
Assigned for fine arts	284,359	(7,155)	277,204
Assigned for summer/Saturday	134,290	-	134,290
Assigned for vocational	400,001	(56,321)	343,680
Assigned for district technology	206,101	(105,758)	100,343
Assigned for equipment	200,630	(98,743)	101,887
Assigned for enrollment growth programs	43,548	(2,150)	41,398
Assigned for STEM innovation grants	272,073	(1,965)	270,108
Assigned for graduate classes	40,000	(13,158)	26,842
Unassigned	3,475,606	(237,441)	3,238,165
	<u>\$ 7,761,730</u>	<u>\$ (702,442)</u>	<u>\$ 7,059,288</u>

TOTAL FUND BALANCES

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



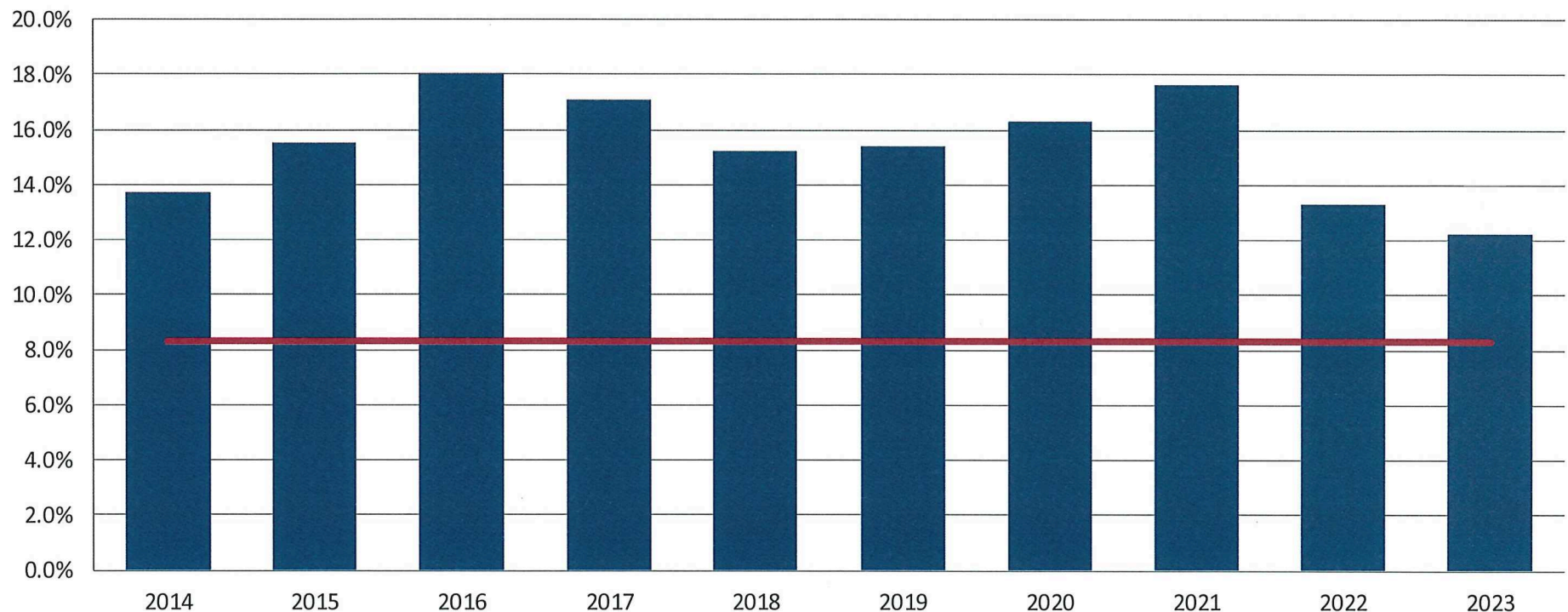
RECOMMENDATIONS REGARDING FUND BALANCES

The District's Policy: strive to maintain a minimum general fund unassigned fund balance in an amount that shall be no less than one month of operating expenditures (8.33% of the annual budget). For the current year that target amount is \$2.2 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 \$4.4 million

