



UP NORTH LEARNING CENTER

Executive Summary | June 30, 2024





AUDIT RESULTS AND FINDINGS



AUDIT OPINION

- The Center 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

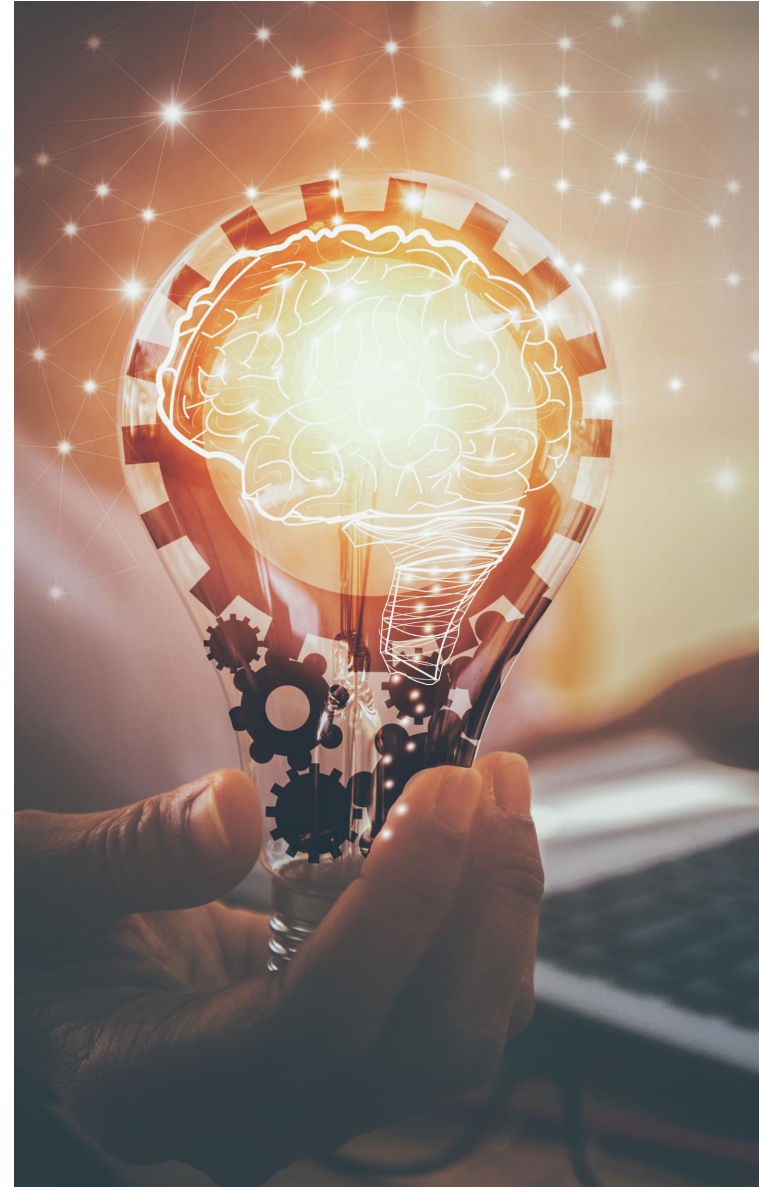
FINDINGS

- **Financial Statements:**

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

- **Minnesota Legal Compliance:**

1. None

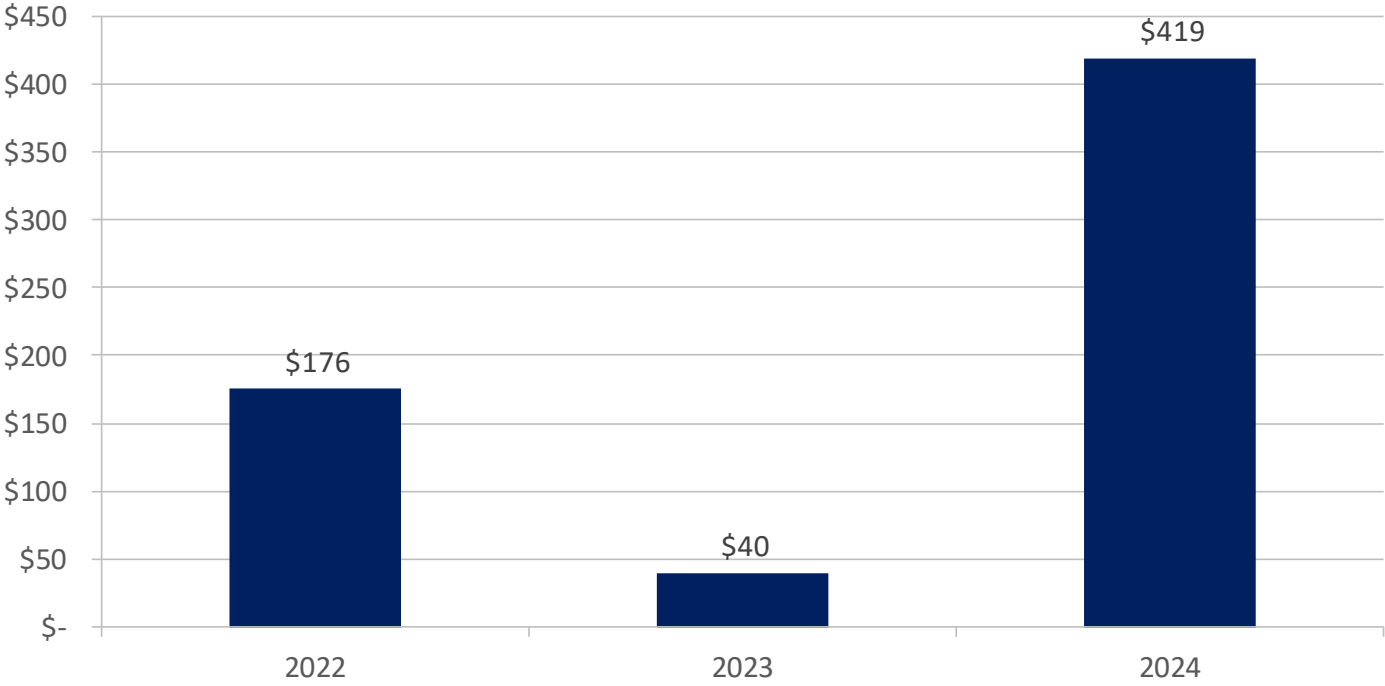




CASH AND INVESTMENTS

CASH/INVESTMENTS

- Most significantly affected by the state aid payments structure. Balances (in thousands) of the Center for the past three years:





GENERAL FUND

BUDGET TO ACTUAL

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
State sources	\$ -	\$ 956,128	\$ 1,155,008	\$ 198,880
Federal sources	-	36,885	18,997	(17,888)
Other	1,054,551	1,480	438,466	436,986
Total revenues	<u>1,054,551</u>	<u>994,493</u>	<u>1,612,471</u>	<u>617,978</u>
				62.1% Over
Expenditures				
Current				
Regular and vocational instruction	-	26,389	8,501	17,888
Administration and district support services	257,942	242,340	230,574	11,766
Special education instruction	707,510	648,217	689,176	(40,959)
Instructional and pupil support services	4,205	4,395	2,988	1,407
Sites and buildings	84,894	58,152	491,697	(433,545)
Capital outlay	-	15,000	9,596	5,404
Total expenditures	<u>1,054,551</u>	<u>994,493</u>	<u>1,432,532</u>	<u>(438,039)</u>
				44.0% Over
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	179,939	<u>\$ 179,939</u>
Fund Balance, Beginning of Year			<u>305,126</u>	
Fund Balance, End of Year			<u>\$ 485,065</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

