ISD No. 279, Osseo Area Schools

Audit Report for Year Ended June 30, 2026

Presented by: James H. Eichten, CPA

Principal

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Auditor's Role

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Opinion on Financial Statements

- District Audit

Internal Controls and Compliance

- Financial Statement Audit
- State Laws and Regulations

Audit Results

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Single Audit of Federal Awards

- Not Complete.
- Waiting on Issuance of *Compliance Supplement*.

Audit Results

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District Financial Audit

- Unmodified Opinions on Basic Financial Statements
- Implementation of GASB Statement No. 103, *Financial Reporting Model*

Internal Controls and Compliance – Financial Audit

- No material weaknesses or instances of noncompliance reported in the current year.

Audit Results

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Minnesota Legal Compliance

- No instances of noncompliance reported in the current year.

Governmental Funds
Change in Fund Balance

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Governmental Funds Change in Fund Balance

	Fund Balances as of June 30, 2026	Fund Balances as of June 30, 2025	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 4,037,783	$ 3,715,608	$ 322,175
Restricted	123,767,115	227,128,924	(103,361,809)
Assigned	18,671,075	23,174,861	(4,503,786)
Unassigned	92,076,202	96,294,660	(4,218,458)
Total governmental funds	$ 238,552,175	$ 350,314,053	$ (111,761,878)
Total by fund			
General	$ 128,071,813	$ 134,496,392	$ (6,424,579)
Capital Projects – Building Construction	94,341,188	199,686,359	(105,345,171)
Debt Service	6,525,500	5,553,081	972,419
Nonmajor funds			
Food Service	7,374,575	6,447,488	927,087
Community Service	2,239,099	4,130,733	(1,891,634)
Total governmental funds	$ 238,552,175	$ 350,314,053	$ (111,761,878)

Governmental Funds Revenue by Source

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Governmental Funds Revenue by Source

	2026		2025		Year-to-Year Change	
	Revenue	Percent of Total	Revenue	Percent of Total	Dollar Change	Percent Change
Property taxes	$ 141,819,726	28.8 %	$ 142,487,742	29.5 %	$ (668,016)	(0.5) %
State sources	291,915,431	59.6	281,517,155	58.3	10,398,276	3.7 %
Federal sources	22,890,892	4.7	21,443,834	4.4	1,447,058	6.8 %
Other local sources						
Meal sales	1,456,330	0.3	1,379,419	0.3	76,911	5.6 %
Community service fees	11,675,685	2.4	11,087,182	2.3	588,503	5.3 %
Investment earnings	12,521,942	2.6	18,710,623	3.9	(6,188,681)	(33.1) %
Other	7,744,920	1.6	6,443,170	1.3	1,301,750	20.2 %
Total revenue	$ 490,024,926	100.0 %	$ 483,069,125	100.0 %	$ 6,955,801	1.4 %

