

School Board Workshop:

October 23, 2017

Subject:

2016-17 Financial Audit

Presenter:

**Gary Kawlewski, Director
Finance and Operations**

SUGGESTED SCHOOL BOARD ACTION:

For Board Approval.

DESCRIPTION:

Attached are the audited financial statements and management letters for the year ending June 30, 2017. Matt Mayer from BergankDV will attend the board meeting to give a formal presentation. The financial statement attachment is 105 pages long so only financial highlights will be covered during the presentation. For the audit presentation, I recommend reviewing the following pages of the financial statements: 5-19 which starts with Management's Discussion and Analysis, 22-29, 80-87, and all pages of the Communications letter.

Overall, the district's financial position continues to be balanced, and expenditures were controlled with lower than expected fuel and utility expenditures and lower than expected salary and benefit costs. The General Fund's final revenues were under budget and expenditures were under budget. General Fund revenues came in .64% lower than budgeted (\$402,875), and expenditures were 2.58% under budget (\$1,666,240). The district had to record its share of the state's TRA/PERA In-kind contribution which was a matching amount on the revenue and expenditure. The final amount was not known until well after the revised budget was approved. The actual amount was under budget by \$467,745 on the revenue and the expenditure side. Adjusting for that difference, revenues were over budget by \$64,870 or .10% and the expenditures were under budget by \$1,198,495 or 1.88%. The Business Office has three Dashboard Indicators for our department and all are in the area of Fiscal Responsibility/Accountability. The first is that the district will have an unqualified opinion and the results of the audit are that the district has received an unqualified opinion. The second category is that the district will spend at least 75% of the General Fund expenditures on instructional costs. The district did not meet this target at 74.08% of all costs going into instruction. The third Dashboard Indicator category is to have the final General Fund budget for revenues and expenditures be within 2% of the final results. The combined budget variance for revenues and expenditures is 3.13% and outside the dashboard target.

With total revenues and other financing sources ending at \$62,463,043 and total expenditures and other financing uses at \$62,048,814, the General Fund's overall fund balance increased \$414,229 to \$17,370,963 as of June 30, 2017. The unassigned/nonspendable fund balance ended the 2016-2017 school year at \$10,343,061 or 16.67% of the General Fund's expenditures. The fund balance percentage is slightly above the range of our fund balance policy of 8-12% and will buy

the district some time before future action is needed if the State continues the same level of funding to school districts.

The Food Service fund balance was self-supporting for 2016-17 and added significantly to its fund balance. The Community Service fund balance went down and will need to be reviewed for 2017-18 and beyond.

Attachments:

Attachment 1: Buffalo FS 2017 – Audited Financial Statements

Attachment 2: Buffalo CL 2017 – Communications Letter

Attachment 3: Buffalo SA FS 2017 – Student Activity Financial Statements

Attachment 4: Buffalo SA CL 2017 – Student Activity Communications Letter