UNASSIGNED FUND BALANCE

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



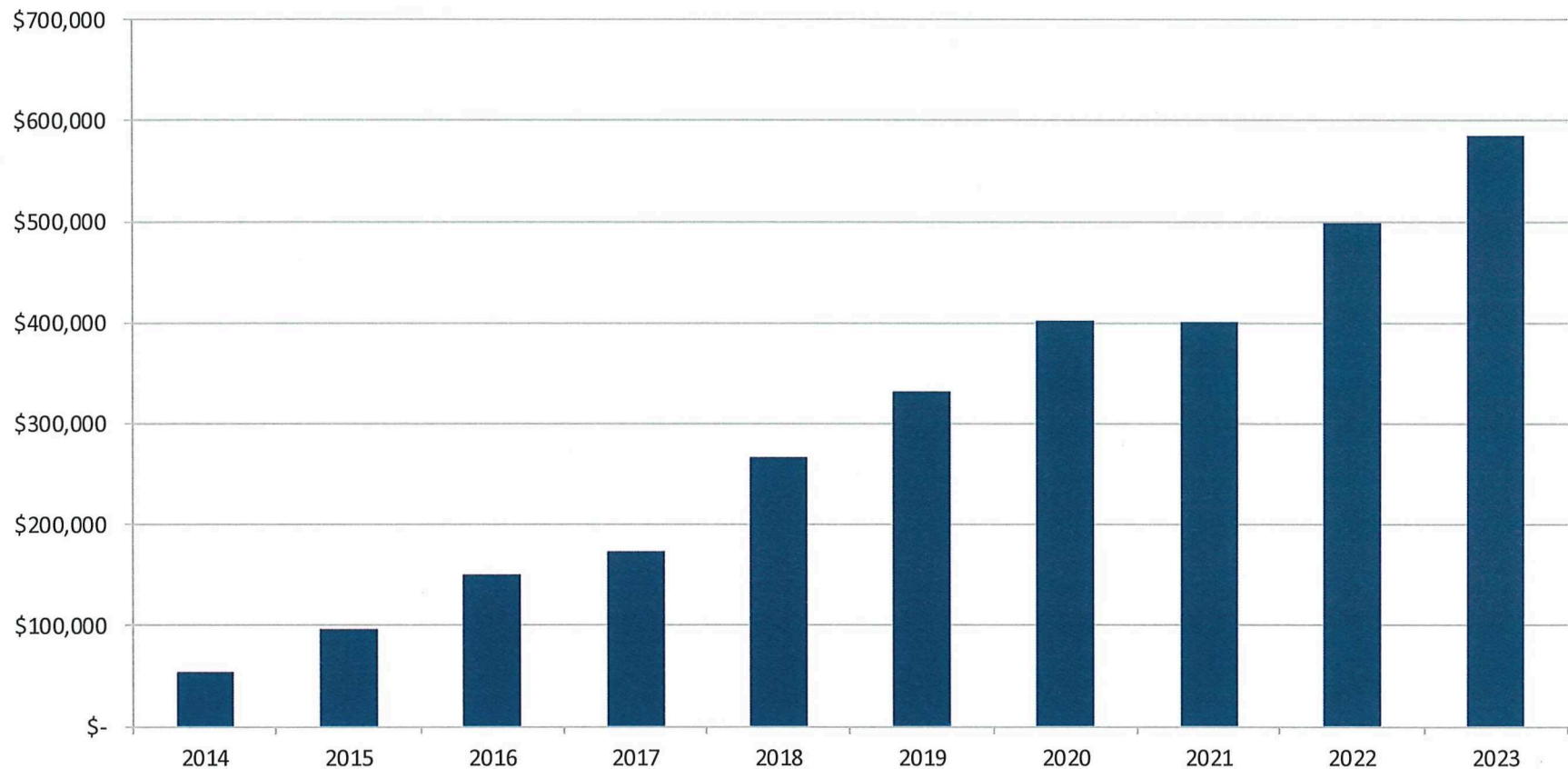
The maroon line indicates the District's fund balance policy of maintaining a minimum unassigned fund balance of 8.33% of expenditures



