



INDEPENDENT SCHOOL DISTRICT NO. 2683

Executive Summary - June 30, 2021



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



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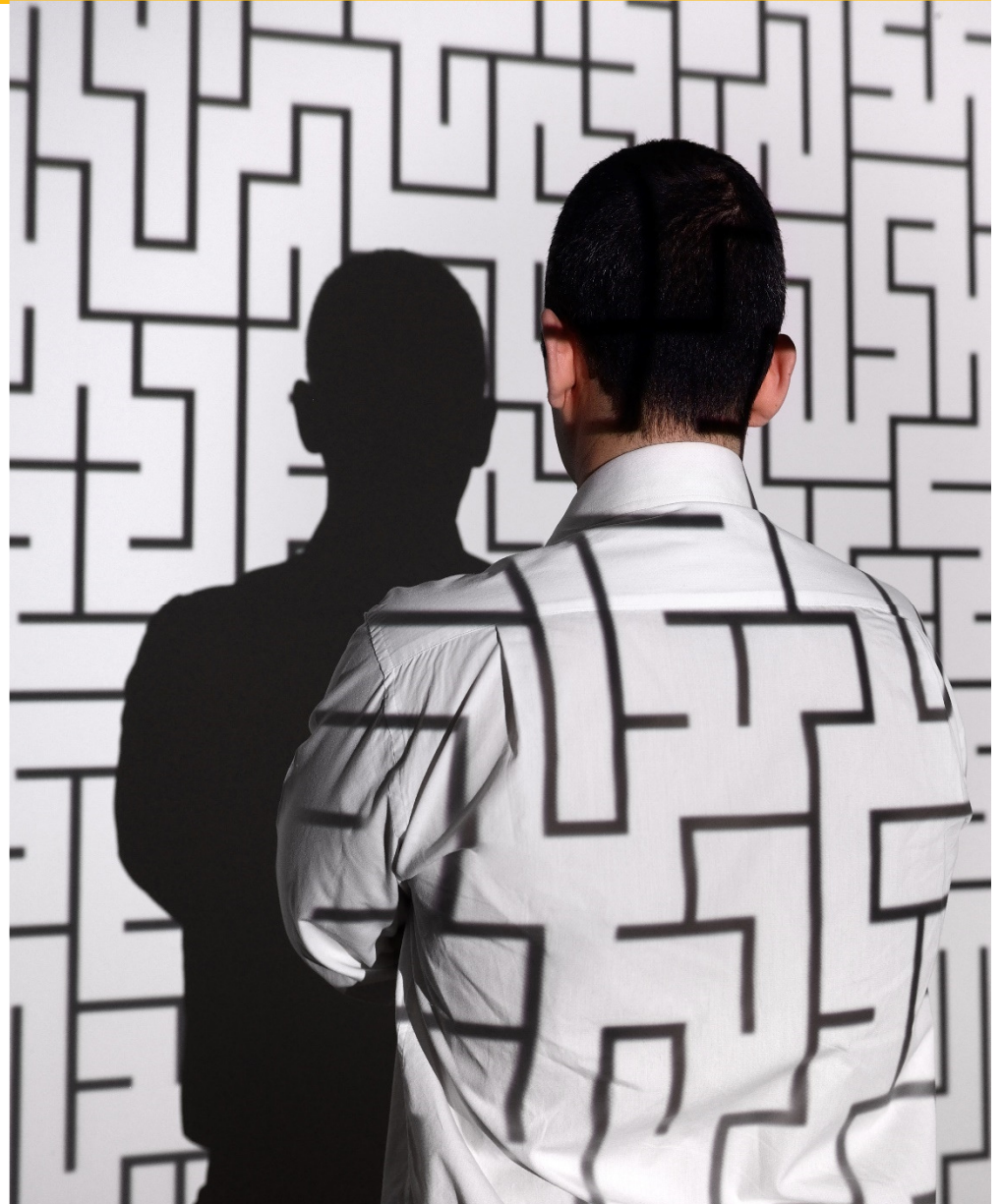
FINDINGS

Financial Statements:

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

Minnesota Legal Compliance:

None Reported



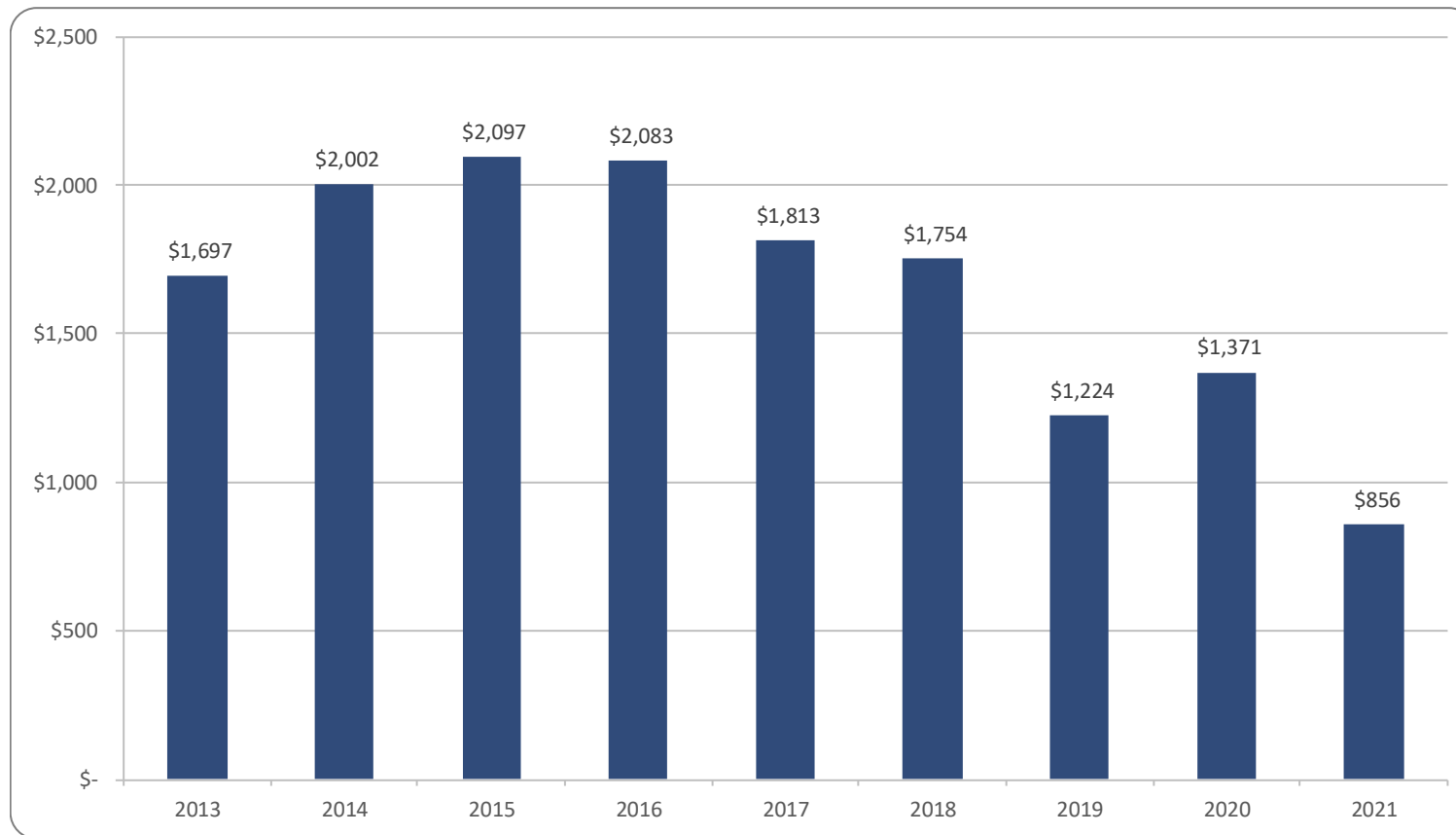


CASH AND INVESTMENTS

CASH/INVESTMENTS

Most significantly affected by the state aid payments structure.

