



Independent School District No. 821

Executive Summary – June 30, 2025



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

Audit of Federal Funds

- ****STILL IN PROCESS DUE TO 2025 COMPLIANCE SUPPLEMENT DELAYS****
- All entities with federal award expenditures of \$750,000+ in a year are required to obtain an annual audit
- Single audit – considers compliance with rules and regulations of applicable federal awards
- The District is expected to receive an unmodified opinion on compliance for the major federal awards program report

Findings

Financial Statements:

- Preparation of Financial Statements and SEFA
- Material Journal Entries
- Segregation of Duties

Single audit**

**Not completed due to 2025 Compliance

Supplement delays

Minnesota Legal Compliance:

- Inactive Student Activity Accounts
- Funds Remaining for a Graduated Class



GASB 101 Implementation

- New accounting standard for compensated absences liabilities
- Modernizes the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liabilities
- Required for reporting periods ending June 30, 2025

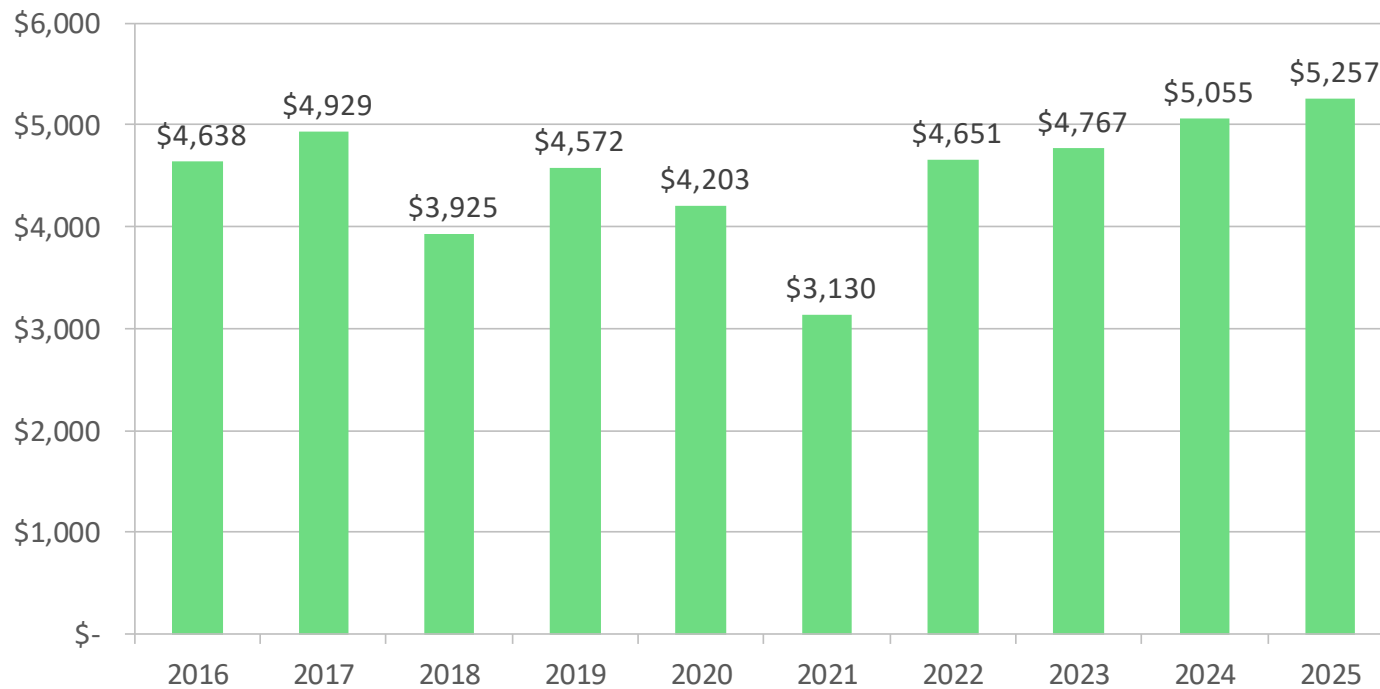
As a result of implementing this, long-term liabilities as of July 1, 2024, increased by approximately \$683,000

