ISD No. 197, West St. Paul

Audit Report for Year Ended June 30, 2025

Presented by: James H. Eichten, CPA

Principal

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Auditor's Role

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Opinion on Financial Statements

- District Audit
- Federal Single Audit

Internal Controls and Compliance

- Financial Statement Audit
- State Laws and Regulations

Audit Results

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District Financial Audit

- Unmodified Opinion on Basic Financial Statements
- Emphasis of Matter
  - Implementation of New Accounting Standard on Compensated Absences

Internal Controls and Compliance – Financial Audit

- Four Material Weaknesses in Internal Controls Over Financial Reporting
  - Material Audit Adjustment
  - Regulatory Reporting Deadlines
  - Accuracy of Cash Reconciliations
  - Segregation of Duties

Audit Results

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Schedule of Expenditures of Federal Awards - Federal Single Audit	• Fairly Stated in All Material Respects in Relation to the Basic Financial Statements
Testing under Government Auditing Standards	• No Instances of Noncompliance

AUDIT RESULTS

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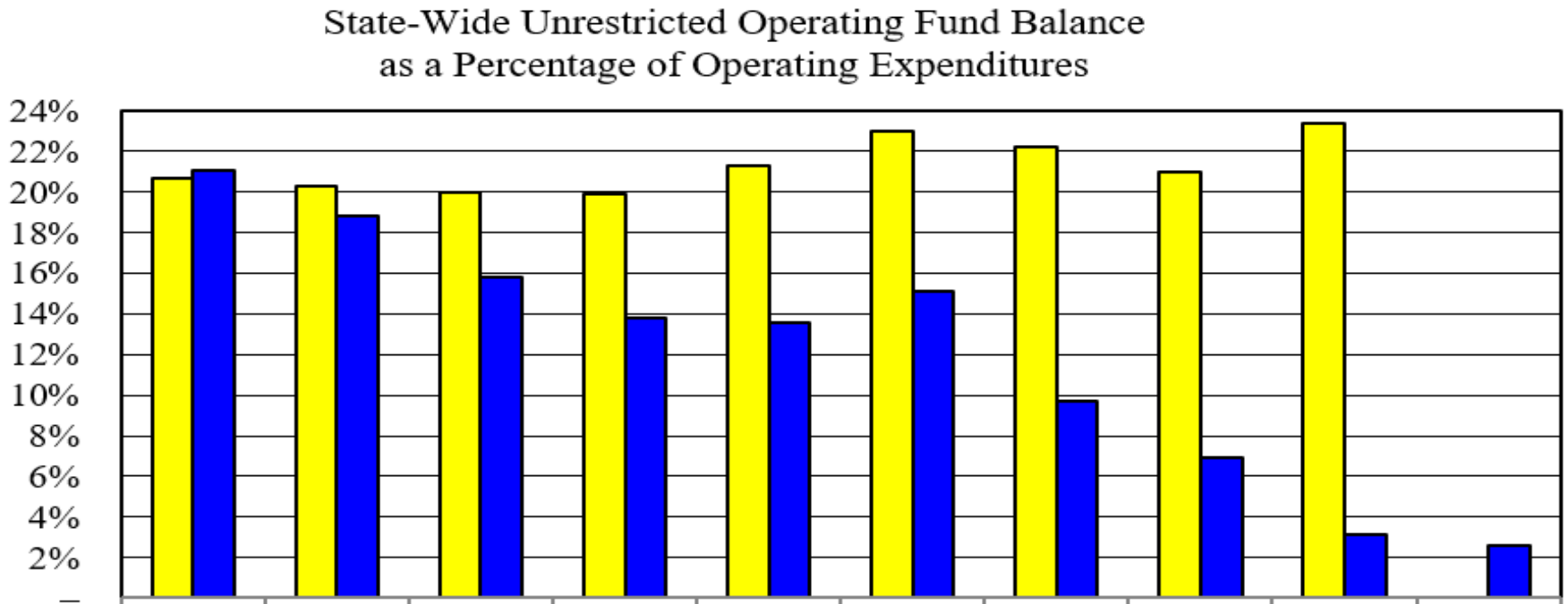
Internal Controls and Compliance – Single Audit of Federal Awards