Governmental Funds Expenditures by Type

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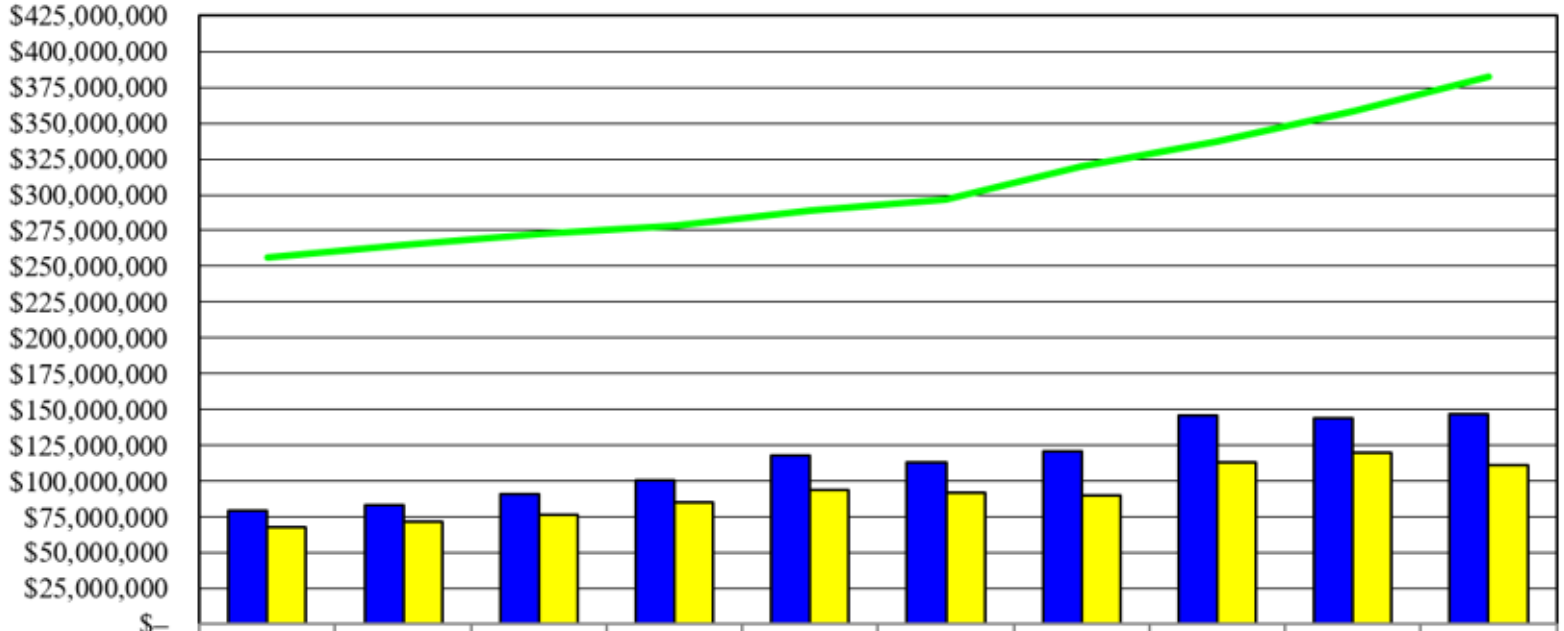
Governmental Funds Expenditures by Type

	2026		2025		Year-to-Year Change	
	Expenditures	Percent of Total	Expenditures	Percent of Total	Dollar Change	Percent Change
Current						
Administration and district support	$ 29,113,911	4.4 %	$ 27,261,695	5.1 %	$ 1,852,216	6.8 %
Regular instruction	184,030,222	27.7	174,880,367	32.8	9,149,855	5.2 %
Special and vocational education instruction	81,000,886	12.2	76,390,845	14.3	4,610,041	6.0 %
Instructional support services	34,486,906	5.2	35,893,932	6.7	(1,407,026)	(3.9) %
Pupil support services	42,194,060	6.3	37,917,820	7.1	4,276,240	11.3 %
Sites, buildings, and other	41,291,099	6.2	49,945,434	9.4	(8,654,335)	(17.3) %
Food service	17,750,404	2.7	16,979,735	3.2	770,669	4.5 %
Community service	22,031,584	3.3	21,306,639	4.0	724,945	3.4 %
Total current	451,899,072	68.0	440,576,467	82.6	11,322,605	2.6 %
Capital outlay	174,026,033	26.1	61,049,970	11.5	112,976,063	185.1 %
Debt service	39,545,094	5.9	31,476,826	5.9	8,068,268	25.6 %
Total expenditures	$ 665,470,199	100.0 %	$ 533,103,263	100.0 %	$ 132,366,936	24.8 %

General Fund
Financial Position – Trend Analysis

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General Fund – Operating Account Financial Position
Year Ended June 30,
(in Millions)



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cash and Investments	$79.2	$83.5	$90.6	$100.8	$117.6	$113.5	$120.9	$145.5	$144.3	$146.5
Unrestricted Fund Balance	$67.5	$71.6	$76.5	$85.6	$93.9	$91.7	$89.7	$113.4	$119.5	$110.9
Expenditures	$256.2	$264.6	$272.9	$278.4	$289.0	$297.0	$319.8	$337.5	$358.2	$381.9