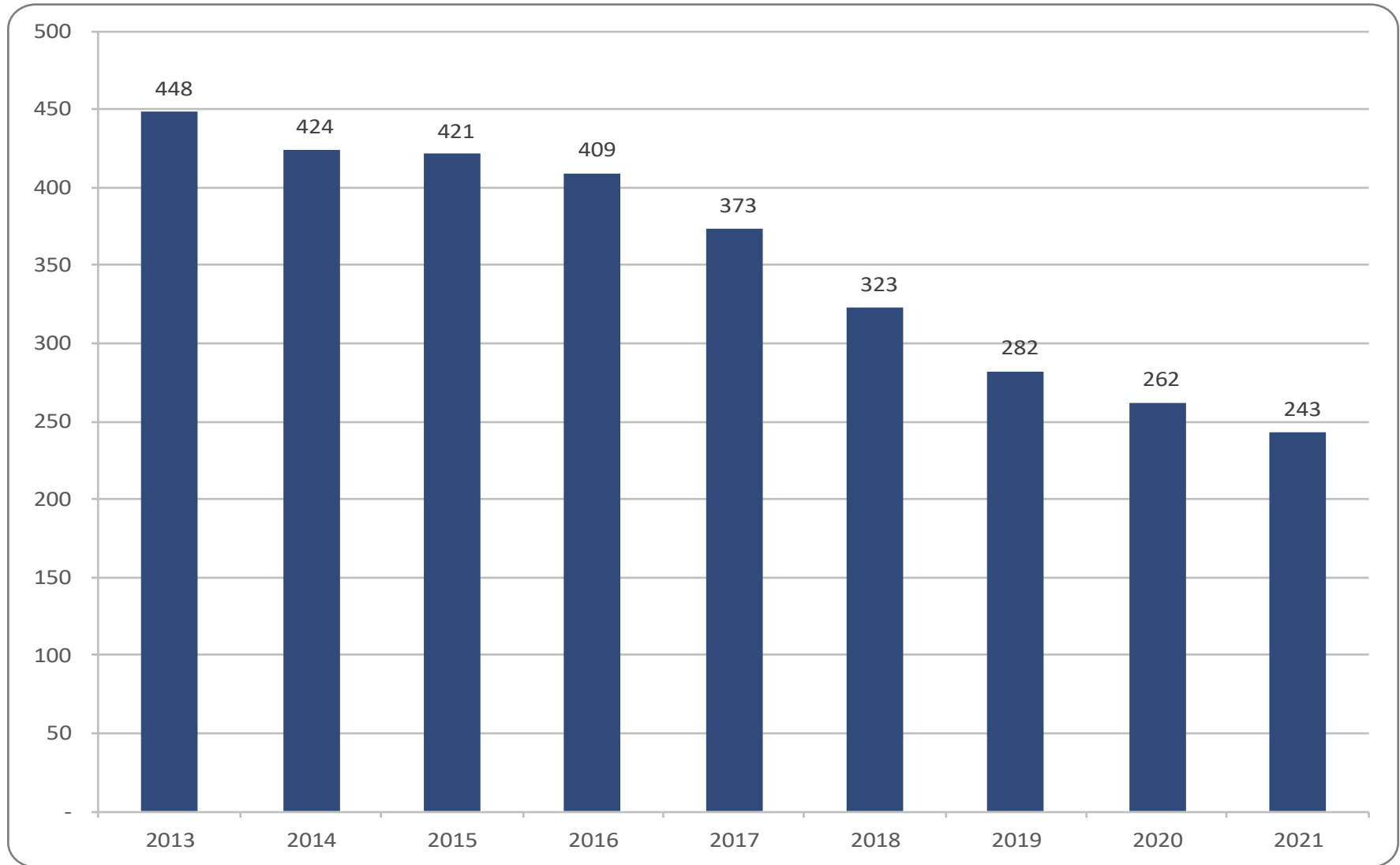
Balances (in thousands) of the District for the past nine years:





GENERAL FUND

ADM SERVED



BUDGET TO ACTUAL

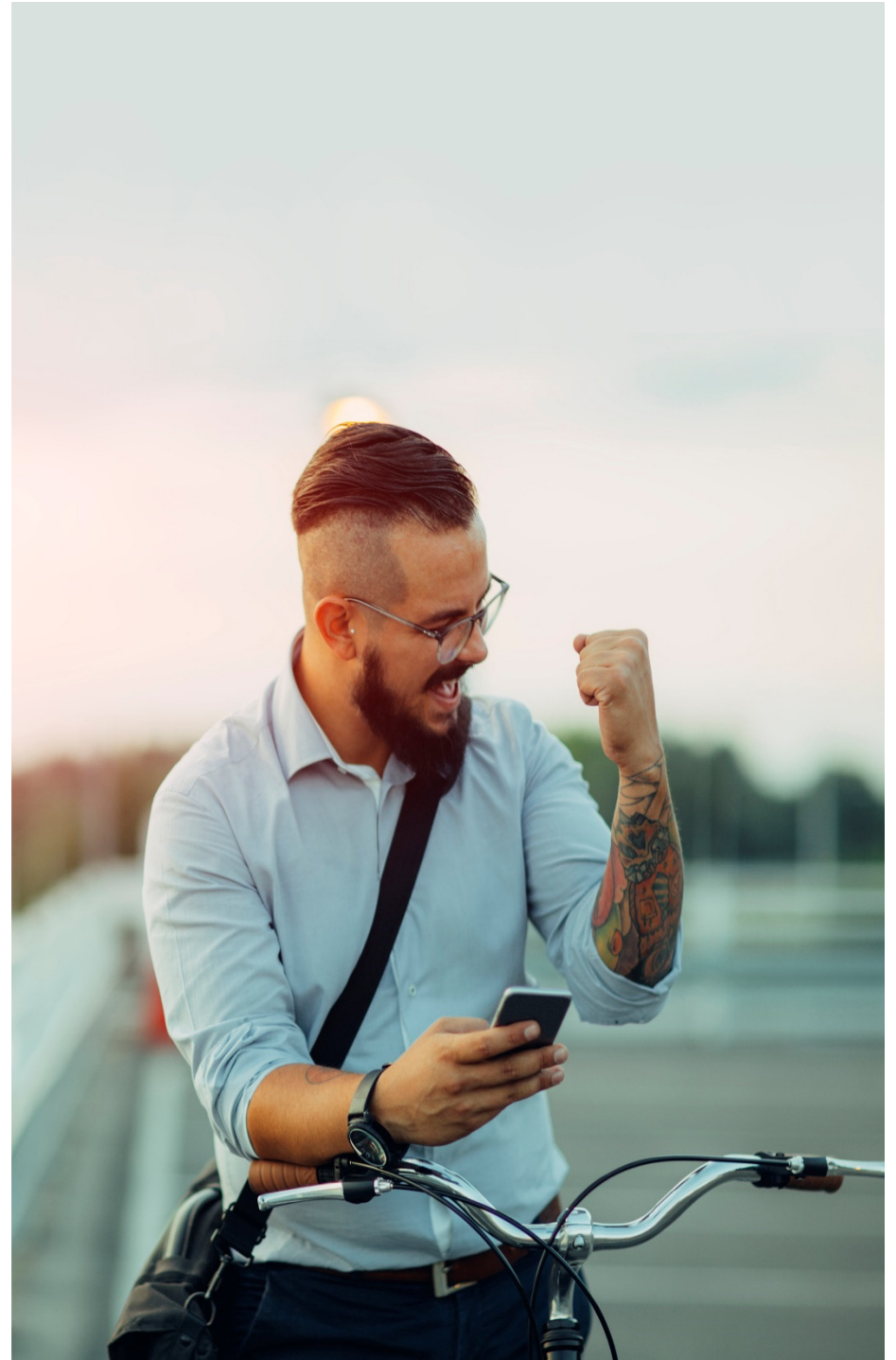
	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
State sources	\$ 3,807,851	\$ 3,677,264	\$ 3,497,202	\$ (180,062)
Local levies	344,583	249,917	247,903	(2,014)
Federal sources	113,555	83,978	104,792	20,814
Other	258,608	367,387	290,365	(77,022)
	<u>4,524,597</u>	<u>4,378,546</u>	<u>4,140,262</u>	<u>(238,284)</u>
				-5.4%
				Negative
Expenditures				
Current				
Regular instruction	2,163,262	2,362,256	2,338,858	23,398
Administration and district support services	528,378	514,895	558,437	(43,542)
Special education instructic Instructional and	628,586	526,986	565,012	(38,026)
pupil support services	578,030	578,710	527,124	51,586
Sites and buildings	585,224	609,382	506,636	102,746
Other	201,474	224,400	114,294	110,106
Capital Outlay	230,227	154,927	169,335	(14,408)
	<u>4,915,181</u>	<u>4,971,556</u>	<u>4,779,696</u>	<u>191,860</u>
				3.9%
				Positive
Deficiency of Revenues				
Under Expenditures	(390,584)	(593,010)	(639,434)	(46,424)
Transfers in (out)	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (405,584)</u>	<u>\$ (593,010)</u>	<u>(639,434)</u>	<u>\$ (46,424)</u>
Fund Balance, Beginning of Year			<u>1,310,548</u>	
Fund Balance, End of Year			<u>\$ 671,114</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

