A Preliminary Look at Our FY26 Financial Results

Year Ended June 30, 2026

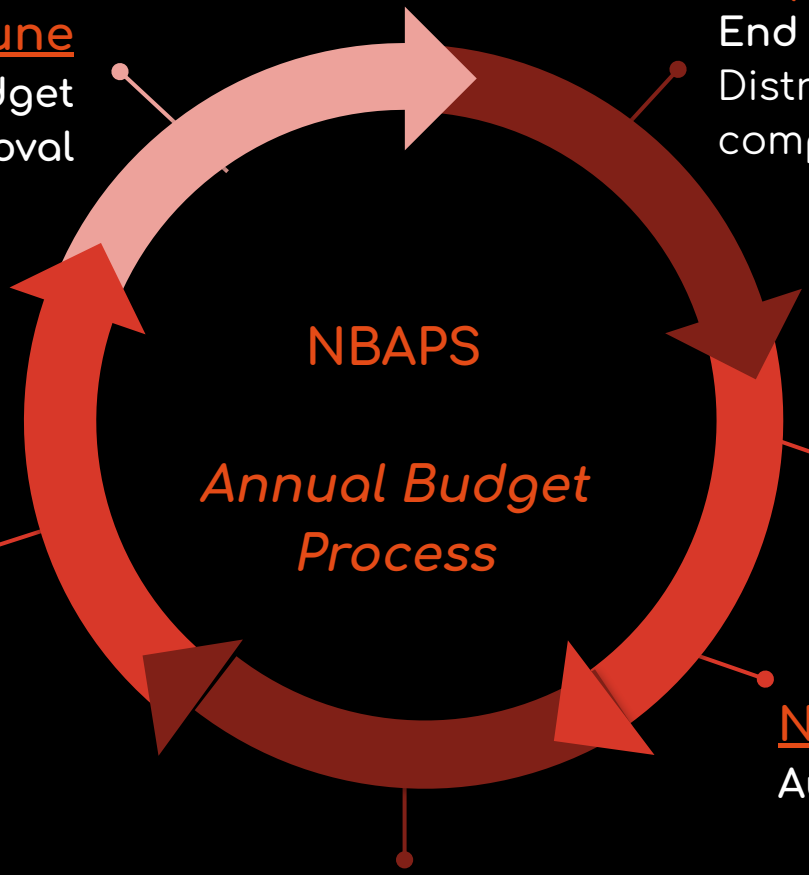
November 12, 2026

Superintendent Sara Paul on behalf of
Todd Tetzlaff, Director of Finance and Human Resources

NORTH BRANCH AREA PUBLIC SCHOOLS

Inspire Dreams, Build Integrity, Instill Hope

Financial Planning and Oversight Continue Year-Round



July - October
End of Year Audit
District's Independent auditor completes prior year audit

September
Initial preliminary tax levy calculated by MDE

November - December
Audit Report to School Board

December
Truth in Taxation Hearing
Levy set for the coming year

January - February
Mid-Year budget adjustments and projected budget for next fiscal year

June
Preliminary Budget Approval

We Are Completing the Year-End Financial Review

- Brief review of preliminary FY 26 financial statements
- Auditors are completing reports
  - A few remaining adjustments will occur in the coming days as part of the final steps to close the fiscal year
  - Board will receive final completed audit reports in December
- The lead auditor from Clifton Larson Allen will virtually attend to present the audit information to the school board in December
  - A school board action item to accept audit report will be on the December School Board meeting

Revenue Exceeded Expenses; Reserves Met Our Target

● Total District Revenue: Preliminary final revenues across all funds totaled $51,283,831.00, reflecting a positive variance of $1,529,315.00 compared to the revised working budget of $49,754,516.00.

● Total District Expenditures: Preliminary final expenditures across all funds were $50,565,584.00, representing a favorable expenditure variance of $45,112.00 below the revised budget of $50,610,696.00.

● Net District Operating Surplus: Across all operational funds, revenues exceeded expenditures by $718,247.00.

● General Fund (Fund 01) Performance: General Fund revenues reached $41,027,788.00 against expenditures of $39,830,335.00, generating an operational surplus of $1,197,453.00.

● Unassigned Fund Balance Strength: The preliminary unassigned General Fund balance stands at 11.80% of operating expenditures (equivalent to 1.91 months of operations), remaining firmly within the School Board's designated policy target range of 10.00% to 15.00%.

Final Audit Results Are Expected in December

The current status of the FY 2025–26 fiscal close is summarized below:

- Fieldwork Completion: Independent auditors from CliftonLarsonAllen are completing final financial statements and compliance schedules.
- Final Adjustments: Minor year-end adjustments and standard journal entries are occurring in the coming days as part of the formal close.

- School Board Delivery: Comprehensive audited financial statements and a presentation by the lead auditor, Mary Reedy, will be delivered at the December business meeting.
- Formal Action: After the presentation from CliftonLarsonAllen, the board will be asked to accept the FY26 audit report and finalize the budget process for fiscal year 2025 - 2026.