General Fund
Financial Position – Trend Analysis

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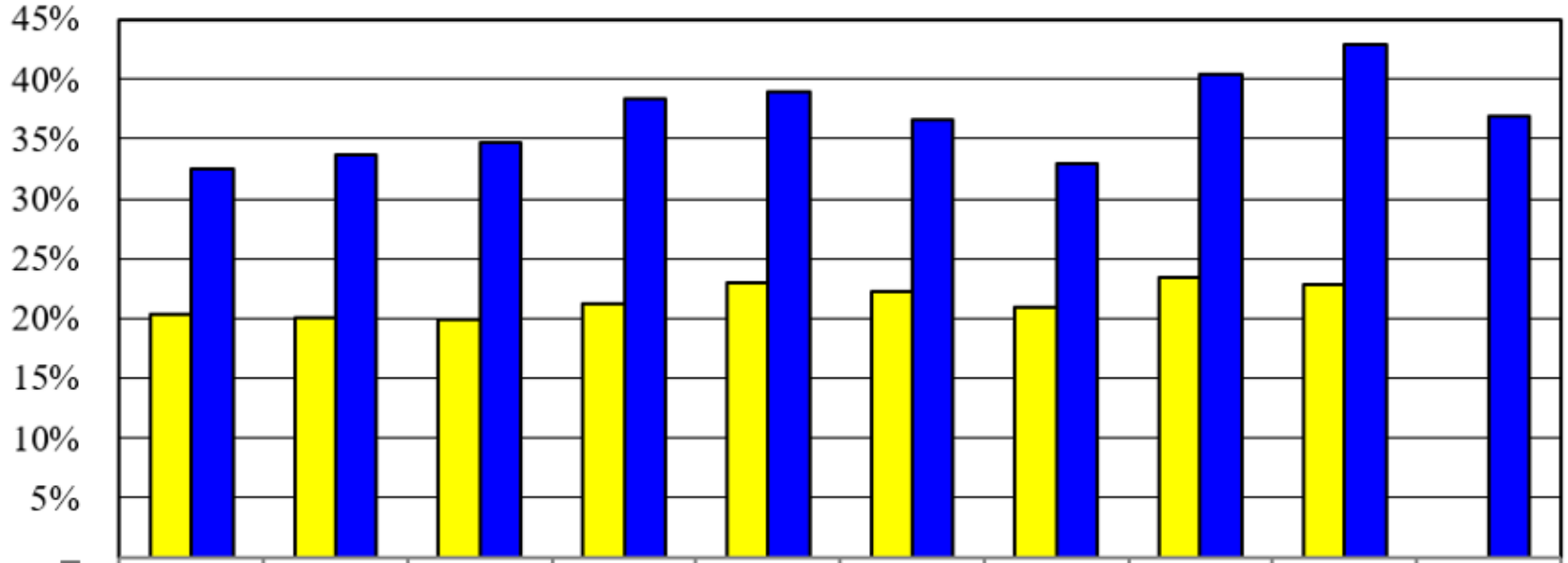
	June 30,				
	2022	2023	2024	2025	2026
Nonspendable fund balances	$ 440,231	$ 434,679	$ 869,772	$ 3,323,906	$ 3,715,785
Restricted fund balances (1)	1,664,876	2,236,866	2,767,927	3,763,744	6,035,317
Unrestricted fund balances					
Assigned	14,669,070	500,000	2,159,105	23,174,861	18,671,075
Unassigned	77,005,186	89,245,564	111,235,114	96,350,089	92,240,926
Total fund balance	$ 93,779,363	$ 92,417,109	$ 117,031,918	$ 126,612,600	$ 120,663,103
Unassigned fund balances as a percentage of expenditures	25.9%	27.9%	33.0%	26.9%	24.2%

(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.