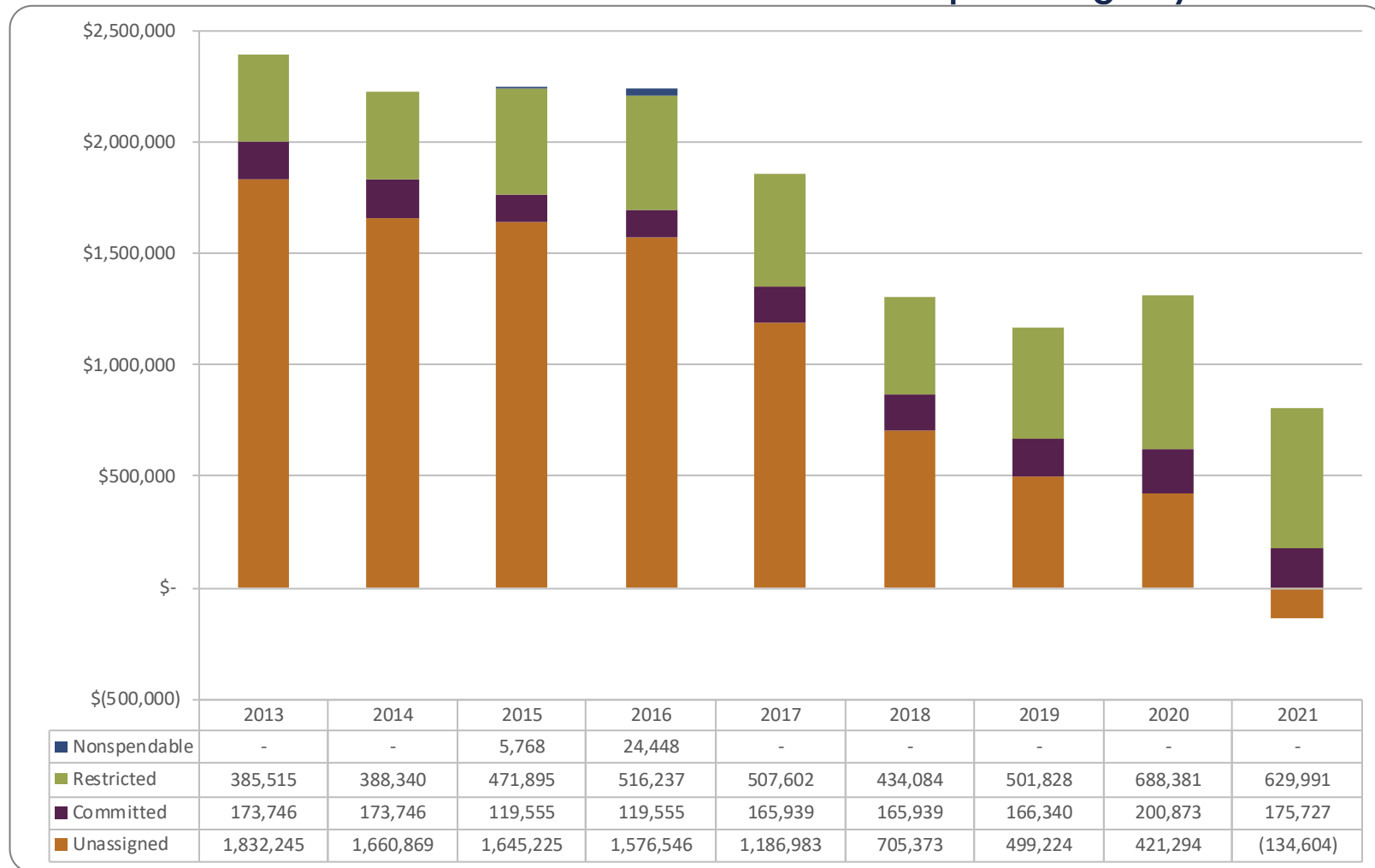
CHANGES IN UFARS FUND BALANCES

Fund Balance: cumulative difference between fund assets and fund liabilities

	Fund Balance Beginning	Net Change in Fund Balance	Fund Balance (Deficit) End of Year
Restricted for student activities	\$ 181,517	\$ 13,169	\$ 194,686
Restricted for scholarships	119,941	750	120,691
Restricted for operating capital	109,422	(11,697)	97,725
Restricted for safe schools	37,848	(775)	37,073
Restricted for long term facilities maintenance	239,653	(59,837)	179,816
Committed for severance	200,873	(25,146)	175,727
Unassigned	421,294	(555,898)	(134,604)
	<u>\$ 1,310,548</u>	<u>\$ (639,434)</u>	<u>\$ 671,114</u>