- Two Significant Deficiencies and One Instance of Reportable Noncompliance in the Auditing of the District's Major Federal Programs.
  - Suspension and Debarment Requirements
  - Allowable Activity Requirements
  - Federal Reporting Deadline

MN Legal Compliance

- Two Findings Based on Testing of Compliance with Minnesota Laws and Regulations:
  - Broker Certifications
  - Timely Submission of Audited Financial Statements

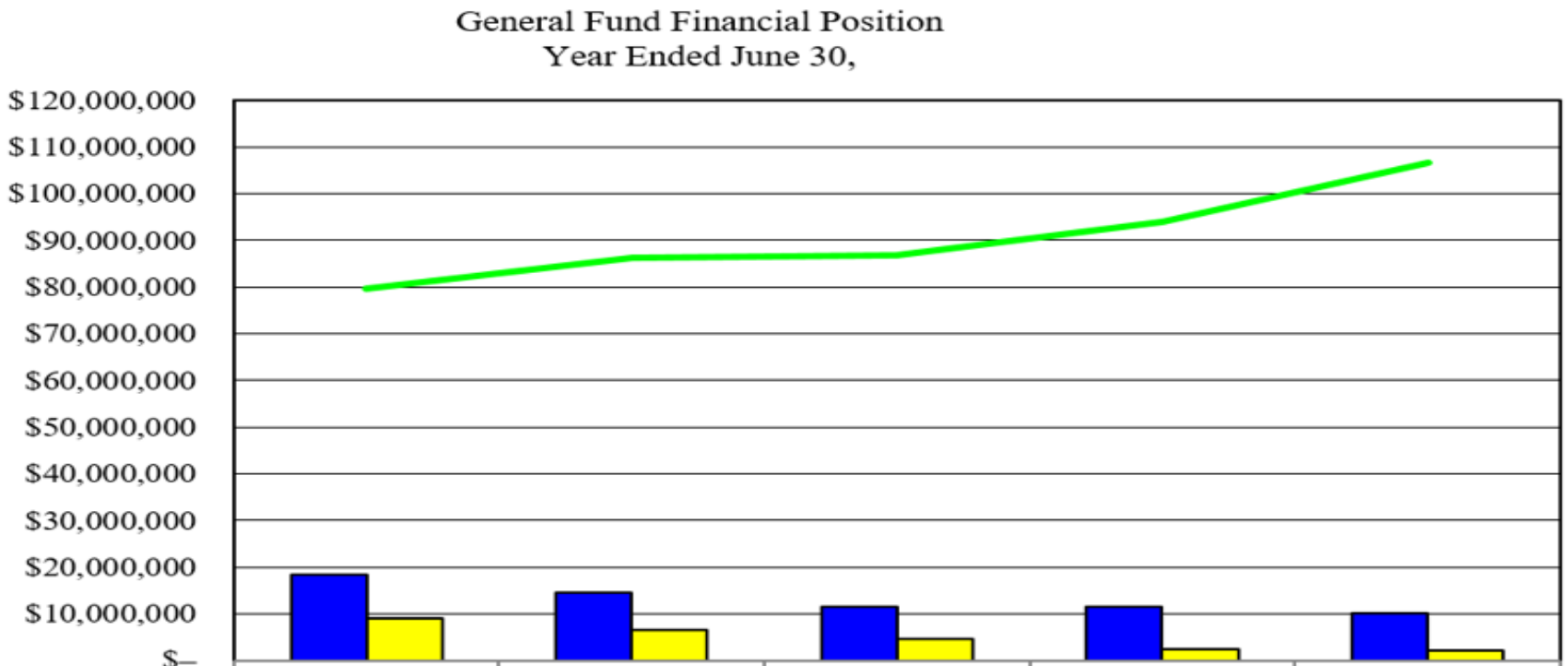
State-Wide Unrestricted Operating Fund Balance as a Percentage of Operating Expenditures