State-Wide Fund Balances

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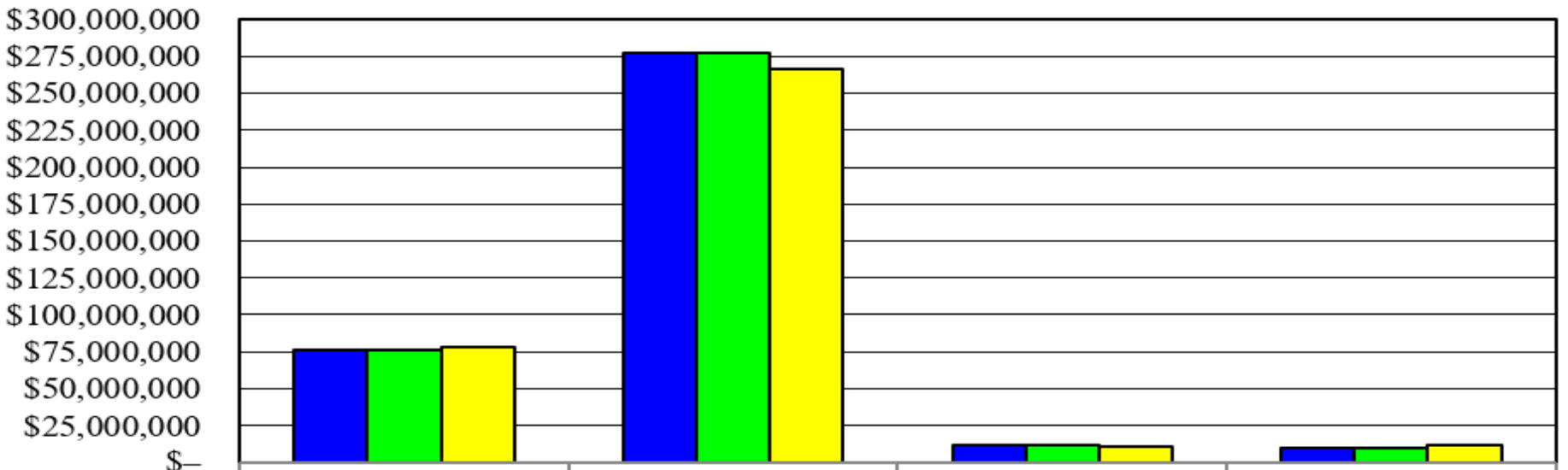
State-Wide Unrestricted Operating Fund Balance
as a Percentage of Operating Expenditures
(Including the General Fund Capital Account)



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
State-Wide	20.3%	20.0%	19.9%	21.3%	23.0%	22.2%	21.0%	23.4%	22.8%	–
ISD No. 279	32.5%	33.6%	34.7%	38.4%	39.0%	36.6%	33.0%	40.4%	42.9%	36.9%

General Fund – Operating Account Revenue

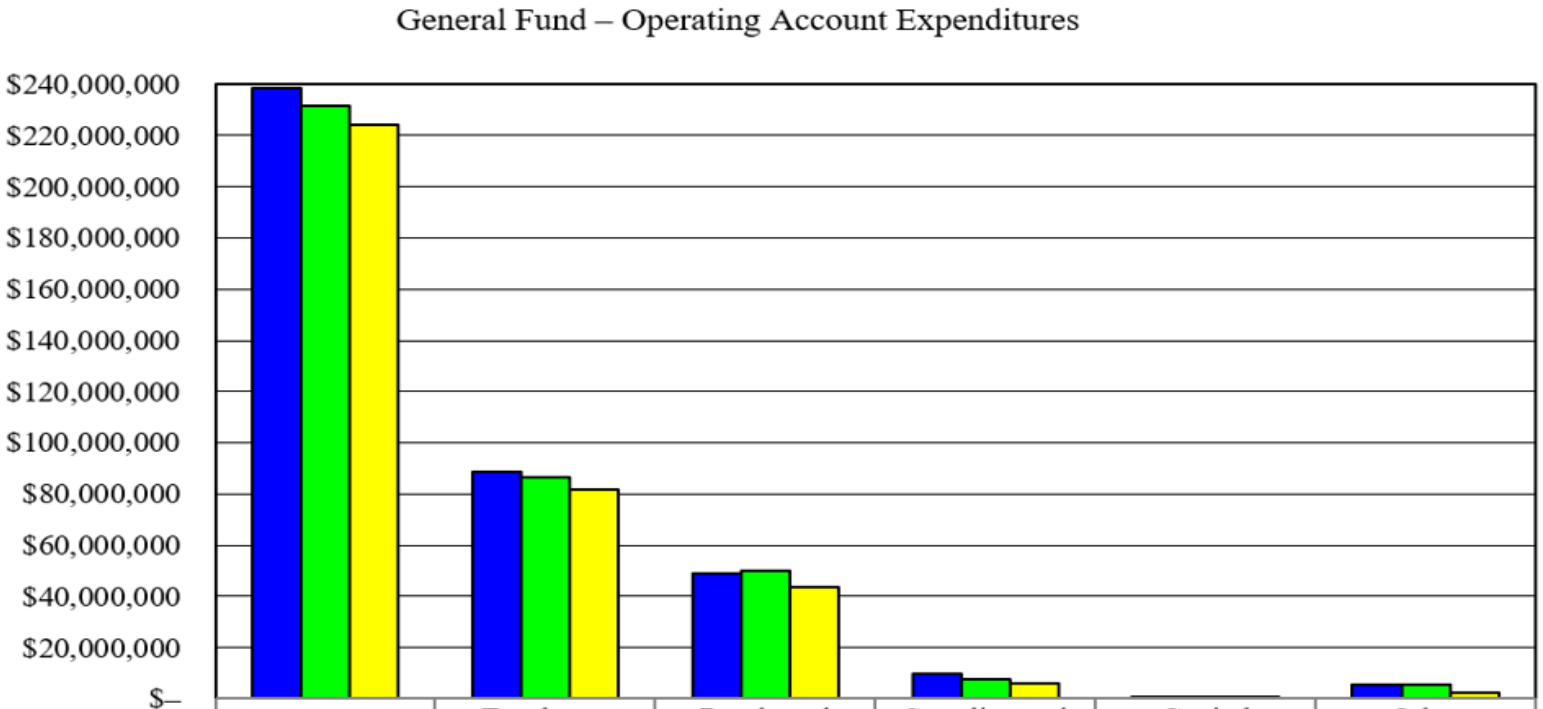
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	Property Taxes	State Sources	Federal Sources	Other
Budget	$76,365,096	$276,932,327	$11,836,775	$9,787,627
Actual	$76,645,817	$277,271,512	$11,547,783	$10,351,465
Prior Year	$78,310,707	$266,136,176	$11,117,969	$11,968,026