TOTAL FUND BALANCES

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



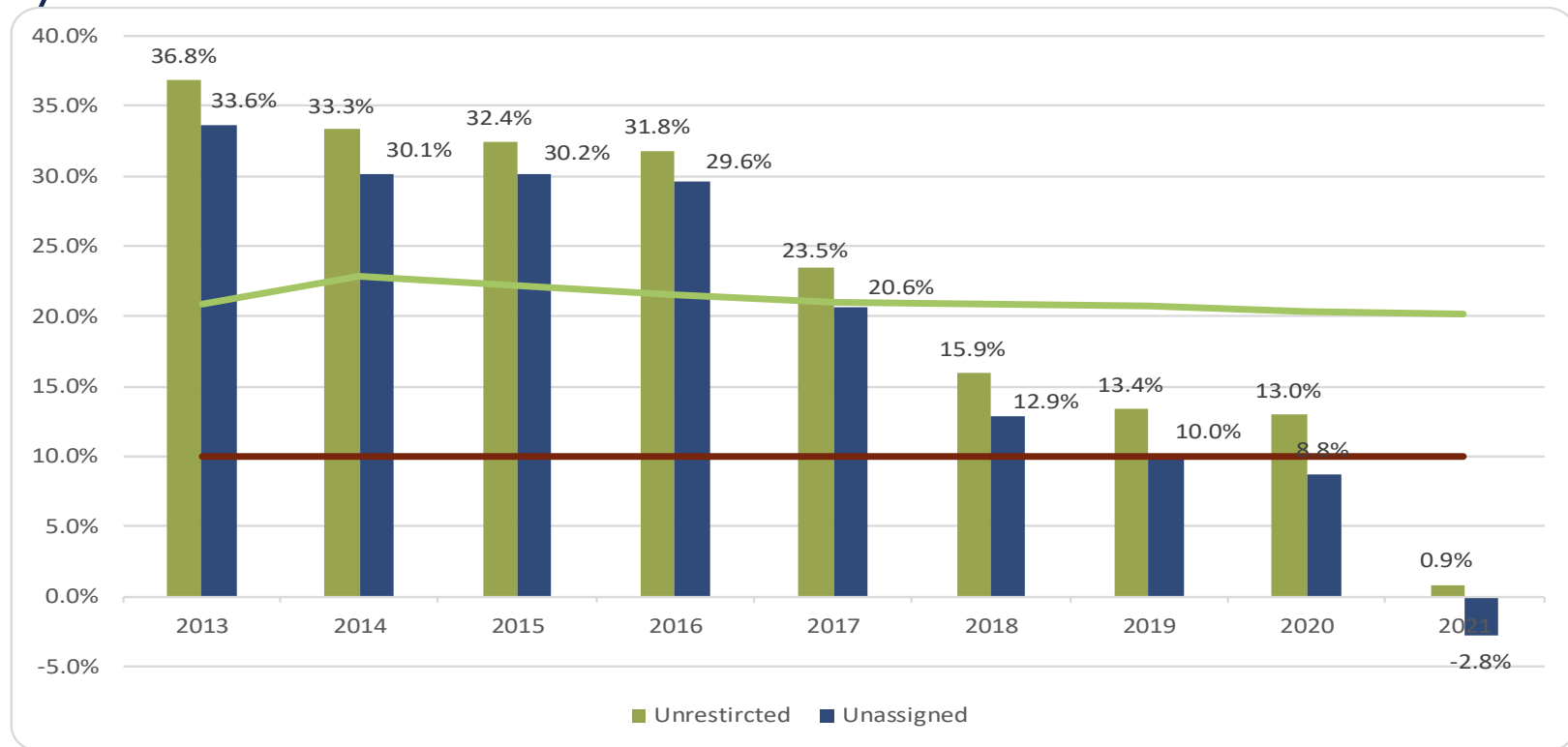
RECOMMENDATIONS REGARDING FUND BALANCES

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 \$797,000.

