



INDEPENDENT SCHOOL DISTRICT NO. 2683

Executive Summary - June 30, 2022



CPAs & BUSINESS ADVISORS



AUDIT RESULTS AND FINDINGS

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



FINDINGS

Financial Statements:

- 1. Preparation of Financial Statements**
- 2. Material Journal Entries**
- 3. Segregation of Duties**

Minnesota Legal Compliance:

- 1. None**



GASB 87 IMPLEMENTATION

- Required for reporting periods beginning after June 15, 2021
- For lessees:
 - Adds new statement of net position items
 - Right-to-use lease asset (\$98,684)
 - Lease liability (\$98,684)



As a result of implementing this accounting standard, net position at July 1, 2021 remained unchanged.

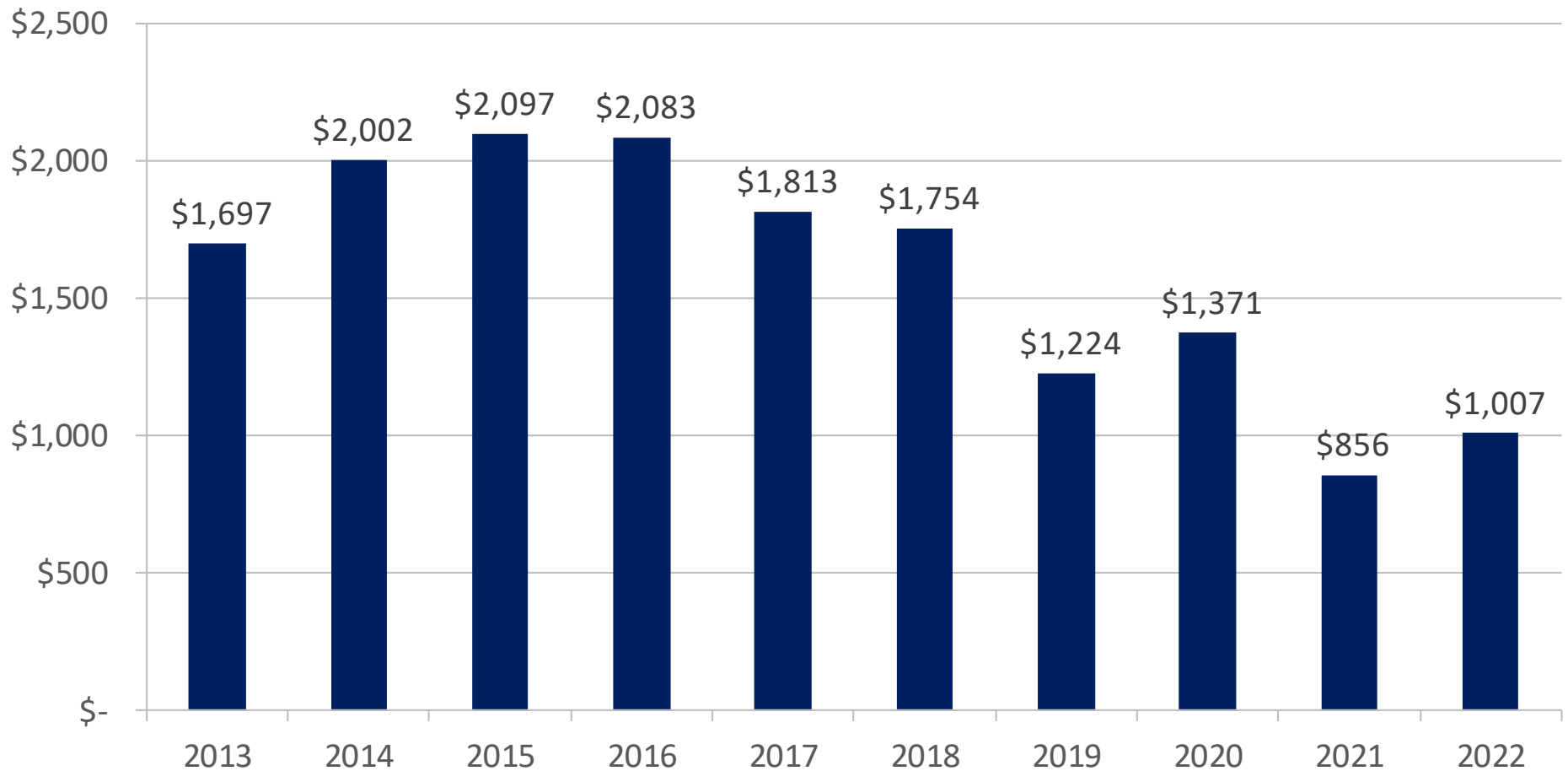


CASH AND INVESTMENTS

CASH/INVESTMENTS

Most significantly affected by the state aid payment structure.

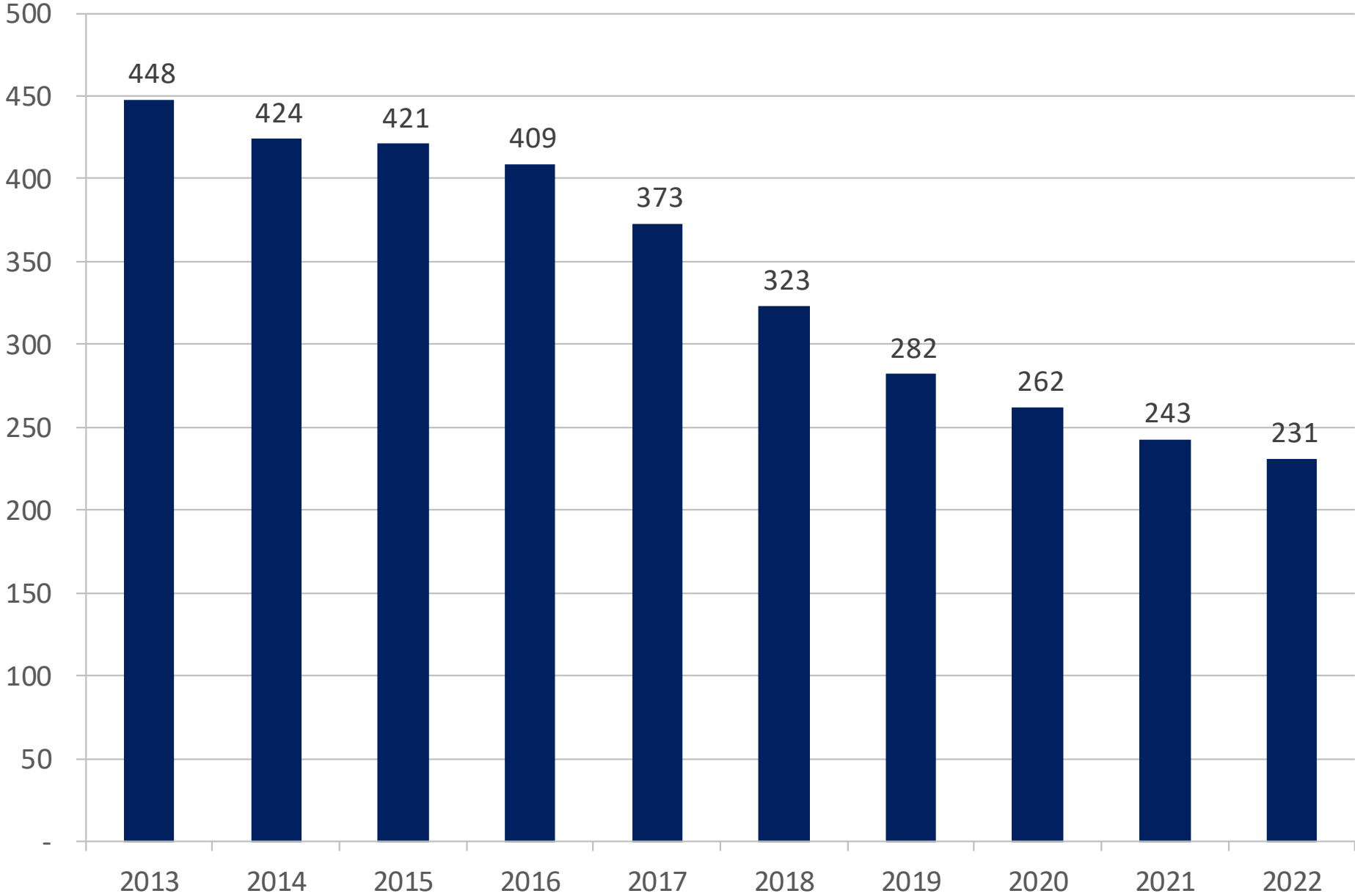
Balances (in thousands) of the District for the past ten years:





GENERAL FUND

ADM SERVED



BUDGET TO ACTUAL

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
State sources	\$ 3,328,303	\$ 3,328,303	\$ 3,381,527	\$ 53,224
Local levies	350,306	350,306	353,046	2,740
Federal sources	93,465	93,465	440,759	347,294
Other	357,979	357,979	626,169	268,190
Total revenues	<u>4,130,053</u>	<u>4,130,053</u>	<u>4,801,501</u>	<u>671,448</u>
				16.3% Over
Expenditures				
Current				
Regular and vocational instruction	2,120,011	2,120,011	2,255,193	(135,182)
Administration and district support services	518,048	518,048	459,269	58,779
Special education instruction	433,933	433,933	501,664	(67,731)
Instructional and pupil support services	485,335	485,335	672,307	(186,972)
Sites and buildings	525,105	525,105	433,085	92,020
Other	217,500	217,500	44,985	172,515
Debt service	-	-	22,671	(22,671)
Capital outlay	90,041	90,041	327,266	(237,225)
Total expenditures	<u>4,389,973</u>	<u>4,389,973</u>	<u>4,716,440</u>	<u>(326,467)</u>
				7.4% Over
Net Change in Fund Balance	<u>\$ (259,920)</u>	<u>\$ (259,920)</u>	85,061	<u>\$ 344,981</u>
Fund Balance, Beginning of Year			<u>704,988</u>	
Fund Balance, End of Year			<u>\$ 790,049</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

