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# Executive Audit Summary for Lakeville Area Public Schools ISD #194

Presented by: CliftonLarsonAllen

Christopher Knopik, Principal

Austin Wolf, Senior

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# Agenda

- Required Communications
- Audit Results
- Financial Results
- Upcoming GASB Standards

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# Required Communications

- Audit provides reasonable assurance, not *absolute* assurance
- Significant accounting estimates
  - The most sensitive estimates affecting the financial statements were management's estimate of the District's liability for other post employment benefits and the insurance claims incurred but not reported.
- Accounting policies
  - GASB Statement No. 103, *Financial Reporting Model Improvements,* was implemented which resulted in changes to languages used in management's discussion and analysis and budgetary comparison information in the required supplementary information (RSI) as of June 30, 2026.
  - GASB Statement No. 104, *Disclosure of Certain Capital Assets*, was implemented which resulted in changes to the footnotes of certain capital assets as of June 30, 2026.

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# Required Communications (Continued)

- Uncorrected misstatements
  - None
- Corrected misstatements
  - None
- Difficulties performing the audit
  - None
- Disagreements with management
  - None

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# Audit Results Year Ended 6/30/2026

## Audit Opinion

- The financial statements are fairly reported. We issued what is known as a “clean” or “unmodified” audit report.

## Yellow Book Compliance

- No compliance issues were noted in our review of laws, regulations, contracts and grants that could have significant financial impacts to the district.

## Internal Controls

- Our audit did not disclose any matters required to be reported in accordance with *Governmental Auditing Standards*.

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# Audit Results Year Ended 6/30/2026

## Single Audit

- Major Programs Being Tested: Child Nutrition Cluster & Special Education
  - 2026 Compliance Supplement has not been released yet so CLA can not finalize/issue the single audit report yet.
  - No findings have come to our attention through any testing performed.

## Minnesota Legal Compliance

- No findings were noted related to Minnesota legal compliance which would be required to be reported.

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# General Education Aid – Formula Allowance

| Year | | General Education Aid Formula Allowance Amount | Percent Increase |
|---|---|---|---|
| 2018 | * | 6,188 | 2.0% |
| 2019 | | 6,312 | 2.0% |
| 2020 | | 6,438 | 2.0% |
| 2021 | | 6,567 | 2.0% |
| 2022 | | 6,728 | 2.5% |
| 2023 | | 6,863 | 2.0% |
| 2024 | | 7,138 | 4.0% |
| 2025 | | 7,281 | 2.0% |
| 2026 | | 7,481 | 2.7% |
| 2027 | | 7,683 | 2.7% |

* General Education Aid – Of the $1,495 increase over 2018, the main reason for the change is due to inflation and a shifting of revenue to adjust for pupil weight changes, pension adjustment changes, and other restructuring.