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 \$478k.

UNRESTRICTED AND UNASSIGNED FUND BALANCE

The District's unrestricted (committed, assigned, and unassigned) and unassigned fund balance as a percentage of expenditures in the General Fund for the last nine years



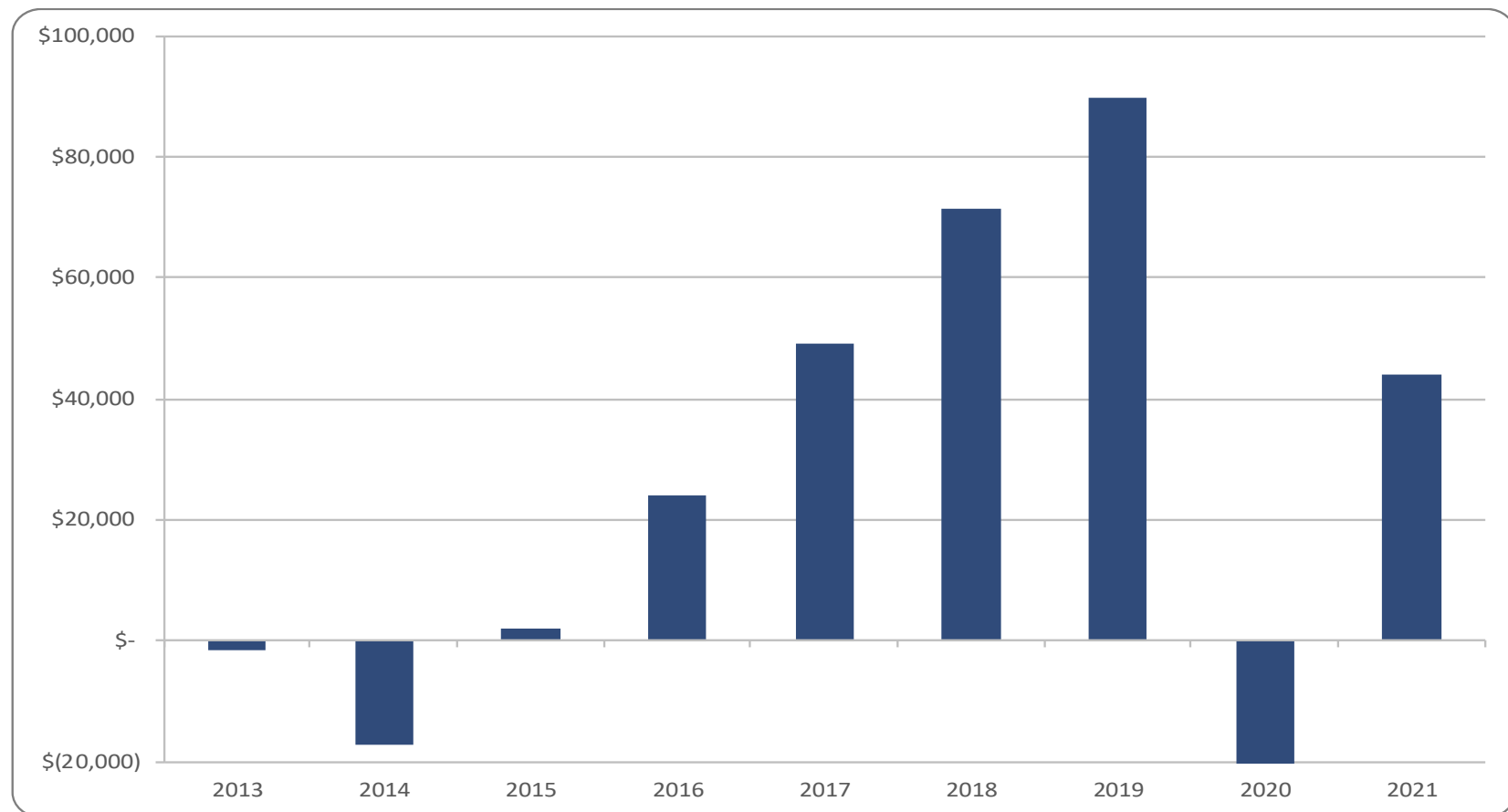
The maroon line indicates the District's fund balance policy of maintaining a minimum unassigned fund balance of 10% of expenditures. The green line indicates the state average of similar size districts.