Cash and Investments

Cash and Investments

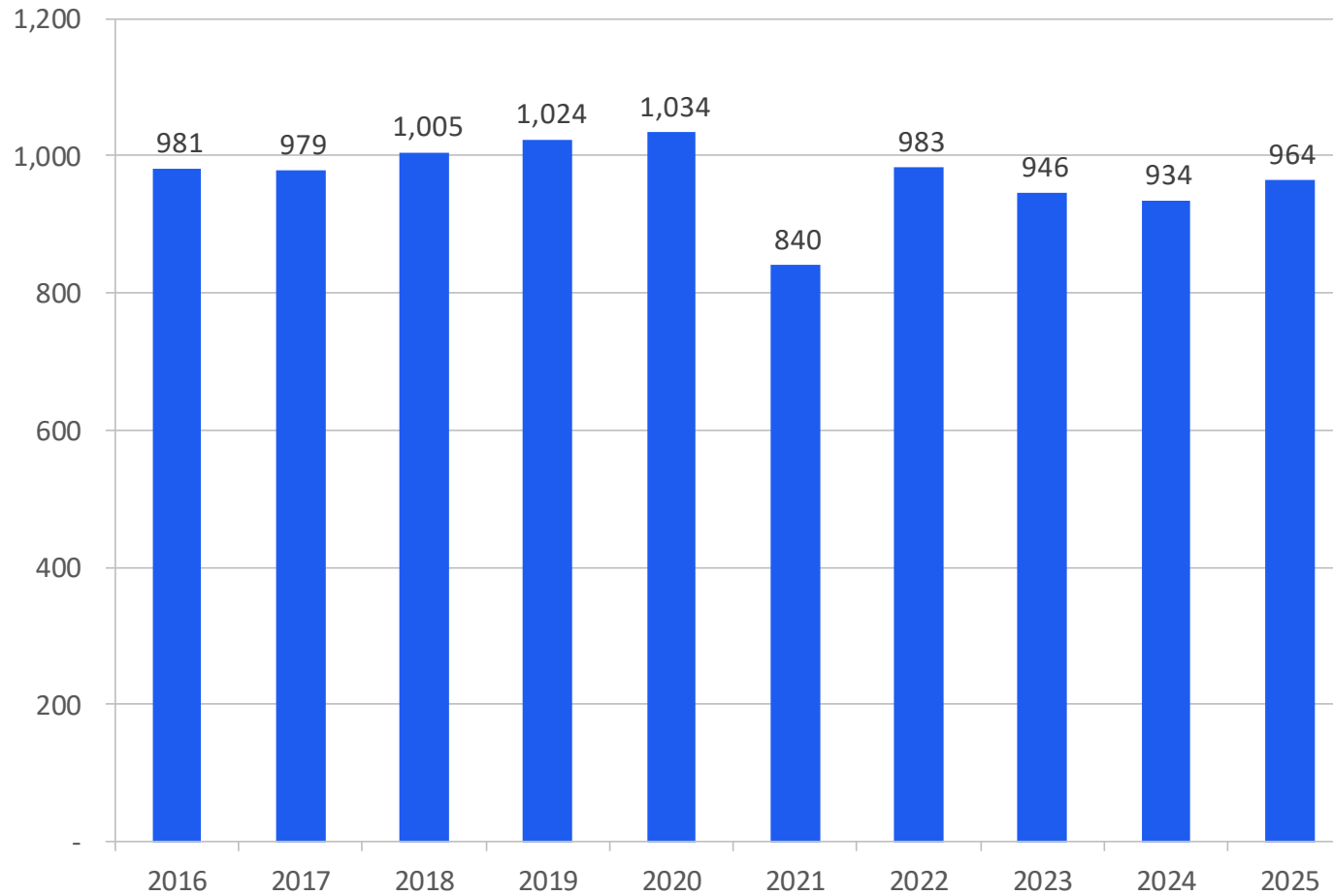
Most significantly affected by the state aid payment structure.