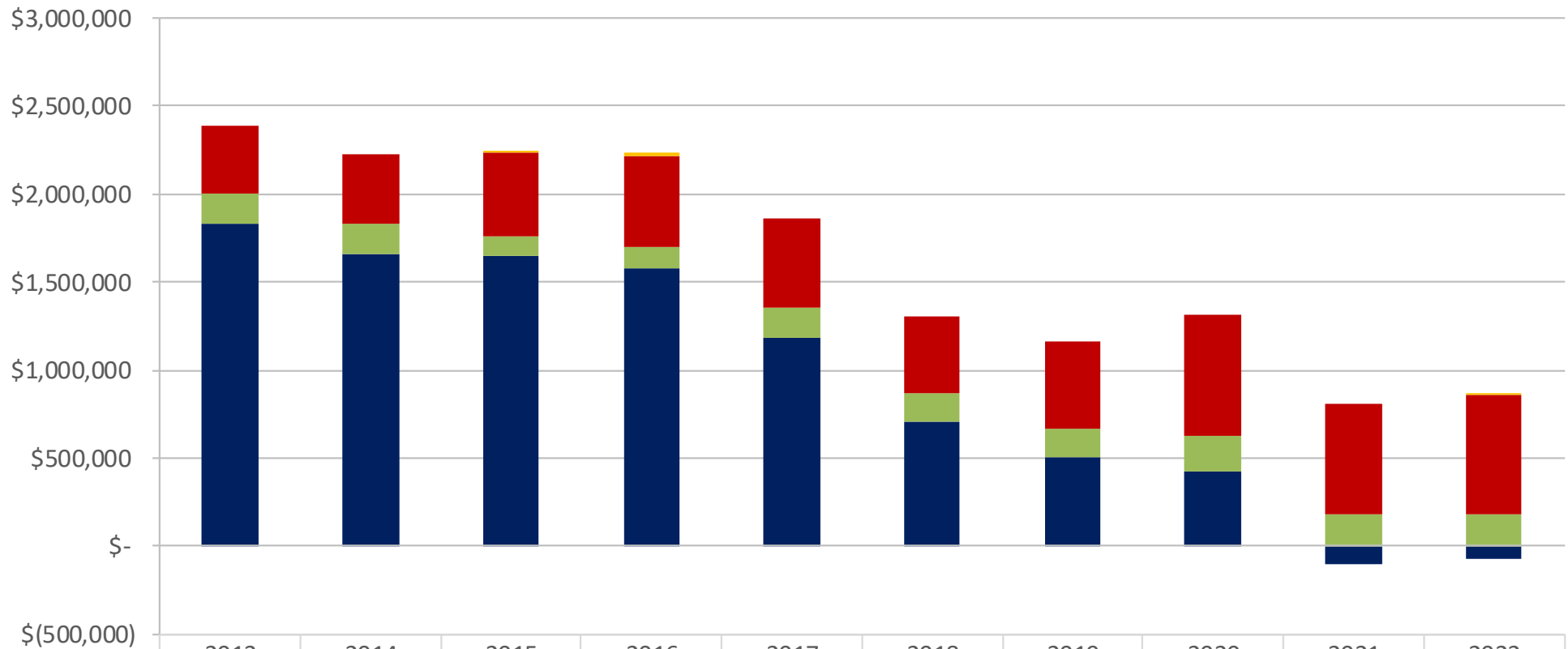
CHANGES IN UFARS FUND BALANCES

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	\$ -	\$ 8,255	\$ 8,255
Restricted for student activities	194,686	(49,328)	145,358
Restricted for scholarships	120,691	(850)	119,841
Restricted for operating capital	97,725	202,539	300,264
Restricted for safe schools levy	37,073	(4,839)	32,234
Restricted for long term facilities maintenance	179,816	(96,965)	82,851
Committed for severance	175,727	-	175,727
Unassigned	(100,730)	26,249	(74,481)
	<u>\$ 704,988</u>	<u>\$ 85,061</u>	<u>\$ 790,049</u>

TOTAL FUND BALANCES

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



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
■ Nonspendable	\$-	\$-	\$5,768	\$24,448	\$-	\$-	\$-	\$-	\$-	\$8,255
■ Restricted	\$385,513	\$388,340	\$471,895	\$516,237	\$507,602	\$434,084	\$501,828	\$688,381	\$629,991	\$680,548
■ Committed	\$173,746	\$173,746	\$119,555	\$119,555	\$165,939	\$165,939	\$166,340	\$200,873	\$175,727	\$175,727
■ Unassigned	\$1,832,246	\$1,660,869	\$1,645,225	\$1,576,546	\$1,186,983	\$705,364	\$499,224	\$421,294	\$(100,730)	\$(74,481)