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
State-Wide	20.7%	20.3%	20.0%	19.9%	21.3%	23.0%	22.2%	21.0%	23.4%	–
ISD No. 197	21.1%	18.8%	15.8%	13.8%	13.6%	15.1%	9.7%	6.9%	3.1%	2.6%

General Fund
Financial Position – Trend Analysis

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	2021	2022	2023	2024	2025
Cash and Investments	$18,511,808	$14,592,528	$11,564,228	$11,444,115	$10,115,902
Unrestricted Fund Balance	$9,042,136	$6,523,372	$4,588,965	$2,338,739	$2,166,093
Expenditures	$79,721,693	$86,136,009	$86,693,804	$93,974,882	$106,447,853

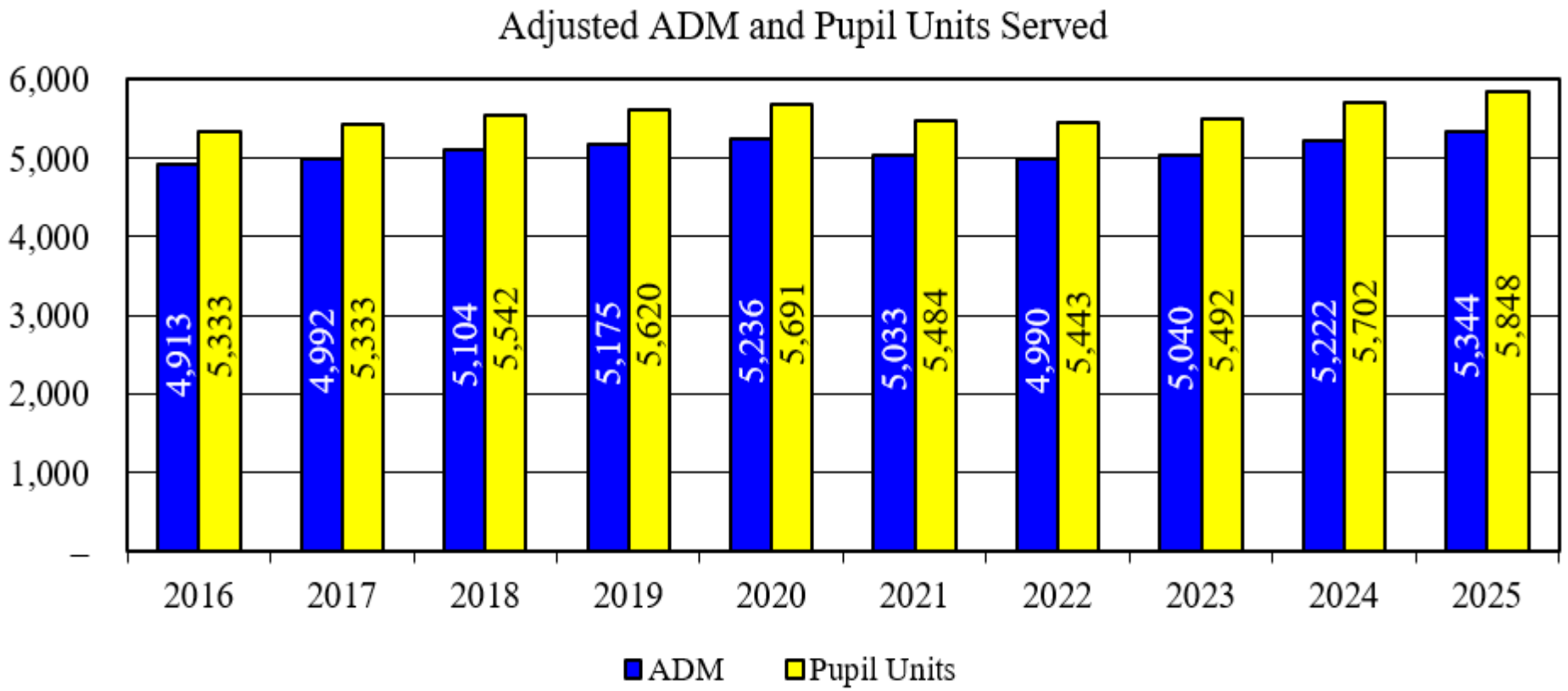
General Fund
Financial Position – Trend Analysis