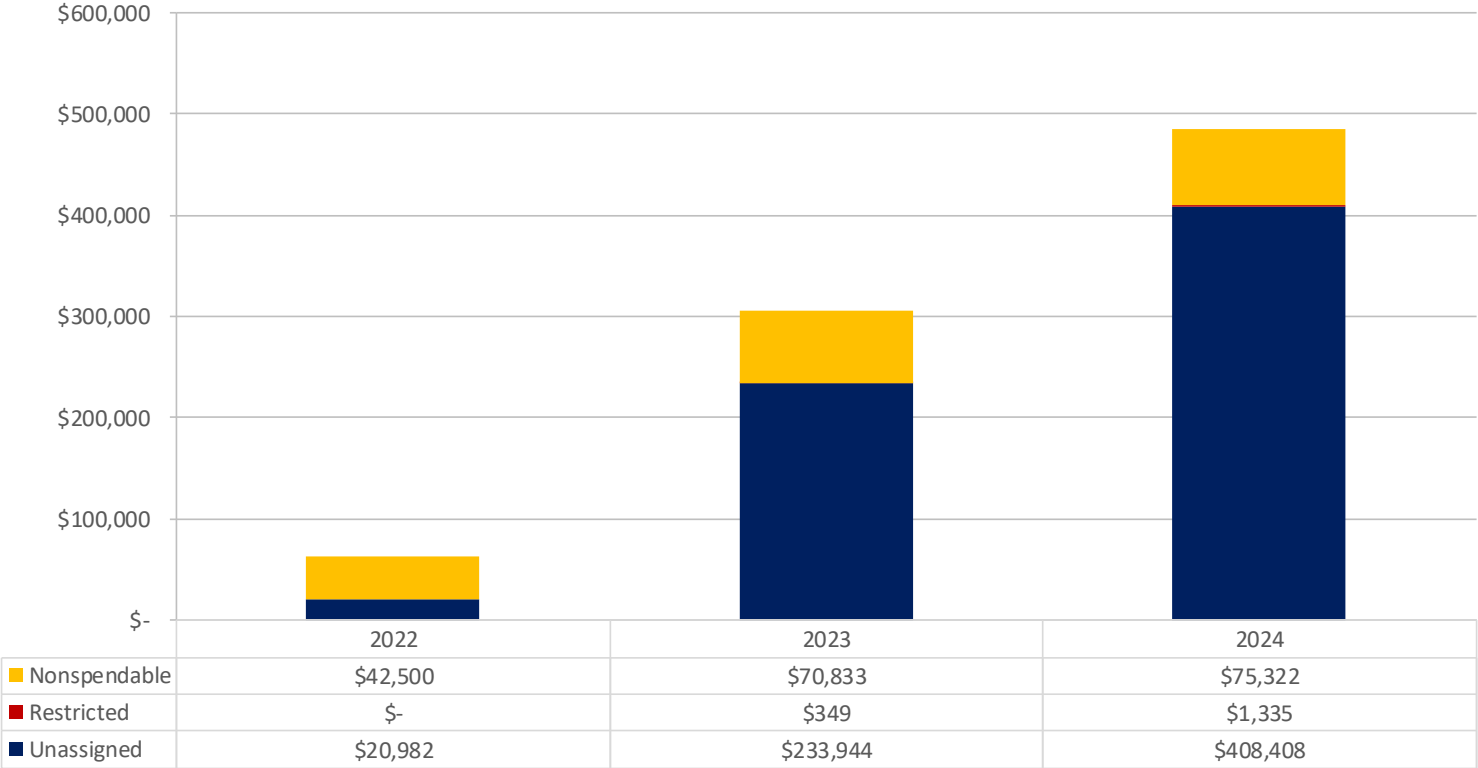
CHANGES IN UFARS FUND BALANCES

- 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	\$ 70,833	\$ 4,489	\$ 75,322
Restricted for Medical Assistance	349	986	1,335
Unassigned	233,944	174,464	408,408
	<u>\$ 305,126</u>	<u>\$ 179,939</u>	<u>\$ 485,065</u>

TOTAL FUND BALANCES

- Total fund balances of the General Fund for the past three years:



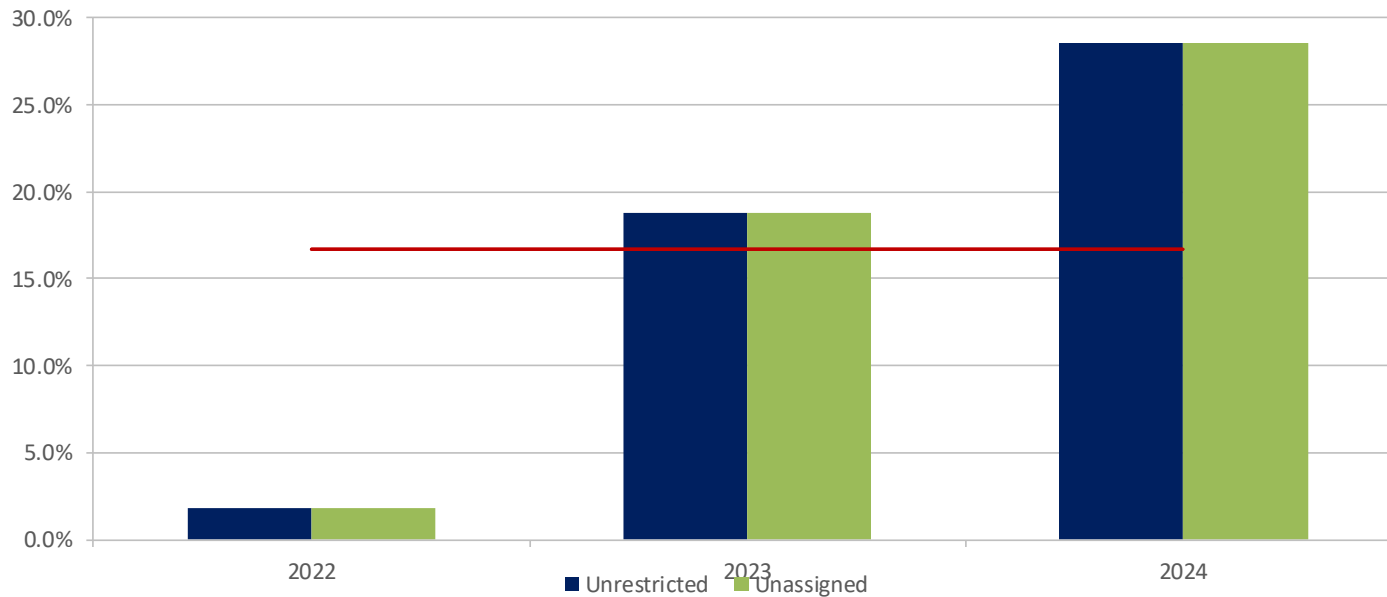
RECOMMENDATIONS REGARDING FUND BALANCES

- **The Center's Policy:** strive to maintain a minimum unassigned fund balance of two months of operating expenditures. For the current year that target amount is approximately \$239,000.
- **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 approximately \$239,000.



UNRESTRICTED AND UNASSIGNED FUND BALANCE

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



- The maroon line indicates the Center's fund balance policy of maintaining an unassigned fund balance of two months of expenditures.



QUESTIONS?

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THANK YOU

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