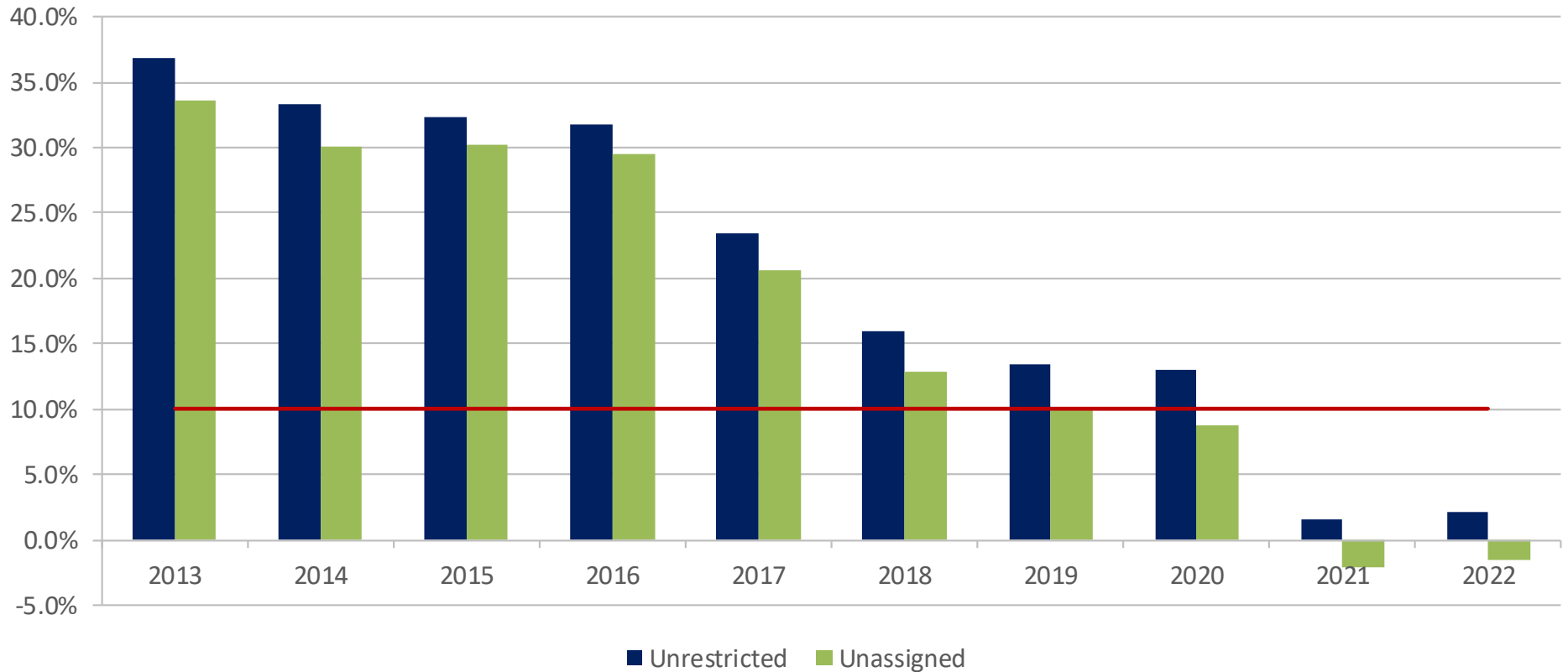
RECOMMENDATIONS REGARDING FUND BALANCES

The District's Policy: strive to maintain a minimum unassigned fund balance in an amount that shall be no less than 10% of the annual budget. For the current year that target amount is \$472,000.

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 \$786,000.