OTHER FUNDS

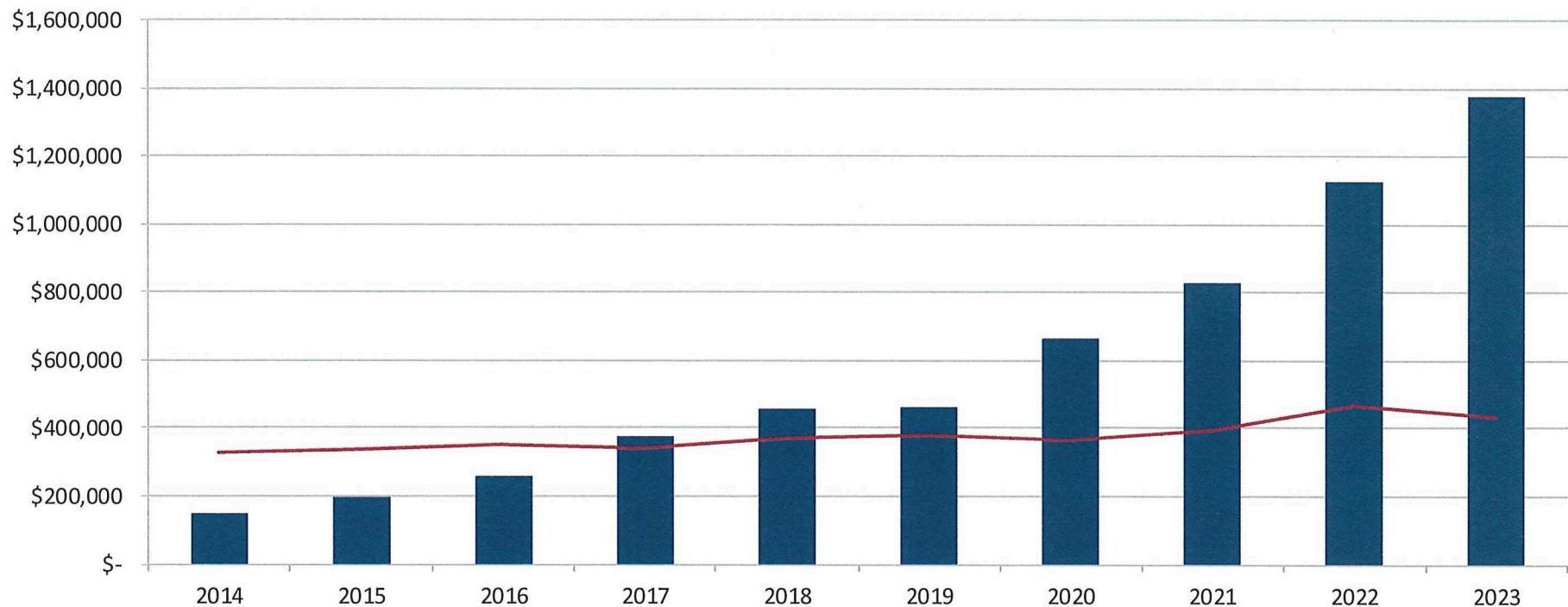
YEAR-END FUND BALANCE – COMMUNITY SERVICE FUND

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