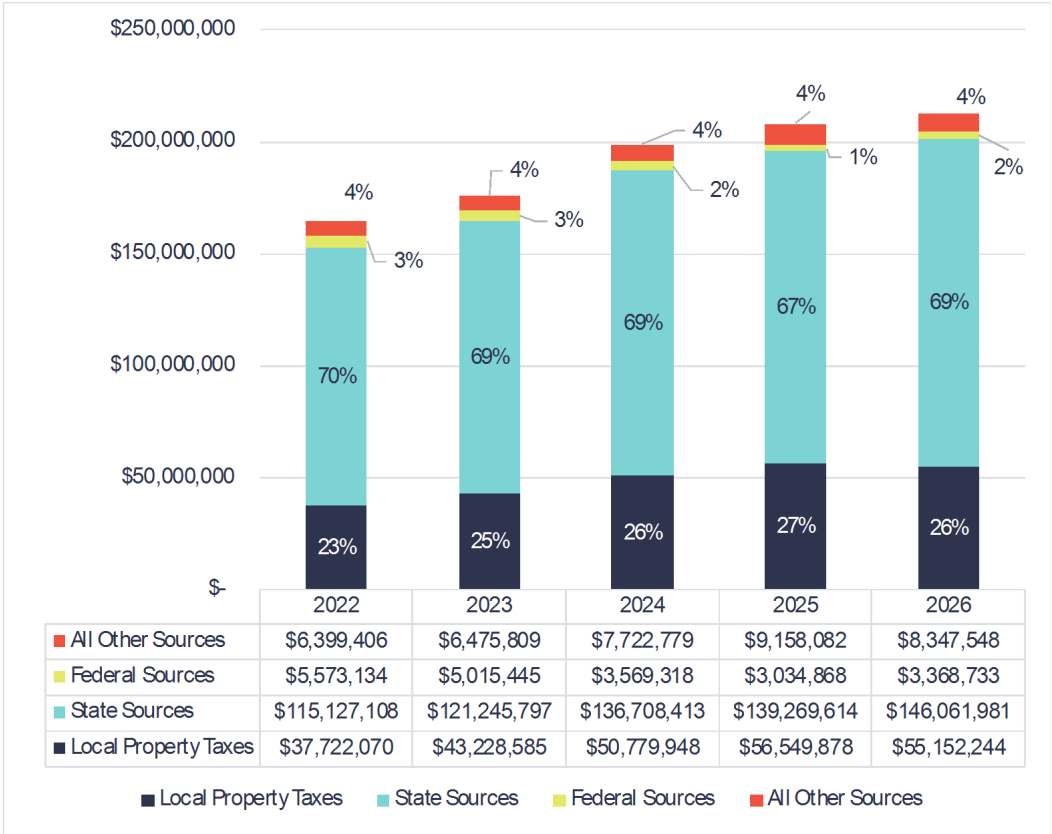
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# Student Enrollment – Resident ADM

| Students (Resident ADM) | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| Kindergarten and other | 1,011 | 972 | 918 | 977 | 943 |
| Elementary | 5,046 | 5,321 | 5,492 | 5,512 | 5,546 |
| Secondary | 5,654 | 5,698 | 5,733 | 5,732 | 5,737 |
| **Total Students (Resident ADM)** | 11,291 | 11,711 | 11,991 | 12,221 | 12,226 |

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# General Fund – Revenue Sources