UNRESTRICTED AND UNASSIGNED FUND BALANCE

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



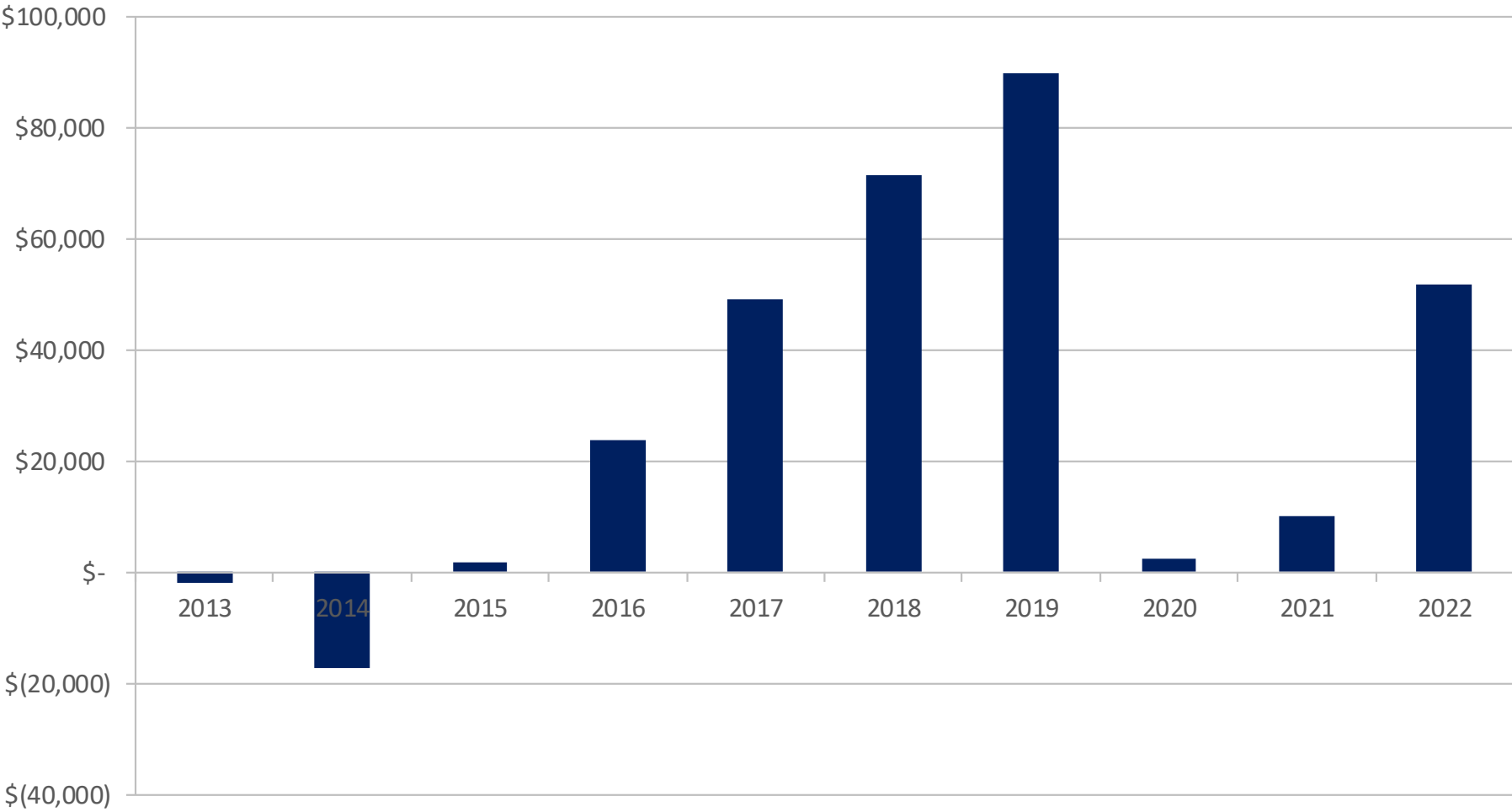
The maroon lines indicate the District's fund balance policy of maintaining an unassigned fund balance of 10% of expenditures.