OTHER FUNDS

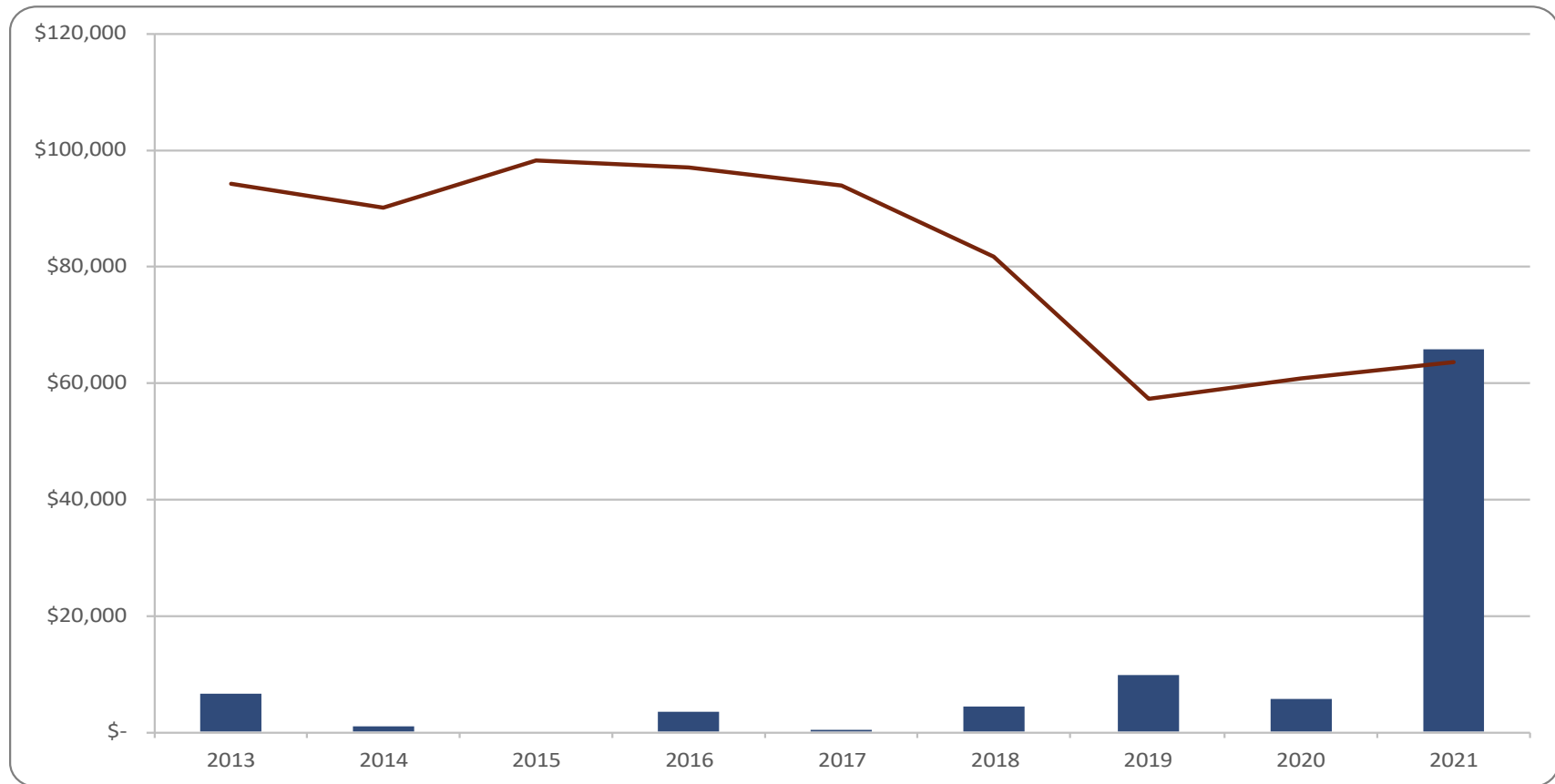
YEAR-END FUND BALANCE – COMMUNITY SERVICE FUND

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.



QUESTIONS?

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THANK YOU

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