Revenue Finished Above Budget Projections

Total preliminary district revenues exceeded budget projections by $1,529,315.00, driven largely by increases in General Fund state aids, enrollment adjustments, and special education entitlements.

Fund	Fund Name	FY 26 Revised Budget	FY 26 Prelim Final	Variance (Fav / (Unfav))
Fund 01	General Fund	$39,162,121.00	$41,027,788.00	$1,865,667.00
Fund 02	Food Service	$2,167,476.00	$2,119,814.00	($47,662.00)
Fund 04	Community Education	$2,113,300.00	$2,120,345.00	$7,045.00
Fund 07	Debt Service	$5,372,018.00	$5,434,721.00	$62,703.00
Fund 20	Internal Service	$305,000.00	$315,025.00	$10,025.00
Fund 45	Irrevocable Trust	$227,000.00	$264,496.00	$37,496.00
Fund 47	OPEB Debt Service	$407,601.00	$1,642.00	($405,959.00)
Total All Revenues		**$49,754,516.00**	**$51,283,831.00**	**$1,529,315.00**

Total Spending Finished Slightly Below Budget

Expenditures remained controlled across departments. The General Fund realized $653,894.00

in cost savings relative to budget, offsetting cost pressures in Community Education and Food Service.

Fund	Fund Name	FY 26 Revised Budget	FY 26 Prelim Final	Variance (Over / (Under))
Fund 01	General Fund	$40,484,229.00	$39,830,335.00	($653,894.00)
Fund 02	Food Service	$1,833,770.00	$1,991,456.00	$157,686.00
Fund 04	Community Education	$2,182,647.00	$2,641,369.00	$458,722.00
Fund 07	Debt Service	$5,305,830.00	$5,423,166.00	$117,336.00
Fund 20	Internal Service	$253,000.00	$266,246.00	$13,246.00
Fund 45	Irrevocable Trust	$122,000.00	$413,012.00	$291,012.00
Fund 47	OPEB Debt Service	$429,220.00	$0.00	($429,220.00)
Total All Expenses		**$50,610,696.00**	**$50,565,584.00**	**($45,112.00)**

Steady Reserves Support Stable School Operations

School Board policy establishes an unassigned fund balance target between 10.00% and 15.00% of annual operating expenditures. Maintaining an adequate unassigned fund balance protects the district against state aid payment delays, unexpected operational contingencies, and enrollment volatility. Maintaining a fund balance within the board-established fund balance target also positions the district to avoid cash flow borrowing and the fees and interest payments that accompany that process.

The preliminary FY26 unassigned balance of 11.80% (1.91 months of operating expenditures) confirms the sustained long-term financial health and recovery achieved by the district following the deficits observed in FY 2017–2019.

Fiscal Year Ending	Unassigned Fund Balance %	Months of Operating Expenses	Status
June 30, 2026	**11.80%**	**1.91 Months**	**Preliminary (Target Met)**
June 30, 2025	11.36%	1.80 Months	Actual (Target Met)
June 30, 2024	11.91%	1.96 Months	Actual (Target Met)
June 30, 2023	10.85%	1.60 Months	Actual (Target Met)
June 30, 2022	12.95%	2.27 Months	Actual (Target Met)
June 30, 2021	11.11%	1.74 Months	Actual (Target Met)
June 30, 2020	7.11%	0.89 Months	Actual (Below Target)
June 30, 2019	1.96%	0.24 Months	Actual (Below Target)
June 30, 2018	-1.19%	-0.14 Months	Actual (Deficit / SOD Risk)
June 30, 2017	2.58%	0.31 Months	Actual (Below Target)

December Brings the Final Audit and Public Tax Hearing

The district will conclude its audit and tax levy certification at the upcoming December regular business meeting:

1. Audited Financial Statements Presentation: The lead auditor from CliftonLarsonAllen will present the final audited financial statements and audit findings virtually to the School Board.
2. Formal Action to Accept Audit: An action item will be placed on the agenda for board consideration and approval to formally accept the FY 2025–26 audited financial reports.
3. Truth in Taxation Hearing: The annual statutory public hearing regarding the proposed property tax levy will occur during the same evening. Specific date, time, and meeting location details are published on property tax statements sent to district residents.
4. Public Financial Briefing: Additional detailed financial disclosures, fund balance allocations, and levy components will be presented to both the board and the public during the hearing.

Next Steps

- December 3rd School Board Meeting
  - Audited Financial Statements will be presented by Clifton Larson Allen
  - The Truth in Taxation Hearing is scheduled to take place on the same evening as the December business meeting (December 3rd at 6:00 pm)
    - Annual, require public hearing for school districts regarding taxes
    - Time, Date and Location of the Hearing appears on tax statements
    - Additional financial information for the school board and for the public will be included in that presentation



NORTH BRANCH AREA PUBLIC SCHOOLS

Inspire Dreams, Build Integrity, Instill Hope