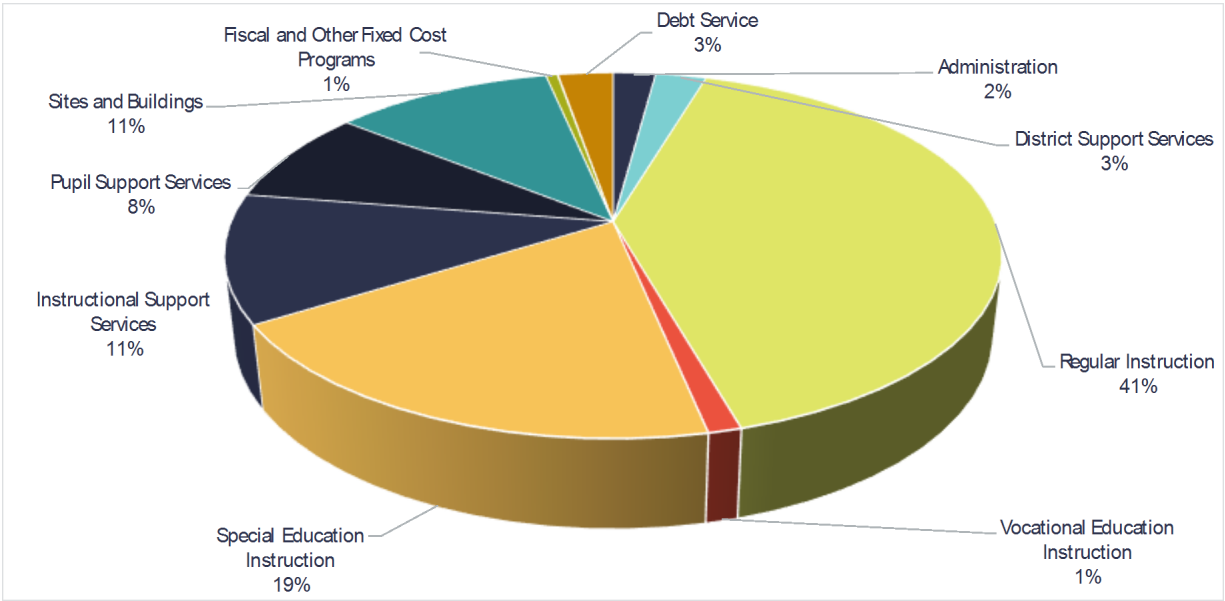



| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| All Other Sources | $6,399,406 | $6,475,809 | $7,722,779 | $9,158,082 | $8,347,548 |
| Federal Sources | $5,573,134 | $5,015,445 | $3,569,318 | $3,034,868 | $3,368,733 |
| State Sources | $115,127,108 | $121,245,797 | $136,708,413 | $139,269,614 | $146,061,981 |
| Local Property Taxes | $37,722,070 | $43,228,585 | $50,779,948 | $56,549,878 | $55,152,244 |

Local Property Taxes  State Sources  Federal Sources  All Other Sources

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# General Fund – Expenditures



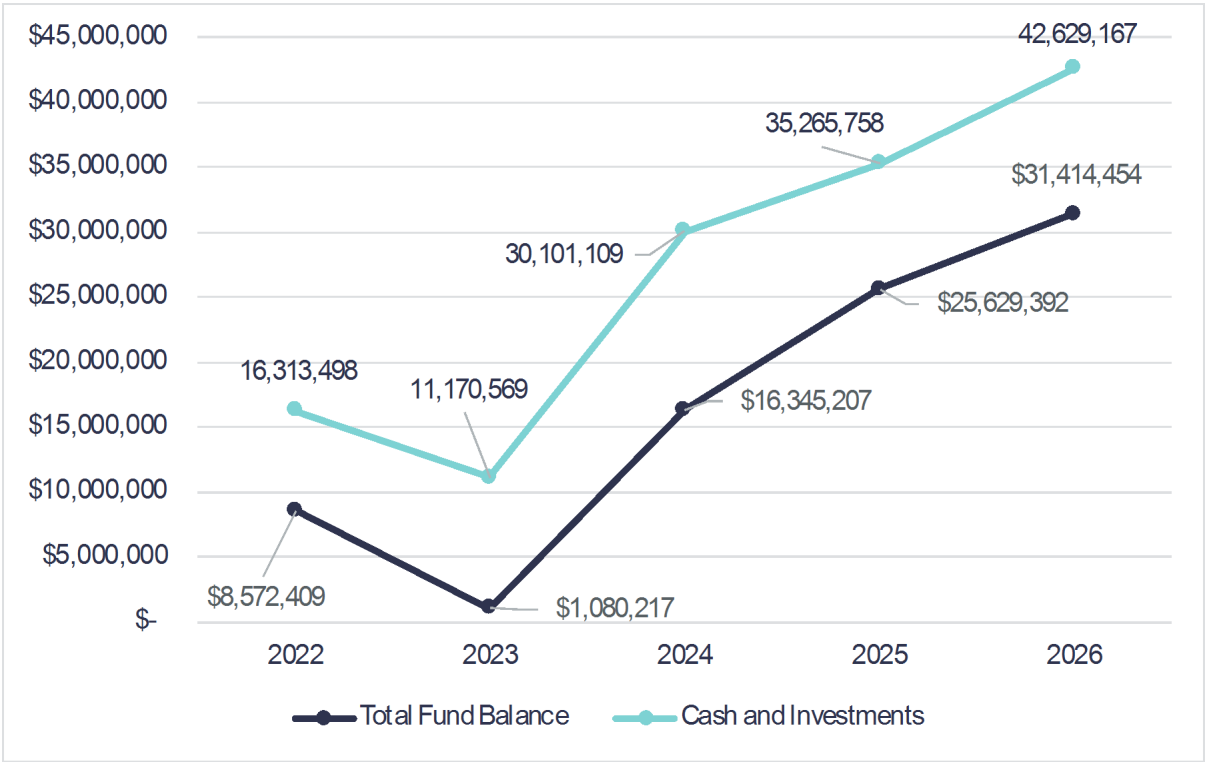

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# General Fund – Expenditures by Object