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	\$ 12,179,192	\$ 12,413,315	\$ 12,302,828	\$ (110,487)
Local levies	638,317	645,660	641,496	(4,164)
Federal sources	195,600	195,582	215,029	19,447
Other	456,029	608,520	953,390	344,870
Total revenues	<u>13,469,138</u>	<u>13,863,077</u>	<u>14,112,743</u>	<u>249,666</u>
				1.8% Over
Expenditures				
Current				
Regular and vocational instruction	6,193,304	6,206,658	6,649,175	(442,517)
Administration and district support services	1,393,450	1,520,184	1,491,005	29,179
Special education instruction	2,370,430	2,293,360	2,156,521	136,839
Instructional and pupil support services	1,774,799	1,913,442	1,756,053	157,389
Sites and buildings	1,193,501	1,223,618	1,026,364	197,254
Other	-	-	2,000	(2,000)
Debt service	-	-	2,203	(2,203)
Capital outlay	367,500	395,243	845,320	(450,077)
Total expenditures	<u>13,292,984</u>	<u>13,552,505</u>	<u>13,928,641</u>	<u>(376,136)</u>
				-2.8% Over
Excess of Revenues over Expenditures	176,154	310,572	184,102	(126,470)
Other Financing Sources				
Financed purchase proceeds	-	-	97,000	97,000
Sale of property	-	3,062	11,362	8,300
Insurance recovery	-	-	11,059	11,059
Total other financing sources	<u>-</u>	<u>3,062</u>	<u>119,421</u>	<u>116,359</u>
Net Change in Fund Balance	<u>\$ 176,154</u>	<u>\$ 313,634</u>	303,523	<u>\$ (10,111)</u>
Fund Balance, Beginning of Year			3,694,046	
Fund Balance, End of Year			<u>\$ 3,997,569</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 council but is not legally restricted