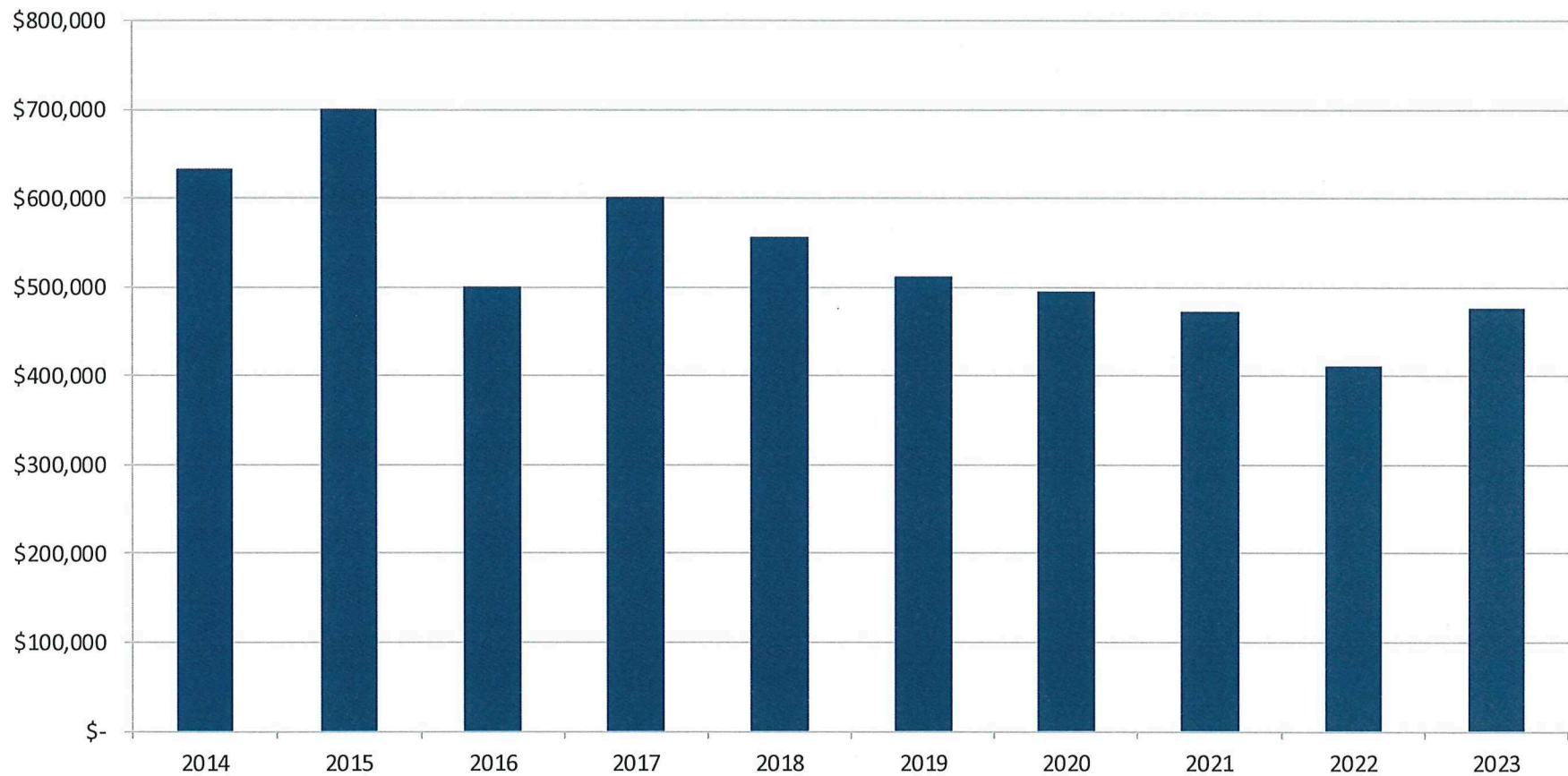
Positive fund balance indicates that revenues of the food service program are sufficient to cover the expenditures of the program.