| | 2026 | | | | 2025 |
|---|---|---|---|---|---|
| | Final Amended Budget | Actual | Over (Under) Budget | % | Actual |
| Salaries | $ 108,473,864 | $ 107,721,698 | $ (752,166) | -0.7% | $ 102,399,824 |
| Employee Benefits | 49,942,195 | 48,726,550 | (1,215,645) | -2.4% | 44,585,364 |
| Purchased Services | 32,297,365 | 31,925,519 | (371,846) | -1.2% | 31,651,760 |
| Supplies and Materials | 5,827,958 | 5,742,537 | (85,421) | -1.5% | 4,974,669 |
| Capital Expenditures | 9,178,705 | 9,945,777 | 767,072 | 8.4% | 9,332,248 |
| Debt Service | 6,225,291 | 5,753,367 | (471,924) | -7.6% | 5,773,215 |
| Other Expenditures | 844,972 | 824,551 | (20,421) | -2.4% | 839,866 |
| Total Expenditures | $ 212,790,350 | $ 210,639,999 | $ (2,150,351) | -1.0% | $ 199,556,946 |

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# Financial Position – General Fund




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# Audited Fund Balance – General Fund

| | Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| Revenues | $ 164,821,718 | $ 175,965,636 | $ 198,780,458 | $ 208,012,442 | $ 212,930,506 |
| Expenditures | 176,819,241 | 191,847,587 | 187,237,876 | 199,556,946 | 210,639,999 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (11,997,523) | (15,881,951) | 11,542,582 | 8,455,496 | 2,290,507 |
| Other Financing Sources | 2,305,972 | 8,389,759 | 3,722,408 | 828,689 | 3,494,555 |
| Net Change in Fund Balance | (9,691,551) | (7,492,192) | 15,264,990 | 9,284,185 | 5,785,062 |
| Fund Balance | | | | | |
| Beginning of Year | 18,263,960 | 8,572,409 | 1,080,217 | 16,345,207 | 25,629,392 |
| Change in Accounting Principle | - | - | - | - | - |
| End of Year | $ 8,572,409 | $ 1,080,217 | $ 16,345,207 | $ 25,629,392 | $ 31,414,454 |
| | | | | | |
| Fund Balance | | | | | |
| Nonspendable | $ 107,867 | $ 497,305 | $ 669,434 | $ 765,475 | $ 974,851 |
| Restricted for: | | | | | |
| Staff Development | 2,148,946 | - | 336,035 | 559,953 | 752,019 |
| Student Activities | 169,721 | 155,838 | 162,947 | 171,931 | 170,582 |
| Scholarships | - | - | - | - | |
| Capital Projects Levy | (850,357) | - | 1,584,425 | 2,525,705 | 3,691,543 |
| Long-Term Facilities Maintenance | 217,551 | 469,907 | - | 8,641 | - |
| Operating Capital | 677,493 | - | 1,570,156 | 2,264,529 | 1,648,616 |
| Literacy Incentive Aid | - | - | 619,875 | 1,256,714 | 1,674,961 |
| Basic Skills | - | - | 618,975 | 756,464 | 381,923 |
| Learning and Development | - | - | 7,908 | 1,221 | - |
| Achievement and Integration | 8,753 | - | 44,375 | - | - |
| Gifted and Talented | - | - | 843 | - | - |
| School Library Aid | - | - | 8,362 | 4,858 | 5,668 |
| Student Support Personnel | - | - | 152,340 | 230,850 | 155,787 |
| Literacy Aid | - | - | - | 305,635 | 300,917 |
| READ Act | - | - | - | 299,025 | 200,811 |
| Other Purposes | - | - | - | - | |
| Assigned | - | - | 3,627,700 | 2,417,295 | 57,835 |
| Unreserved / Undesignated | 6,092,435 | (42,833) | 6,941,832 | 14,061,096 | 21,398,941 |
| Total Fund Balance | $ 8,572,409 | $ 1,080,217 | $ 16,345,207 | $ 25,629,392 | $ 31,414,454 |