Assigned

Intended for a specific activity by the council or designated individuals

Not legally restricted

Unassigned

Reserves

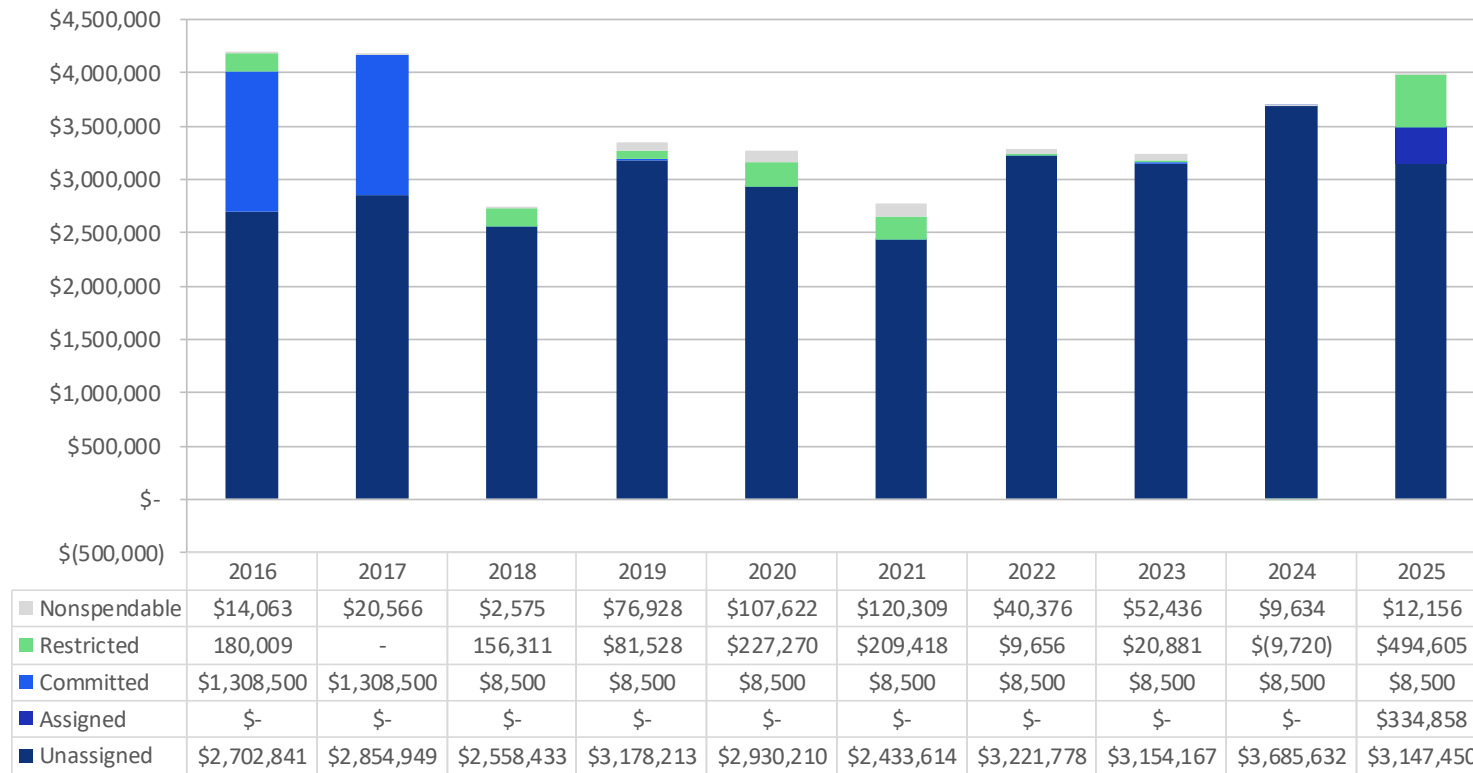
"Rainy day" fund

Changes in UFARS Fund Balances

	Fund Balance (Deficit) Beginning of Year	Net Change in Fund Balance	Fund Balance (Deficit) End of Year
Nonspendable	\$ 9,634	\$ 2,522	\$ 12,156
Restricted for student activities	137,040	6,169	143,209
Restricted for scholarships	51,581	424	52,005
Restricted for staff development	424	2,193	2,617
Restricted for literacy incentive aid	360	-	360
Restricted for operating capital	1,635	(6)	1,629
Restricted for learning and development	421	(9)	412
Restricted for gifted and talented	175	8,257	8,432
Restricted for basic skills programs	-	24,595	24,595
Restricted for safe schools levy	(8,488)	(147)	(8,635)
Restricted for READ Act - literacy aid	-	37,743	37,743
Restricted for READ Act - teacher training comp	-	15,453	15,453
Restricted for long term facilities maintenance	(279,615)	309,162	29,547
Restricted for medical assistance	86,747	100,491	187,238
Committed for severance	8,500	-	8,500
Assigned for facilities	-	100,000	100,000
Assigned for technology	-	125,000	125,000
Assigned for legislative mandate	-	75,000	75,000
Assigned for pickle ball	-	22,855	22,855
Assigned for grants	-	12,003	12,003
Unassigned	3,685,632	(538,182)	3,147,450
	<u>\$ 3,694,046</u>	<u>\$ 303,523</u>	<u>\$ 3,997,569</u>

Total Fund Balances

Total fund balances of the General Fund for the past 10 years (in thousands):