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

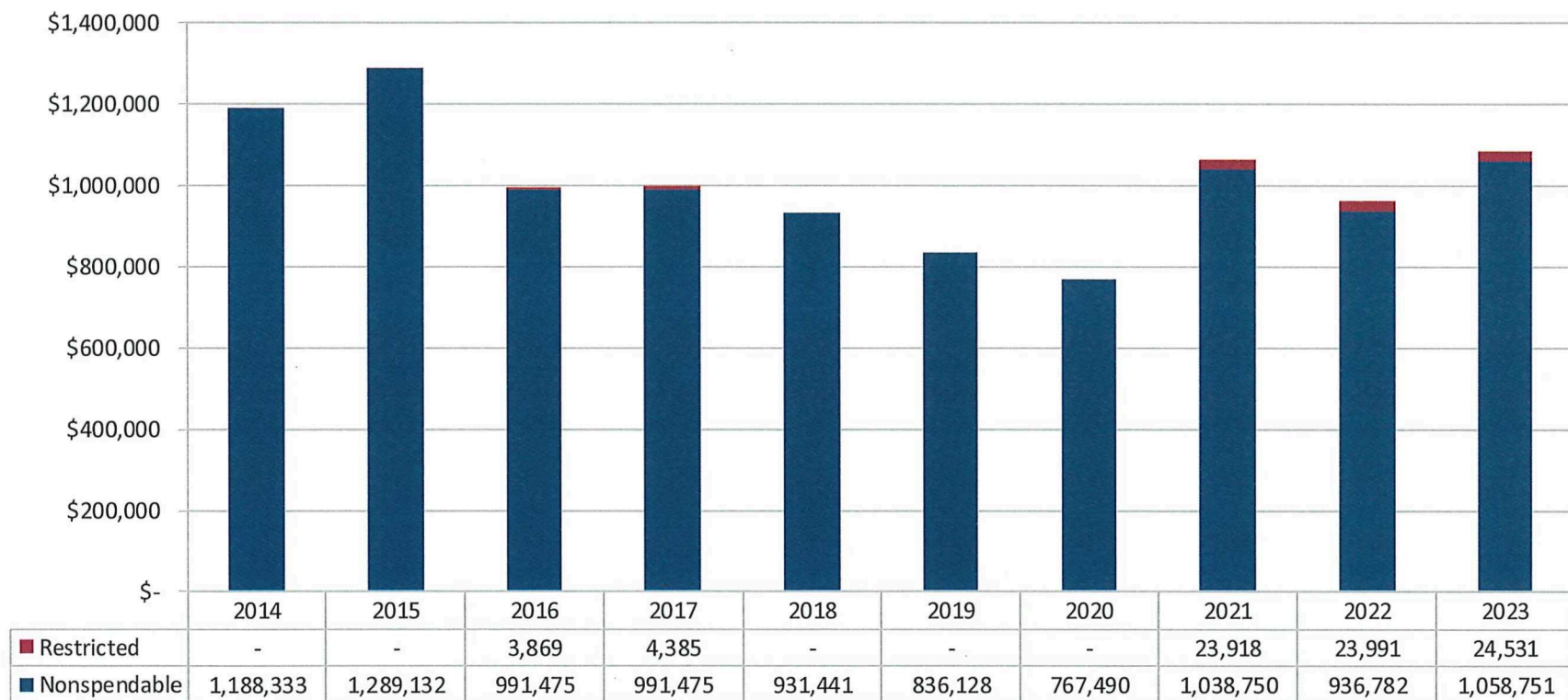
YEAR END FUND BALANCE – DEBT SERVICE FUND

Positive fund balance indicates that revenues from property tax levies, state sources, and federal sources have been sufficient to meet the required debt service payments.