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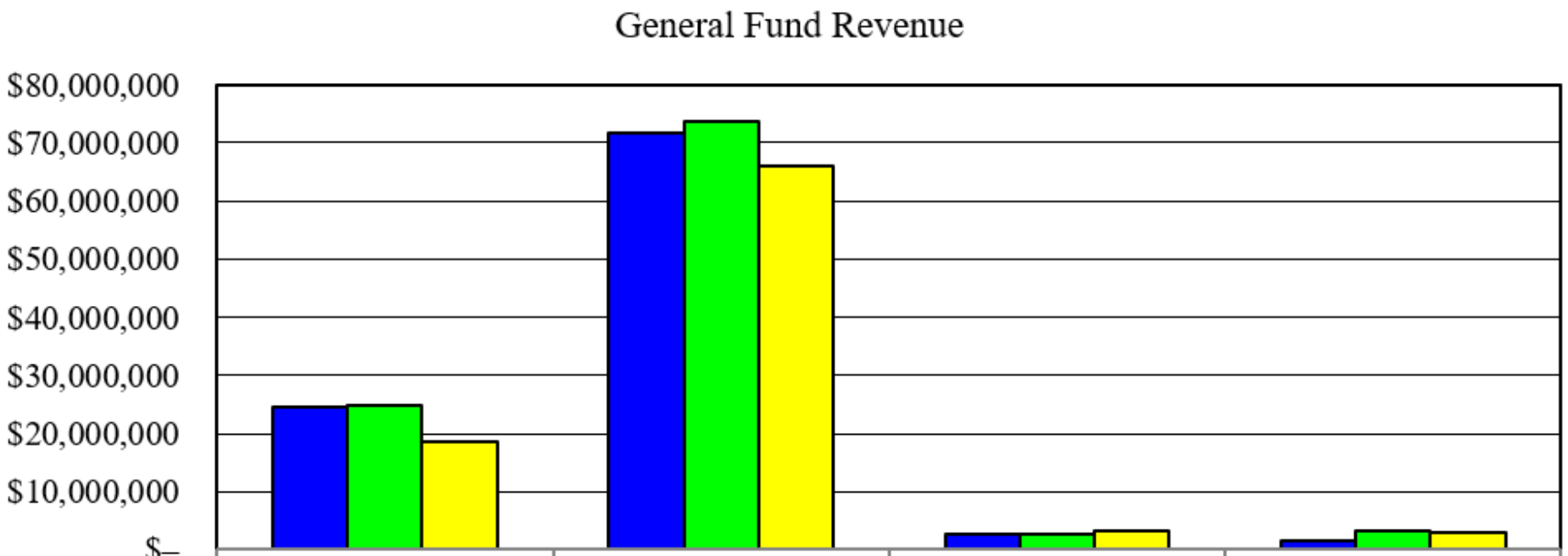
	June 30,				
	2021	2022	2023	2024	2025
Nonspendable fund balances	$ 458,167	$ 361,665	$ 342,409	$ 491,402	$ 531,659
Restricted fund balances (1)	1,879,406	3,005,175	3,383,684	3,064,641	2,667,349
Unrestricted fund balances					
Assigned	–	1,088,076	377,604	–	–
Unassigned	9,042,136	5,435,296	4,211,361	2,338,739	2,166,093
Total fund balance	$ 11,379,709	$ 9,890,212	$ 8,315,058	$ 5,894,782	$ 5,365,101
Unrestricted (all nonrestricted) fund balances as a percentage of expenditures (excludes capital-related expenditures)	13.1%	8.7%	6.1%	3.1%	2.6%
Unassigned fund balances as a percentage of total expenditures	11.3%	6.3%	4.9%	2.5%	2.0%