OTHER FUNDS

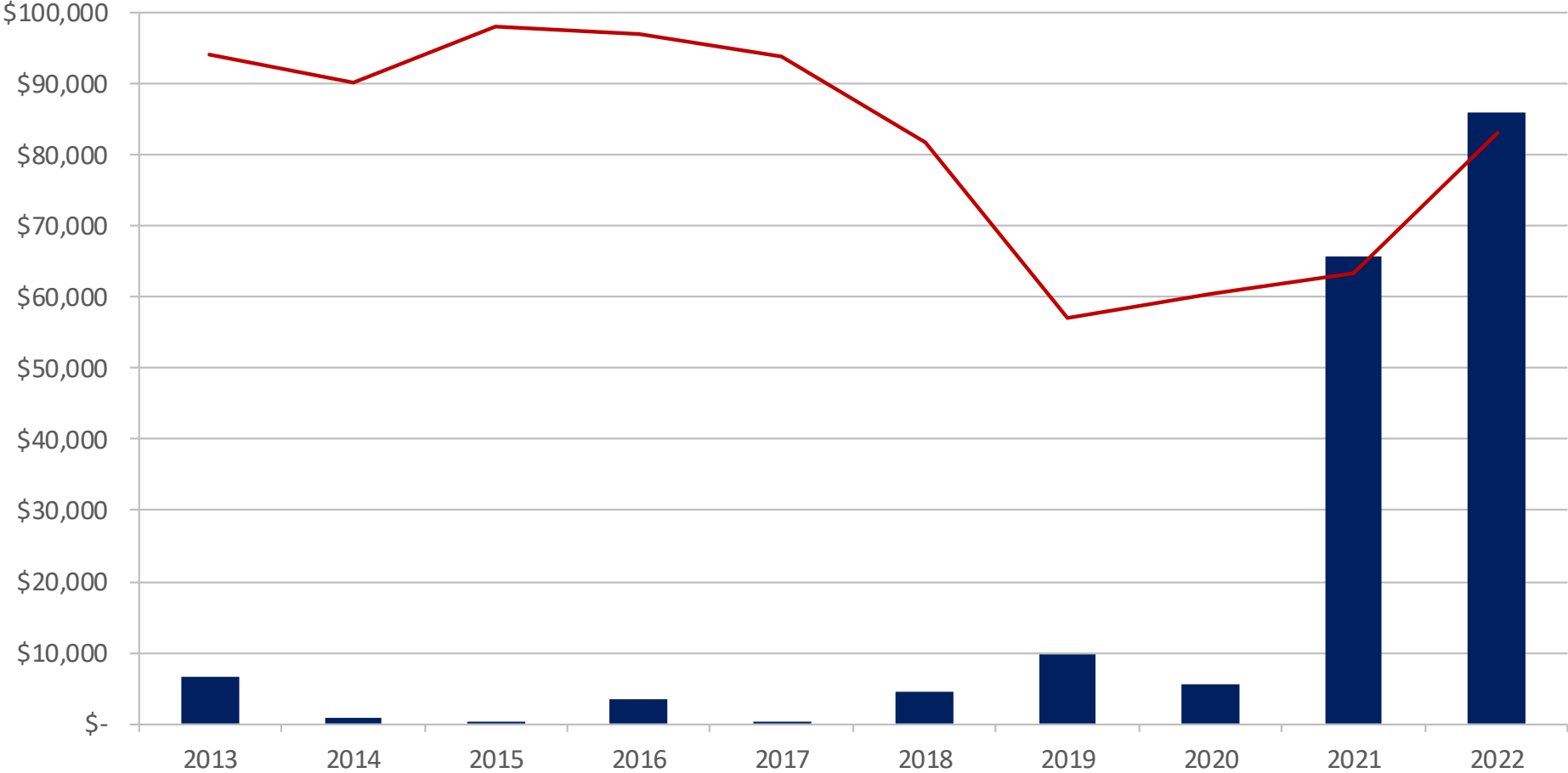
YEAR-END FUND BALANCE – COMMUNITY SERVICE FUND

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.

WHAT'S NEXT AND OTHER TOPICS

- Federal grant programs
 - American Rescue Plan Act
 - Infrastructure Investment and Jobs Act
- *GASB No. 96, Subscription-Based Information Technology Arrangements (2023)*
- Ongoing Communication – throughout the year
 - Online publications
 - Webinars
 - Access to specialists



QUESTIONS?

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THANK YOU

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