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# Fund Balance Trend – General Fund

| | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|---|
| Unassigned Fund Balance | $ 6,092,435 | $ (42,833) | $ 6,941,832 | $ 14,061,096 | $ 21,398,941 |
| Assigned Fund Balance | - | - | 3,627,700 | 2,417,295 | 57,835 |
| Restricted Fund Balance | 2,372,107 | 625,745 | 5,106,241 | 8,385,526 | 8,982,827 |
| Nonspendable Fund Balance | 107,867 | 497,305 | 669,434 | 765,475 | 974,851 |
| Total Fund Balance | $ 8,572,409 | $ 1,080,217 | $ 16,345,207 | $ 25,629,392 | $ 31,414,454 |
| Total Expenditures | $ 176,819,241 | $ 191,847,587 | $ 187,237,876 | $ 199,556,946 | $ 210,639,999 |
| Total Fund Balance as a % of Total Expenditures | 4.8% | 0.6% | 8.7% | 12.8% | 14.9% |
| Unassigned Fund Balance as a % of Total Expenditures | 3.4% | 0.0% | 3.7% | 7.0% | 10.2% |

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# Food Service Fund

| | Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| Revenues | $ 8,278,127 | $ 7,022,767 | $ 9,403,771 | $ 9,248,062 | $ 9,621,880 |
| Expenditures | 6,917,338 | 7,375,849 | 8,080,274 | 9,979,690 | 9,083,313 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,360,789 | (353,082) | 1,323,497 | (731,628) | 538,567 |
| Other Financing Sources: | | | | | |
| Transfers In | - | - | - | 16,549 | - |
| Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures | 1,360,789 | (353,082) | 1,323,497 | (715,079) | 538,567 |
| Fund Balance | | | | | |
| Beginning of Year | 2,217,492 | 3,578,281 | 3,225,199 | 4,548,696 | 3,833,617 |
| Prior Period Adjustment | - | - | - | - | - |
| End of Year | $ 3,578,281 | $ 3,225,199 | $ 4,548,696 | $ 3,833,617 | $ 4,372,184 |

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# Community Service Fund

| | Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| Revenues | $ 7,036,150 | $ 8,514,538 | $ 9,318,165 | $ 9,687,457 | $ 10,362,357 |
| Expenditures | 7,621,655 | 8,342,149 | 8,892,781 | 9,868,283 | 10,177,080 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (585,505) | 172,389 | 425,384 | (180,826) | 185,277 |
| Fund Balance | | | | | |
| Beginning of Year | - | (585,505) | (413,116) | 12,268 | (168,558) |
| End of Year | $ (585,505) | $ (413,116) | $ 12,268 | $ (168,558) | $ 16,719 |
| Fund Balance | | | | | |
| Nonspendable | $ - | $ 299 | $ - | $ 1,624 | $ - |
| Unassigned for Community Ed | (1,072,417) | (1,006,762) | (788,267) | (1,073,719) | (857,927) |
| Restricted for ECFE | 193,049 | 258,356 | 364,853 | 410,126 | 467,660 |
| Restricted for School Readiness | 45,174 | 95,201 | 196,819 | 241,058 | 269,041 |
| Restricted for Adult Basic Education | 20,327 | 15,743 | 5,084 | 11,416 | 1,661 |
| Restricted for Other Purposes | 228,362 | 224,047 | 233,779 | 240,937 | 136,284 |
| Total Fund Balance | $ (585,505) | $ (413,116) | $ 12,268 | $ (168,558) | $ 16,719 |

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# Upcoming GASB Standards

- Fiscal Year 2027:
  - GASB 105 – Subsequent Events
    - Will expect improved financial reporting in clarifying time frames, whether events are recognized/nonrecognized, and specifying required disclosure information as of June 30, 2027.

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# Questions and Feedback

- We welcome any questions pertaining to the audit, audit reports, and letters.
- We appreciate the opportunity to serve as the auditors for Lakeville Area Public Schools and welcome any feedback relative to our performance.

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*Thank you to all for helping to get this audit completed timely and for allowing us to serve you!*

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