(1) Includes deficits in restricted fund balance accounts allowed to accumulate deficits under UFARS, which are part of unassigned fund balance on the accounting principles generally accepted in the United States of America-based financial statements.

Adjusted ADM and Pupil Units Served

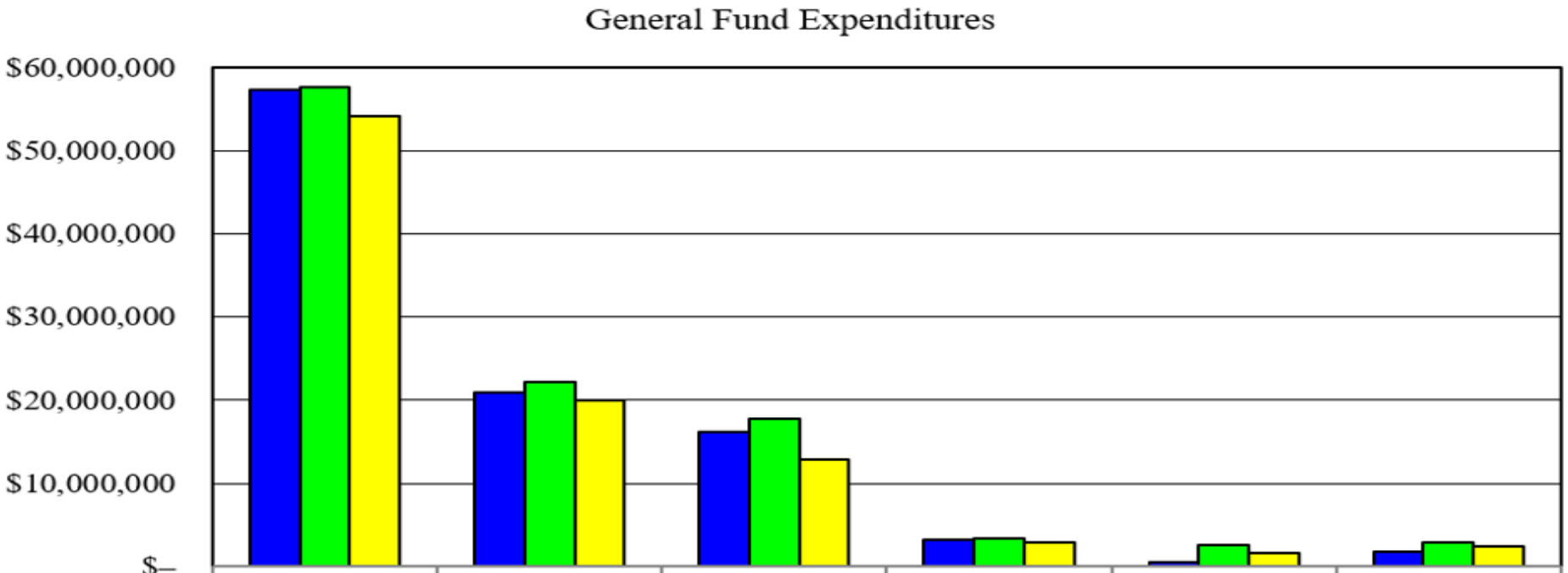


General Fund Revenue



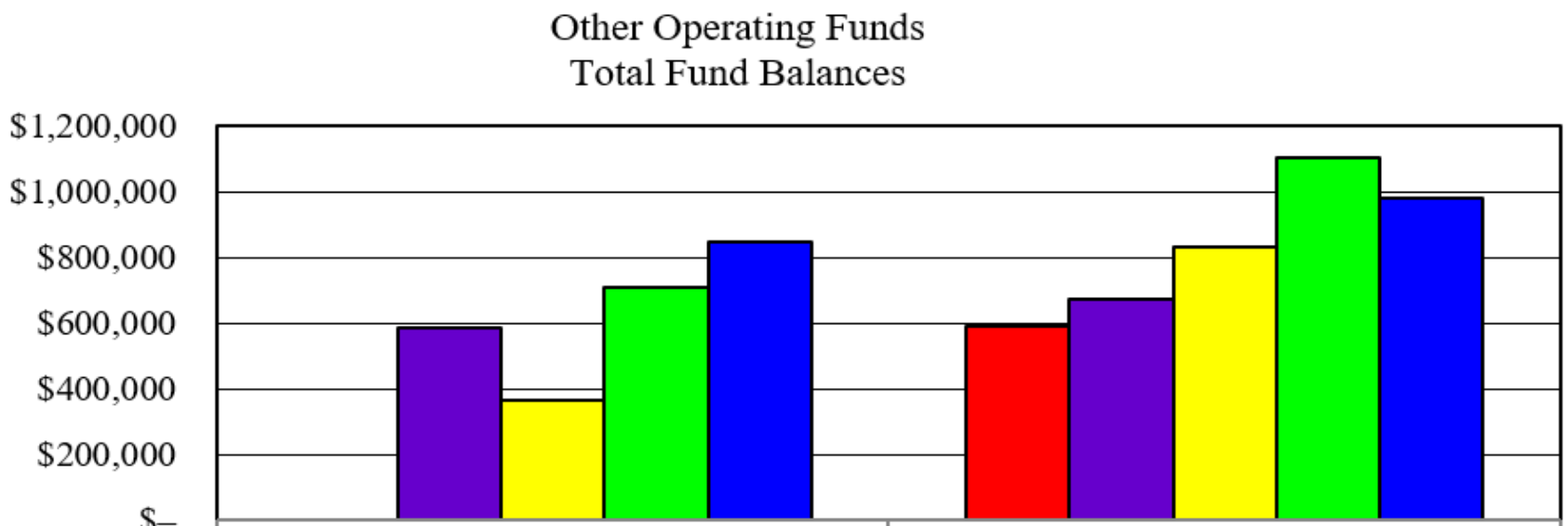
	Property Taxes	State Sources	Federal Sources	Other
Budget	$24,487,734	$71,656,894	$2,765,328	$1,654,000
Actual	$24,696,252	$73,786,201	$2,659,686	$3,215,967
Prior Year	$18,489,202	$66,105,403	$3,352,377	$2,922,324

General Fund Expenditures



	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital	Other
Budget	$57,251,052	$20,974,731	$16,172,929	$3,163,010	$595,174	$1,750,990
Actual	$57,645,691	$22,107,425	$17,719,263	$3,451,724	$2,637,652	$2,886,098
Prior Year	$54,120,065	$20,011,827	$12,788,941	$2,962,113	$1,677,937	$2,413,999

Other Governmental Funds



	Food Service	Community Service
2021	$–	$588,576
2022	$584,501	$672,399
2023	$366,256	$831,027
2024 - Restated	$706,889	$1,105,202
2025	$848,919	$981,559

Management Report

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Accounting and Auditing Updates

- Implementation of Governmental Accounting Standards on Financial Reporting Model Improvements in Fiscal 2026

SUMMARY

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- Clean Opinion on Financial Statements
- Discussed Findings Reported
- Declining General Fund Financial Condition
- Discussion of General Fund Balance Policy
- Deficit Financial Position of Self-Insured Medical Plan
- Implemented New Accounting Standards
- Corrective Actions Plans
- Future Audit Planning