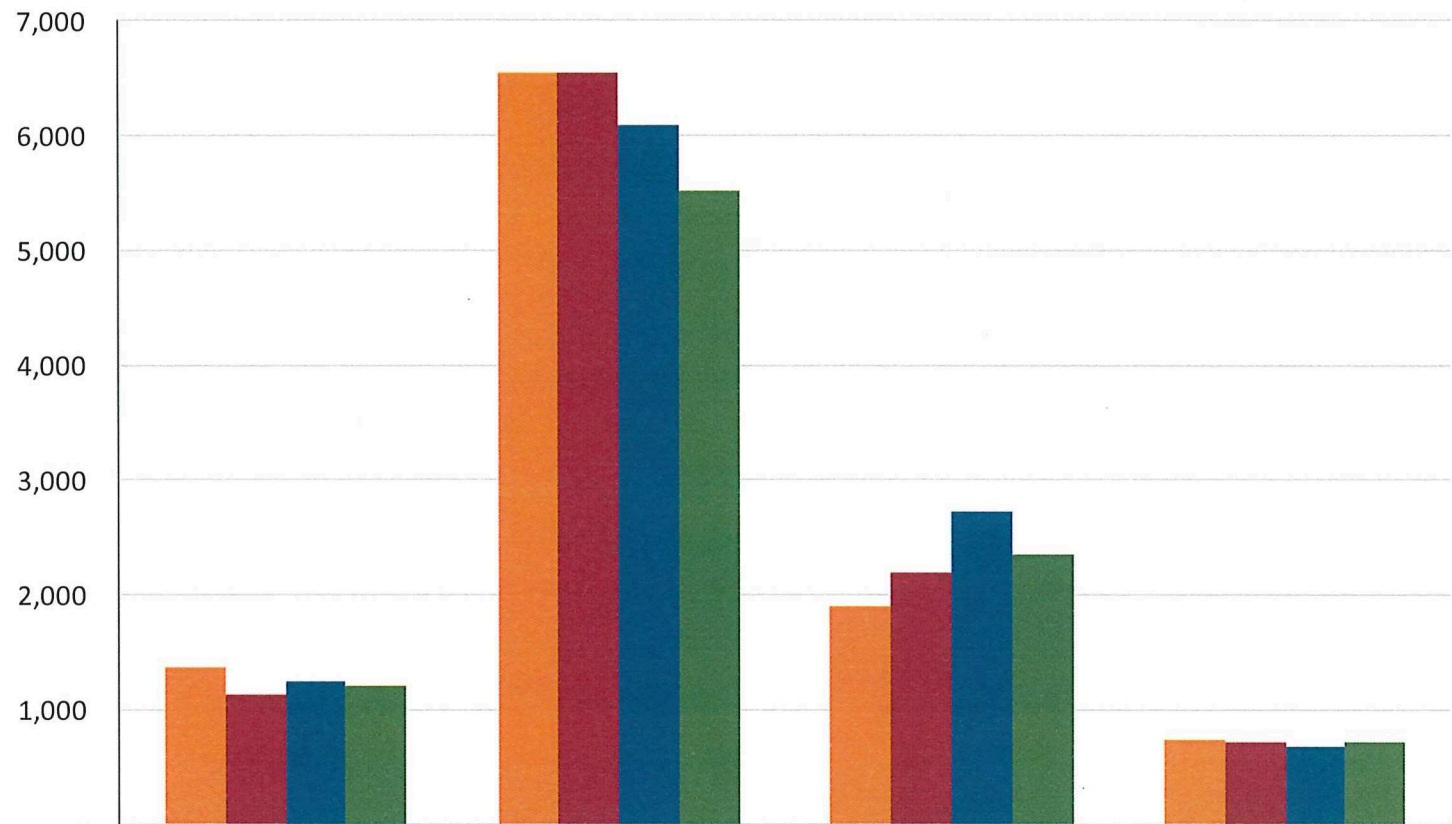


YEAR END FUND BALANCE – PERMANENT FUNDS

Nonspendable fund balance represents investment principal that must be held in perpetuity. Restricted fund balance represents earnings on investments that may be expended for specified purposes.



COST PER ADM



	Admin	Regular Instruction	Special Education	Food Service
2023	1,356	6,543	1,887	735
2022	1,123	6,541	2,184	703
State Average 2022	1,250	6,083	2,724	670
Similar Size 2022	1,207	5,522	2,353	703



QUESTIONS?

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