General Fund – Operating Account Expenditures

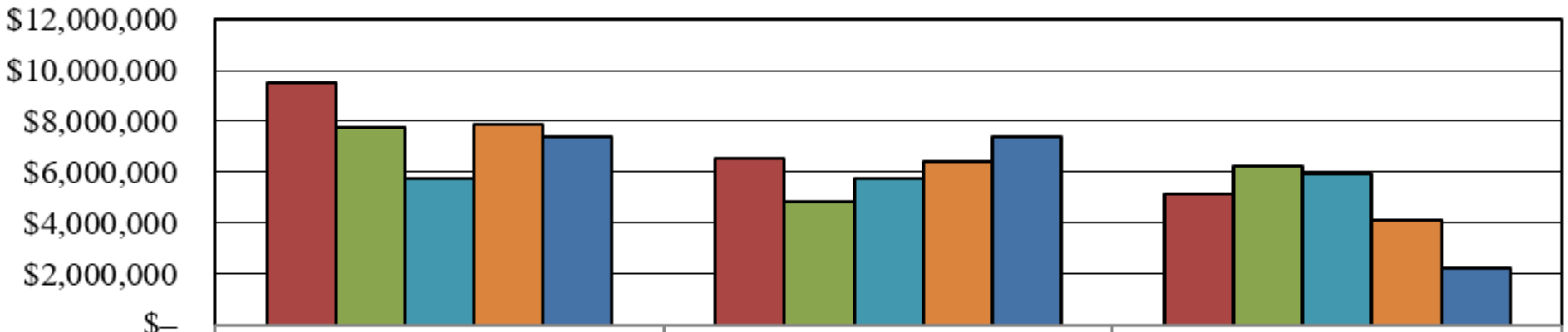
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	Salaries	Employee Benefits	Purchased Services	Supplies and Materials	Capital Expenditures	Other Expenditures
Budget	$238,735,337	$88,679,352	$48,905,350	$9,478,698	$205,295	$5,709,415
Actual	$231,748,944	$86,566,616	$49,986,710	$7,590,159	$399,198	$5,629,080
Prior Year	$224,230,804	$81,562,085	$43,433,882	$6,260,594	$523,212	$2,165,323

Other Governmental Funds

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	General Fund – Capital Account	Food Service Special Revenue	Community Service Special Revenue
2022	$9,547,796	$6,567,975	$5,145,474
2023	$7,784,760	$4,813,959	$6,258,385
2024	$5,722,661	$5,763,889	$5,955,611
2025	$7,883,792	$6,447,488	$4,130,733
2026	$7,408,710	$7,374,575	$2,239,099

Summary

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- Clean Opinion on Financial Statements
- Implementation of New Accounting Standard
- No Findings to Report
- Annual Comprehensive Financial Report
- Changes in General Fund Balances
- General Fund Balance Policy
- Other Operating Fund Balances
- Commitment to Audit Process and Results