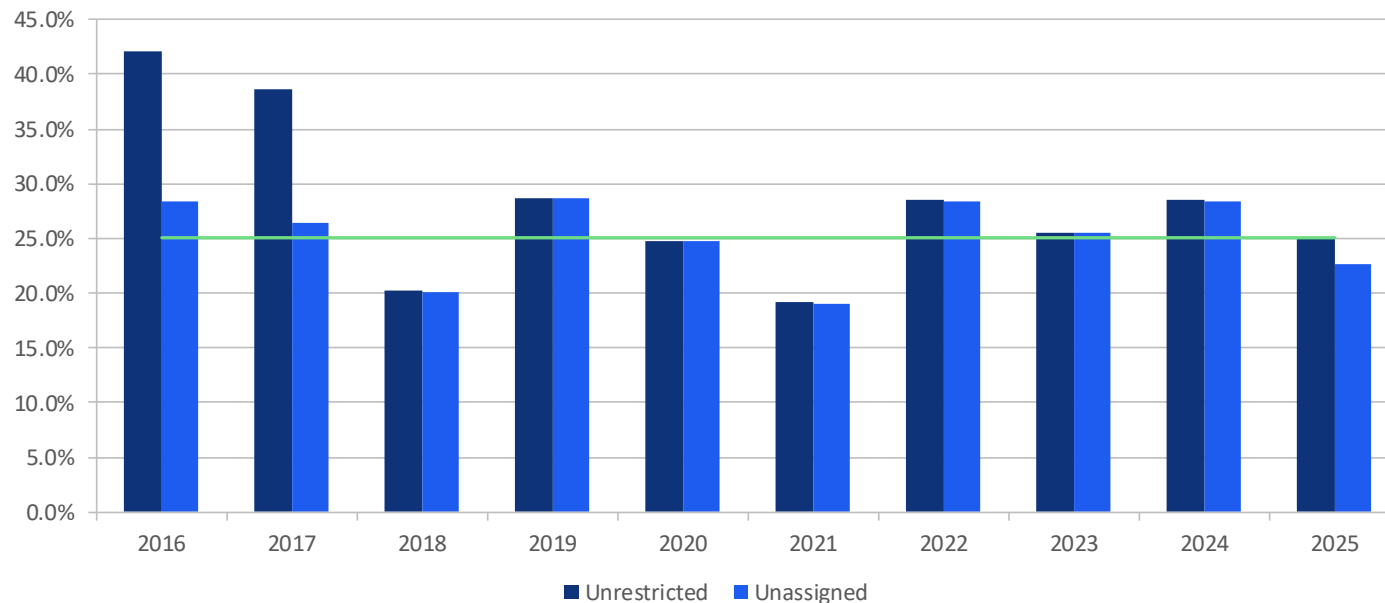
Recommendations Regarding Fund Balances

The District's Policy: strive to maintain a minimum unassigned fund balance in an amount that shall be no less than 25% of operating expenditures. For the current year that target amount is approximately \$3.4 million.

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 \$2.3 million.

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:

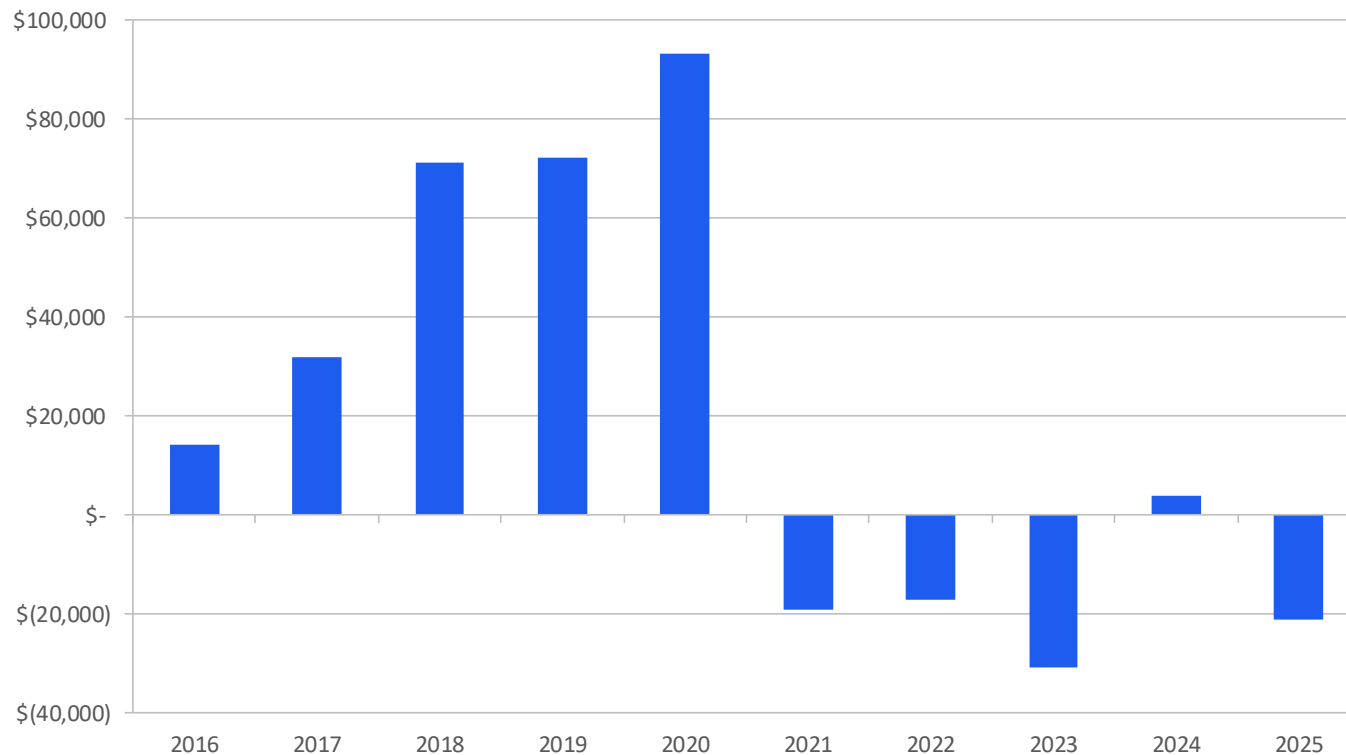


The green line indicate the District's fund balance policy of maintaining an unassigned fund balance of 25% of expenditures.

Other Funds

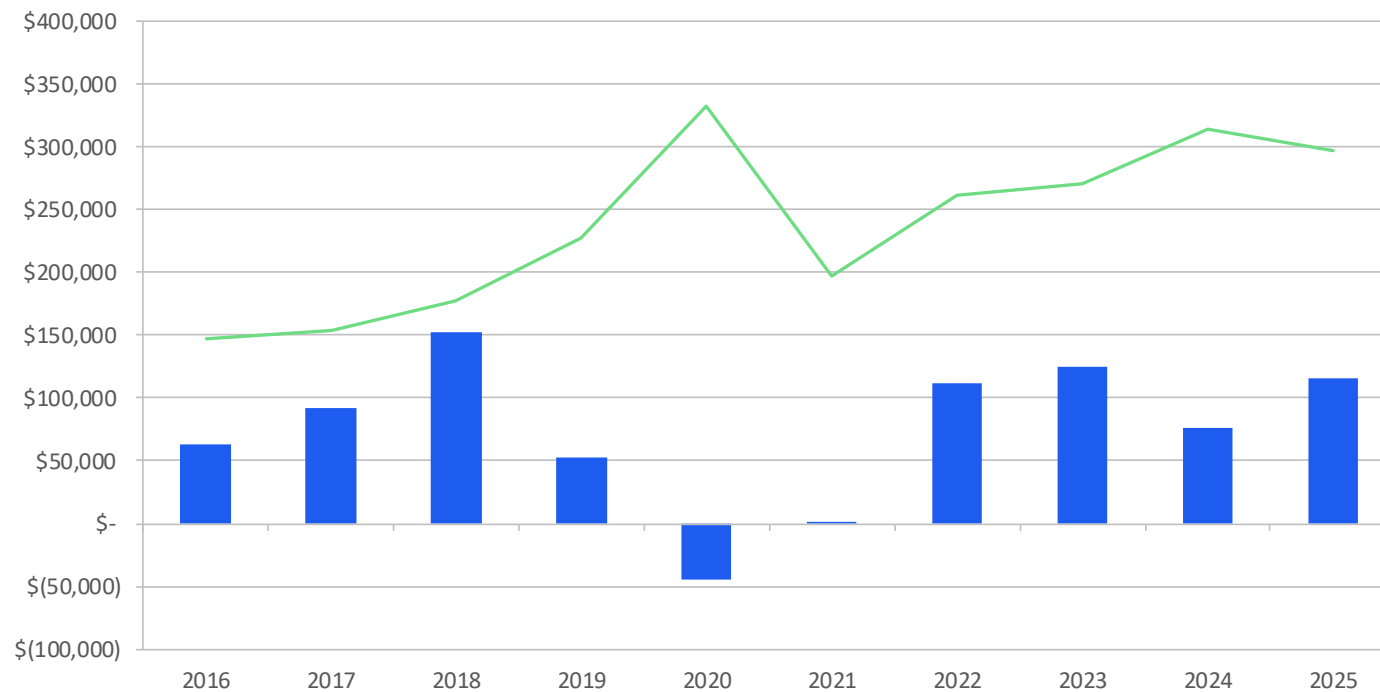
Year-End Fund Balance – Community Service Fund

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 green line indicates the maximum allowable fund balance of three months expenditures.



Questions?

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Thank You!

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